



State Fleet Petroleum Reduction Advisory Committee Meeting Minutes

Meeting Date: January 6, 2009

Meeting Location: Office of Fleet and Asset Management

Committee Members in Attendance

Rick Shedd, Department of General Services
Rick Slama, Department of General Services
Bob Boughton, Department of Toxic Substances Control
Dale Greep, Department of Transportation
Phil Garthe, Department of Transportation
Cara Vallot, Department of Motor Vehicles
Libbey Guerra, Department of Motor Vehicles
Case Belltawn, Department of Parks and Recreation
Bo Bohanan, Department of Fish and Game
Charlene Minnick, California State University
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

Bert Windsell, Integrated Waste Management
Lisa Kunzman, Department of Transportation
Jim Peterson, Air Resources Board

Welcoming Remarks and Introduction

Rick Shedd, called the meeting to order at 9:08 a.m. and thanked everyone for their attendance. Each committee member introduced themselves and stated which department they represented. Jim Peterson said he was substituting for Dean Simeroth and may be attending for ARB at future meetings.

Overview of November 25th Meeting

Rick Shedd gave the committee an overview of the first Advisory Committee Meeting held on November 25, 2008. He reviewed the tasks assigned to the committee stating that the main points are to improve the state fleet's use of alternative fuels, synthetic lubricants and fuel efficient vehicles and reduce or displace the consumption of petroleum products when compared to the 2003 consumption level. By 10% by January 2012 and 20% by January 2020.

He went on to say that he was planning to have a draft outline of the plan to the committee by the end of January for review and to begin adding content. The schedule calls for submitting the final draft to the Secretary of the State and Consumer Services Agency by April 2009.

In addition, Rick Shedd stated that the November 25, 2008, minutes are now available at the Office of Fleet and Asset Management's internet website at <http://www.ofa.dgs.ca.gov/AB236/default.htm>.

Rick Shedd passed out two Government Fleet articles "*Proven Strategies Reduce Fuel Spend*" and "*Fleet Share Fuel Management Best Practices*" to the committee. He stated that the articles contained useful information regarding fuel management programs and strategies to reduce fuel spending and that he would e-mail the link to the Government Fleet's website to the committee members.

Discussion of Bench Marking 2003 Consumption Levels

Rick Shedd, reviewed the suggestions for reducing the use of petroleum listed on the white board from the November 25, 2008 advisory meeting.

Procurement:

- Alternative Fuel and High Fuel Efficiency Vehicles
- On-board tire pressure, oil condition and fuel efficiency monitors
- Low rolling resistant tires
- Synthetic oil usage
- Alternative fuel usage

Conservation:

- Extend oil change intervals
- Reduce Vehicle Miles Traveled (VMT)
- Teleconferencing
- Car-pooling
- Home storage of vehicles
- Reduce Idling
- Eco-driven training

Rick Shedd stated that he would like to add a new category to address data gathering and measure progress:

Consistent Data:

- Tracking processes
- Reporting system (FAMS)
- Metrics to measure
- Feedback

The committee also made a few other suggestions:

- GPS or telematics installed in the vehicles
- Look at the Home Storage Policies
- Vehicle Idle time could be reduced

Phil Garthe and Case Belltawn both stated that their diesel vehicles shut-down after 5 minutes of idle time and that the ARB had regulations for the heavier duty vehicles.

Rick Shedd stated that the energy and cost savings can cross over to passenger vehicle practices and that the regulations should be reviewed for areas that may apply to the committee's work. The committee members agreed to look for policies their departments were using and the regulation and forward to Rick.

Rick Shedd asked if the committee had any comments or other suggestions that should be added to the list. There were no other suggestions offered.

Rick Shedd told the committee that he inquired with Voyager (the state fuel card provider) to ascertain if Voyager's data could be used to benchmark the 2003 consumption levels. He stated that there were 660 entities using the state Voyager contract and that some were local governments. He stated that the use of acronyms and different names on the accounts is making it difficult to determine who is who. Of the 660 entities about 39% were unknown and staff was working on their identification. Once identified, the executive branch agencies would be isolated and their fuel consumption totaled.

Rick Shedd also stated that because of an inconsistent use of fuel product codes inputted by gas station merchants, it was difficult to determine or identify the fuel product and required some assumptions. He also cited the "*State Fleet Fuel Purchase Report*" as an example. One retailer might assign an old "M-85" (methanol) to E85 fuel, yet another retailer may assign "Gasohol 7.7%" to the same E-85 fuel—it is all over the map.

The committee agreed that inconsistent fuel product codes necessitate the need for some method to consistently report fuel product codes from merchants; however, how to get to that consistency is the challenge. Without being able to properly measure fuel consumption then progress in reducing petroleum is problematic.

Phil Garthe and Lisa Kunzman stated that they have talked to Voyager regarding the product codes used by the merchants in the past. They went on to say Voyager does

not have control over the merchants on how the codes are input into the system. They also suggested that the committee might want to contact the Petroleum Retailers Association to see if they had any ideas.

Rick Shedd agreed that was a good idea and suggested that perhaps working with Voyager for data cleansing or code interpretation could help in the near term. He further stated that as a longer term solution perhaps state funding could be made available to merchants for the upgrading of their software. Rick said that his staff has had to contact each merchant selling E85 and determine what code they are using to convert the fuel to the proper code for trend analysis.

Bob Boughton was concerned that Voyager might not be as diligent as DGS in converting the codes.

Rick Shedd mentioned that Voyager is paid approximately 3% of each transaction, and felt Voyager could be diligent in converting the codes if our contract agreement required such a process.

Lisa Kunzman agreed that Voyager was receiving 3% for each transaction amount. She also said that Wright Express provides the same type of data cleansing service and that DGS-OFAM should talk to them as well as Voyager for more information on this type of service.

For clarification, Lisa Kunzman asked if the petroleum reduction applied to aircraft and vessels.

Rick Shedd said that aircraft and vessels are not part of this assignment, but that doesn't mean that it would not be counted in the future. He also stated that it would be difficult to track the usage of fuel for aircraft and vessels and he wasn't sure if we have the ability to do so at this time.

Charlene Minnick asked if it also applied to rental cars.

Rick Shedd stated that the number of miles driven and the fuel usage data for rental car usage is accessible through American Express and/or the state rental car vendors through reporting. The amount is relatively small in comparison to the retail and bulk consumption.

Identifying Strategies for Petroleum Reduction

The committee had an open discussion for strategies for potential petroleum reduction including purchasing contracts for new vehicles, short and long term contracts with car rental agencies, and bench making, tracking and measuring of bulk fuel.

Procurement Contracts - Rick Shedd stated that we need to insure that contracts are developed for new higher fuel efficient vehicles with many of the onboard monitoring systems previously discussed.

Rental Car Agency Contracts - Charlene Minnick stated that CSULB has had a difficult time getting rental car agencies to rent their staff higher fuel efficiency vehicles.

Rick Shedd stated that future rental car contracts would have to contain more strict language to include hybrid vehicles and alternative fuel vehicles, much like the long-term rental car contract currently has.

Bulk Fuel - Rick Shedd asked the committee how the bulk fuel use could be benchmarked. Some suggestions by the committee members are:

- Contact accounts payable for bulk fuel purchases – if bulk fuel was purchased, then assume that it was used
- Track direct bulk fuel purchases from the vendors
- Tank owner should report the fuel usage to insure that it is not double counted
- Automation of fueling sites (card swipes)
- Use Franchise Tax Board, Board of Equalization and/or Controllers for potential sources of taxes associated with bulk fuel purchases or checks written to bulk fuel providers

Lisa Kunzmen asked if the reporting was for calendar year or fiscal year.

Rick Shedd stated that based on the statute it is for calendar year.

Illustrations of Cost/Benefit and Percentage of Reduction

Rick Shedd asked the committee if they had any ideas on how the committee's recommendations could be illustrated; charting the progress going forward, and how it might look. He further stated that we need to tell a story and provide a roadmap of how state agencies can reduce petroleum consumption.

Open discussion on how to illustrate the recommendations. Some members suggested charts and/or graph.

Mike Trujillo stated that if using a chart or graph, it should be broken down between diesel and gasoline. He further stated that a hybrid can get 40-60 miles per gallon where other vehicles might only get 6-12 miles per gallon.

The committee agreed that the report should separate diesel and gasoline by types.

Criteria to Quantify Reduction

The committee discussed the criteria to quantify petroleum reduction.

Rick Shedd stated that in 2005, when DGS reconciled the state fleet using the Department of Motor Vehicles' registration records, state agencies reported that they

owned 51,547 fleet type assets. The SB 552 report that DGS collects annually for passenger vehicles usually shows about 38,000 passenger vehicles and trucks but it does not contain tractors, trailers, backhoes, vessels, and other mobile equipment that could be registered by the DMV.

Bob Boughton stated that there is a difference between light duty vehicles and medium-heavy-duty vehicles and that there will be different solutions for both. He also stated that some may be easier to quantify than others.

Bob Boughton continued by stating that we could pool the solutions together as to what fleet can do.

Rick Shedd said that some solutions like the Echo Driver Training are reporting savings by percentages annually but how they derive those numbers is unknown yet.

Case Belltawn said that we should do a gross comparison and bench mark 2007-08 to see what the difference is.

Bob Boughton said that the value of the report may be at a higher percentage including an ever increasing growth in the percentage rate.

Bert Windsell asked if the consumption in re-refined oil is included in this reduction.

Rick Shedd said that most oil changes performed at state facilities utilize re-refined motor oil but that the private sector vendors have not supplied it by and large.

Bert Windsell stated that using re-refined motor oil could be viewed as a petroleum reducer.

Bob Boughton stated that he's not sure it's a big player because of the costs involved.

Phil Garthe said that he has information that using re-refined oil could void some vehicles' warranty. He went one to say that when using refined oil, Caltrans found it had a tendency to plug traps and that they were moving to synthetic oils.

Rick Shedd asked if synthetic oils can be re-refined.

Bert Windsell replied saying he didn't know the answer.

Bob Boughton said that the task is to reduce consumption by 10%, but it doesn't say that we have to document how we are doing it. He went on to say that we could do 50 different things but it would be difficult to show the percentage of each item.

Rick Slama stated that we are to find alternatives to current practices.

Bob Boughton said that we are to document or suggest how the state can reduce the consumption, but not how each individual department can because they may use different methods to achieve the overall reduction.

Case Belltawn stated that Parks and Recreation is already reducing consumption by the way their own internal policies; staff must justify their need heavy duty vehicle requests and for home storage approval.

The committee agreed that consumption percentages could be reduced by doing things internally that has nothing to do with the report but we should document those activities as best practices and share them with others who may not be doing them.

Expected Deliverables and Follow-up Meeting Date

Phil Garthe agreed to provide Rick Shedd information on the use of sulfur based oil verses re-refined oil.

Rick Shedd agreed to take the lead in contacting control agencies regarding bulk fuel data.

Rick Shedd said that the DGS fleet was going to work with Toxics to pilot the usage of synthetic oil and/or re-refined oil in conjunction with extended oil change intervals. But much of the information may already be known and useful prior to any information derived from the pilot.

Rick Shedd asked if there were any further comments and there were none. He then stated that the next State Fleet Petroleum Reduction Advisory Committee meeting will be scheduled for late January and that the minutes of this meeting will be provided prior to and made available at the web site after the committee's review.

Adjournment

Rick Shedd thanked the committee for their attendance and the meeting was adjourned at 10:58 a.m.