

MANAGEMENT MEMO

NUMBER: MM 15-03
DATE ISSUED: APRIL 28, 2015
EXPIRES: UNTIL RESCINDED
ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

SUBJECT:
MINIMUM FUEL ECONOMY STANDARDS POLICY

REFERENCES: PUBLIC RESOURCES CODE SECTION 25722.7;
CALIFORNIA VEHICLE CODE SECTIONS 165 & 25252;
MANAGEMENT MEMO 06-03. SECTION 3620.1 OF THE STATE
ADMINSTRATIVE MANUAL (SAM)

SUPERSEDES MANAGEMENT MEMO 08-04

Purpose This Management Memo announces a revision to State Administrative Manual (SAM) section 3620.1 which sets a fuel economy standard for passenger vehicles and light duty trucks [under 8,500 pounds gross vehicle weight rating (GVWR)] that are purchased on behalf of, or by, state offices, agencies and departments. It supersedes previous information outlined in Management Memo (MM) 08-04. This policy is adopted by the Department of General Services (DGS), in consultation with the California Energy Commission (CEC), pursuant to Public Resources Code (PRC) Section 25722.7.

Who is affected All state entities, including all state departments, boards, commissions, programs, and other organizational units of the Executive, Legislative, and Judicial branches of state government, the California Community Colleges and the California State University [PRC Section 25722.7 (e)]. Only applicable to the University of California if the Regents adopt a resolution making the provisions applicable. [PRC Section 25722.7 (f)].

Who should Review Executive Officers, Administrative Deputies and Chiefs, Fleet Coordinators and Managers, Fiscal Officers, Accounting Officers, and Business Services Officers.

Policy Effective July 1, 2015, the combined annual purchases by each state entity of passenger vehicles and light duty trucks shall meet the new minimum state average fuel economy standard of 38 miles per gallon (MPG) for passenger vehicles and 22.2 MPG for light duty trucks, vans and sport utility vehicles established pursuant to SAM Section 3620.1. These fuel economy standards only apply to those passenger vehicles and light duty trucks that are powered solely by internal combustion engines utilizing fossil fuels, or that are powered by more than one source, such as nonplug-in hybrid electric vehicles. The fuel economy standards do not apply to plug-in hybrid electric vehicles or battery electric vehicles.

The policy should be read in conjunction with Management Memo 06-03, which continues in effect, specifying that 75 percent of the state's light duty vehicle purchases shall be Alternative Fuel Vehicles as required by federal law.

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Policy (Cont.)

This policy should also be read in conjunction with Management Memo 12-05 which requires state agencies and departments that have natural gas, propane, and e85 flex fuel vehicles to utilize the appropriate alternative fuels in those vehicles wherever feasible.

Background

PRC Section 25722.7 requires DGS, in consultation with the CEC, to establish minimum fuel economy standards for the purchase of passenger vehicles and light duty trucks that are powered solely by internal combustion engines utilizing fossil fuels. This section of the PRC was amended with the enactment of Senate Bill (SB) 1265 (Hueso), Chapter 398, Statutes of 2014. Specifically, the statute was amended to add passenger vehicles and light duty trucks that are "...powered by more than one source, such as nonplug-in hybrid electric vehicles" under the minimum fuel economy standard. The inclusion of this verbiage requires nonplug-in hybrid electric vehicles to be subject to the minimum MPG standard. These requirements do not apply to plug-in hybrid electric vehicles or battery electric vehicles.

This MM supersedes and rescinds MM 08-04 which set the fuel economy standards for new light duty passenger vehicle purchases and new light duty trucks, van, and sport utility vehicles purchases at 27.5 MPG and 22.2 MPG, respectively, in March of 2008.

The new fuel economy standard for passenger vehicles is an average of 38 MPG while the standard for light duty trucks, vans and sport utility vehicles remains at 22.2 MPG.

- Public Resources Code Section 25722.5 et seq prescribes requirements for fleet acquisitions, including the reduction of petroleum consumption;
- The federal Energy Policy Act of 2005 requires 75 percent of light-duty vehicles acquired by state fleets be alternative fuel vehicles;
- Executive Order B-16-12 requires a growing percentage of zero emission vehicles be included in fleet acquisitions (for light duty vehicles only).

Achieving the Minimum Fuel Economy Standard

The minimum MPG standard is achieved by selecting sufficient vehicles that meet or exceed the standard to offset any vehicles purchased that are below the standard. It is essential that state entities forecast carefully to meet the combined average of 38 MPG for passenger vehicles and 22.2 MPG for light duty trucks, vans and sport utility vehicles. Any vehicles purchased with MPG ratings below the standards shall be offset by vehicles that exceed the standards in order to achieve the minimum combined average MPG (see Table 1). DGS may waive application of the standards if the State is unable to secure a competitively bid contract for a vehicle that meets both the needs of the department purchasing it, and the minimum MPG standard in this policy.

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Achieving the Minimum Fuel Economy Standard (Cont.)

Table 1: Example of Achieving a Combined MPG Average of 38

Total number of planned passenger vehicle purchases	Vehicles with lower than standard MPG	Vehicles with higher than standard MPG to offset lower MPG vehicles	Overall combined MPG average for annual vehicle purchases
50	25 Sedans @ 30 MPG	25 Hybrid Sedans @ 50 MPG	40 MPG (must meet or exceed 38 MPG)
Formula: $25 \times 30 = (750) + 25 \times 50 = (1250) = 2000$ divided by 50 = 40 MPG combined average			

To determine your annual combined fleet purchase MPG average:

1. Refer to the most current state vehicle contract for available vehicles and select vehicles to meet annual purchase need.
2. Check each vehicle's MPG (combined city/hwy) rating at www.fueleconomy.gov
3. Calculate your total purchase plan to ensure your overall annual vehicle purchase will meet or exceed the MPG standard.
4. Submit an annual vehicle acquisition plan to DGS that forecasts how your fleet will meet or exceed the combined MPG standards.

Exemptions

- Authorized emergency vehicles, as defined in Vehicle Code Section 165, that are equipped with emergency lamps or lights described in Vehicle Code Section 25252.
- Vehicles that are modified for the purpose of providing services by a state entity to an individual with a disability or a developmental disability, as defined under the statutes or regulations governing that state entity; or, as a reasonable accommodation to an employee for a known physical or mental disability, as defined in Government Code Section 12926.

Resources

Electronic copies of the references of this document can be found at the DGS website: <http://www.dgs.ca.gov/ofam/Resources/Publications.aspx>

DGS Contact

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Signature


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4/28/2015
Date