



County of Santa Cruz

BOARD OF SUPERVISORS

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MARDI WORMHOUDT
THIRD DISTRICT

TONY CAMPOS
FOURTH DISTRICT

MARK W. STONE
FIFTH DISTRICT

AGENDA: 1/27/04

January 22, 2004

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: POLICY TO ACHIEVE GREATER FUEL
EFFICIENCY IN COUNTY FLEET VEHICLES

Dear Members of the Board:

The purpose of this letter is to request support for a policy in Santa Cruz County consistent with the provisions contained in Senate Bill 522, which was signed into law on October 8, 2003. Senate Bill 522 was sponsored by State Treasurer Philip Angelides and authored by Senate President Pro Tempore John Burton.

Senate Bill 522 sets standards for achieving greater fuel efficiency and reduced energy consumption for the State fleet. Specifically, State government offices, agencies and departments will now be required to increase the use of alternative fuel vehicles and purchase high efficiency and hybrid vehicles. In addition, the purchase of sport utility vehicles, unless a critical need for that type of vehicle exists, will be discouraged.

Enacting a similar policy at the local level will help save taxpayer money by reducing the cost of fuel consumption of County fleet vehicles, and contribute to protecting our environment by reducing harmful air pollutants produced by vehicles which are not fuel efficient. Attached is a fact sheet on Senate Bill 522 and a copy of the Bill.


We believe that the County would benefit from the adoption of a similar policy. Accordingly, we recommend that the Board


70.3

BOARD OF SUPERVISORS
January 22, 2004
Page 2

direct the General Services Director, in consultation with the County Energy Commission, to develop a proposed County policy which would result in achieving greater fuel efficiency in County fleet vehicles, and return with a proposed policy on or before April 20, 2004.

Sincerely,


TONY CAMPOS, Supervisor
Fourth District


MARDI WORMHOUDT, Supervisor
Third District

TC:MW:lg
Attachments

cc: General Services Director
Energy Commission

2187P4

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OFFICE OF THE TREASURER

P. O. BOX 942809
SACRAMENTO, CA 94209-0001

**FACT SHEET****SB 552 (Burton)****Saving Taxpayer Dollars: Eliminating Wasteful and Inefficient Vehicles from California's Fleet****SUMMARY**

SB 552, sponsored by State Treasurer Phil Angelides and authored by Senator John Burton, sets landmark standards for the purchase and lease of cleaner-burning, more fuel-efficient vehicles for the State's fleet. SB 552 codifies recommendations by the California Energy Commission, the Department of General Services and the California Air Resources Board on how to make the state's existing fleet more fuel-efficient, cost-effective and less polluting.

SB 552 requires the State to develop and adopt minimum air pollution standards for the purchase or lease of state vehicles; allows for the utilization of procurement policies that take into account vehicles with the lowest life cycle costs, which include scoring emissions and fuel economy in addition to capital costs, maximizes the purchase or lease of hybrid or "Best in Class" vehicles that are substantially more fuel-efficient than class average; and also discourages the purchase or lease of sport utility vehicles (SUVs) unless they are needed to provide an essential state function.

The new law, which was co-sponsored by the Natural Resources Defense Council (NRDC), will be among the toughest of its kind in the nation, and will result in substantial savings to taxpayers. For example, the Treasurer's Office estimates that if the State's purchases of SUVs were reduced by 75 percent, with less expensive passenger vehicles being purchased instead, the State would save \$14.3 million over a five-year period due to reduced purchase costs and gasoline consumption.

OBJECTIVES

- 1) To reduce air pollution and excessive gas consumption caused by vehicles that are not fuel-efficient.
- 2) To reduce taxpayer dollars wasted on gasoline and diesel purchases for vehicles that are not fuel-efficient.
- 3) To reduce taxpayer dollars that the State spends on SUVs and other inefficient vehicles, where other less expensive vehicles are appropriate.

BACKGROUND

Air pollution continues to be an important public health concern, according to the California Air Resources Board. The Board's air monitoring shows that more than 90 percent of Californians breathe unhealthy levels of one or more air pollutants during some part of the year.

California has the unfortunate claim of being home to four of the top 10 metropolitan areas in the nation with the worst air pollution, according to the U.S. Environmental Protection Agency, including the top three (Riverside-San Bernardino, Bakersfield and Fresno; Sacramento is seventh). As noted by the EPA, pollution from cars and trucks is a significant contributor to this poor air quality.

At a time when the State is facing unprecedented fiscal challenges, and the price of gasoline has been volatile and unpredictable, the State must re-examine any and all ways that it can cut costs and save money on its motor pool in a manner that also clears the air of excessive, harmful air pollutants produced by fuel-inefficient vehicles. Today, California's vehicle fleet is one of the largest public fleets in the world. State agencies, including the University of California and California State University systems, operate nearly 73,000 vehicles that consume each year approximately 46 million gallons of gasoline and nine million gallons of diesel fuel.

COST-SAVINGSESTIMATES
(If annual SUV purchases/leases are reduced 75 percent)
(Savings estimates in millions of dollars)

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>5-Year Total</u>
\$2.6	\$2.7	\$2.9	\$3.0	\$3.1	\$14.3

The cost savings estimates assume the following:

- The State purchases 5,057 new vehicles each year, and SUVs comprise 7.4 percent (or 374 vehicles) of that total. The State does not currently have systemwide data regarding how many SUVs are in the State's fleet or how many SUVs are purchased annually. The 7.4 percent **figure** is based on the fact that DGS has indicated that SUVs represent about 7.4 percent of the DGS vehicle fleet. (This appears to be a conservative assumption, based on **the** fact that DGS monthly vehicle auction data indicate that SUVs are a growing percentage of the State fleet. In May and June, for example, SUVs represent on average 10 percent of the vehicles being auctioned.) The annual new-vehicle purchase estimate is based on the average number of new vehicles the State has purchased each year **for the** last three years.
- SUV purchases are reduced 75 percent each year, or by 280 vehicles, to 94 SUVs from 374 SUVs.
- The State's average purchase price for a new 2003 SUV, according to DGS data, is \$23,143, and the average purchase price for a new 2003 compact/midsize sedan is \$14,269. Should new sedans be purchased instead of new *SUVs*, then the average savings per new vehicle would be \$8,874.
- The State's average annual **fuel** cost for an SUV, according to **EPA** data, is \$1,370, and the average annual **fuel** cost for a compact/midsize sedan is \$926. So, purchasing new sedans instead of **new SUVs** would result in average annual fuel-purchase savings of \$444 per new vehicle, assuming 15,000 miles a year per vehicle.
- Estimated total savings per new vehicle each year – purchase price and fuel costs – would be \$9,318. In addition, in the second through fifth years, there would be continued fuel savings for vehicles purchased in the previous years.

70.3

Senate Bill No. 552

CHAPTER 737

An act to add Section 25722.5 to the Public Resource Code, relating to state purchases.

[Approved by Governor October 8, 2003. Filed with Secretary of State October 9, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

SB 552, Burton. State motor vehicle fleets.

Existing law makes it the policy of the state to minimize the economic and environmental costs due to the use of petroleum-based fuels and other transportation fuels by state agencies. Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), the Department of General Services, in consultation with the Energy Commission and State Air Resources Board, to develop and adopt fuel-efficiency specifications governing the purchase by the state of motor vehicles and replacement tires. Existing law requires the Energy Commission and the department, in developing the specification, to jointly conduct a study to examine state vehicle purchasing patterns and to analyze the costs and benefits of reducing the energy consumption of the state fleet by no less than 10% on or before January 1, 2005. Existing law also requires the Energy Commission, the department, and the state board, on or before January 31, 2003, and annually thereafter, to develop and adopt air pollution emission specifications governing the purchase by the state of passenger cars and light-duty trucks that meet or exceed the state's Ultra-Low Emission Vehicle (ULEV) standards for exhaust emissions. Existing law requires the Energy Commission, on or before January 31, 2003, to develop and adopt recommendations for consideration by the Governor and Legislature for a California State Fuel-Efficient Tire Program.

This bill would require the Department of General Services, on or before January 1, 2005, in consultation with the Energy Commission and the State Air Resources Board, to develop and adopt specifications and standards for all passenger cars and light-duty trucks that are purchased or leased on behalf of, or by, state offices, agencies, and departments. The bill would require the specifications and standards to include certain elements. This requirement would not apply to authorized emergency vehicles, as defined.

The bill would require each state office, agency, and department, on or before December 31, 2005, to review its vehicle fleet and, upon

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70.3

finding it is fiscally prudent, cost-effective, or otherwise in the public interest to do so, to dispose of nonessential sport utility vehicles and four-wheel drive trucks from its fleet and replace those vehicles with more fuel efficient front-wheel drive passenger cars and trucks.

The bill would also require these offices, agencies, and departments, to the maximum extent practicable, to use the appropriate fuel in bihel natural gas and bifuel propane vehicles that are in their fleets.

Commencing no later than January 1, 2005, the bill would also require the Director of General Services to compile and maintain prescribed information on the nature of vehicles owned or leased by the state.

The bill would require each state office, agency, and department to cooperate with the Department of General Services data requests and would require the Department of General Services to make the compiled and maintained information, and a listing of those offices, agencies, and departments that did not cooperate with the department, available to the public on that department's Web site.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) By enacting Senate Bill 1170 of the 2001–02 Regular Session (Chapter 912 of the Statutes of 2001), the Legislature established a state policy goal to reduce the energy consumption of the state vehicle fleet by 10 percent on or before January 1, 2005. In addition, that legislation amended Section 25000.5 of the Public Resources Code to establish a state transportation energy policy that results in the least environmental and economic cost to the state and includes, among other things, the goal of purchasing the cleanest and most efficient automobiles.

(b) Increasing the fuel efficiency of the state's vehicle fleet is a cost-effective way to reduce the state's expenditures on fuel.

(c) The "California State Vehicle Fleet Fuel Efficiency Report," published by the State Energy Resources Conservation and Development Commission (Energy Commission), the State Air Resources Board, and the Department of General Services, in May 2003, made the following recommendations:

(1) State government should operate its own fleet of passenger automobiles and light-duty trucks using the most efficient fuels possible in those vehicles with the most advanced technologies.

(2) The state should, among other things, pursue the following strategies to reduce petroleum use in the state vehicle fleet:

(A) Use alternative fuels in bihel natural gas and propane vehicles.

(B) Purchase high efficiency and hybrid vehicles.

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70.3

(C) Seek purchase policy changes to maximize the inclusion of efficient vehicles.

(D) Expand the data collection regarding the state vehicle fleet.

(3) As a matter of policy, the state should discourage state offices, agencies, and departments from purchasing sport utility vehicles, unless the office, agency, or department documents a critical need for that vehicle.

SEC. 2. Section 25722.5 is added to the Public Resources Code, to read:

25722.5. (a) On or before January 1, 2005, in order to achieve the policy objectives set forth in Sections 25000.5 and 25722, the Department of General Services, in consultation with the commission and the State Air Resources Board, shall develop and adopt specifications and standards for all passenger cars and light-duty trucks that are purchased or leased on behalf of, or by, state offices, agencies, and departments. Authorized emergency vehicles, as defined in Section 165 of the Vehicle Code, that are equipped with emergency lamps or lights described in Section 25252 of the Vehicle Code are exempt from the requirements of this section. The specifications and standards shall include the following:

(1) Minimum air pollution emission specifications that meet or exceed California's Ultra-Low Emission Vehicle II (ULEV II) standards for exhaust emissions (13 Cal. Code Regs. 1961). These specifications shall apply on January 1, 2006, for passenger cars and on January 1, 2010, for light-duty trucks.

(2) Notwithstanding any other provision of law, the utilization of procurement policies that enable the Department of General Services to accomplish the following:

(A) Evaluate and score emissions and fuel economy in addition to capital cost to enable the Department of General Services to choose the vehicle with the lowest life-cycle cost when awarding a state vehicle procurement contract.

(B) Maximize the purchase or lease of hybrid or "Best in Class" vehicles that are substantially more fuel efficient than the class average.

(C) Maximize the purchase or lease of available vehicles that meet or exceed California's Super Ultra-Low Emission Vehicle (SULEV) passenger car standards for exhaust emissions.

(3) In order to discourage the unnecessary purchase or leasing of a sport utility vehicle and a four-wheel drive truck, a requirement that each state office, agency, or department seeking to purchase or lease that vehicle, demonstrate to the satisfaction of the Director of General Services or to the entity that purchases or leases vehicles for that office, agency, or department, that the vehicle is required to perform an essential



70.3

function of the office, agency, or department. If it is so demonstrated, priority consideration shall be given to the purchase or lease of an alternatively fueled or hybrid sports utility vehicle or four-wheel drive vehicle.

(b) On or before December 31, 2005, each state office, agency, and department shall review its vehicle fleet and, upon finding that it is fiscally prudent, cost-effective, or otherwise in the public interest to do so, shall dispose of nonessential sport utility vehicles and four-wheel drive trucks from its fleet and replace these vehicles with more fuel efficient front-wheel drive passenger cars and trucks.

(c) To the maximum extent practicable, each state office, agency, and department that has bifuel natural gas and bifuel propane vehicles in its vehicle fleet shall use the respective alternative fuel in those vehicles.

(d) Commencing no later than January 1, 2005, the Director of General Services shall compile and maintain information on the nature of vehicles that are owned or leased by the state, including, but not limited to, all of the following:

(1) The number of passenger-type motor vehicles purchased or leased during the year, and the number owned or leased as of December 31 of each year.

(2) The number of sport utility vehicles and four-wheel drive trucks purchased or leased by the state during the year, and the number owned or leased as of December 31 of each year.

(3) The number of alternatively fueled vehicles and hybrid vehicles purchased or leased by the state during the year, and the total number owned or leased as of December 31 of each year.

(4) The justification provided for all sport utility vehicles and four-wheel drive trucks purchased or leased by the state and the specific office, department, or agency responsible for the purchase or lease.

(5) The number of sport utility vehicles and four-wheel drive trucks purchased or leased by the state during the year, and the number owned or leased as of December 31 of each year that are alternative fuel or hybrid vehicles.

(6) The number of light-duty trucks disposed under subdivision (b).

(7) The total dollars spent by the state on passenger-type vehicle purchases and leases, categorized by sport utility vehicle and nonsport utility vehicle, and within each of those categories, by alternative fuel, hybrid and other.

(e) Each state office, agency, and department shall cooperate with the Department of General Services data requests in order that the department may compile and maintain the information required in subdivision (d).

(f) As soon as practicable, the information compiled and maintained under subdivision (d) and a list of those state offices, agencies, and departments that are not in compliance with subdivision (e) shall be made available to the public on the Department of General Services' Web site.

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