

**U.S. Department of Treasury**  
**Updated Fleet AFV Program Report for Fiscal Year 2002**  
**June 25, 2003**

This U.S. Department of Treasury Fleet AFV Program Report for Fiscal Year 2002 presents the Department's data on the number of alternative fuel vehicles (AFVs) acquired in fiscal year (FY) 2002 and its planned acquisitions for FY 2003 and FY 2004 and projected acquisitions through 2006. The report has been developed in accordance with the Energy Policy Act of 1992 (EPAct) (42 U.S.C. 13211-13219), as amended by the Energy Conservation Reauthorization Act of 1998 (Public Law 105-388) (ECRA), and Executive Order 13149 (signed by the President in April 2000). The Department acquired 95 covered vehicles in FY 2002. The EPAct mandates that the Department acquire at least 72 AFVs to comply with the 75 percent AFV acquisition requirement. Treasury acquired 15 AFVs. Our plans indicate an improved level of compliance for FY 2003 and FY 2004 with projected acquisitions of 13 and 166 AFVs respectively.

### **Legislative Requirements**

The Energy Policy Act of 1992 (EPAct) requires that 75 percent of all covered light-duty vehicles acquired for Federal fleets in FY 2001 and beyond must be AFVs (where the fleets have 20 or more vehicles, are capable of being centrally fueled, and are operated in a metropolitan statistical area with a population of more than 250,000 based on the 1980 census). Certain emergency, law enforcement, and national defense vehicles are exempt from these requirements. EPAct also sets a goal of using replacement fuels to displace at least 30 percent of the projected consumption of motor fuel in the United States annually by the year 2010. The Energy Conservation and Reauthorization Act of 1998 amended EPAct to allow one alternative fuel vehicle acquisition credit for every 450 gallons of pure biodiesel fuel consumed in vehicles over 8,500 pounds gross vehicle weight rating. "Biodiesel credits" may fulfill up to 50 percent of an agency's EPAct requirements. The head of each Federal agency must also prepare and submit a report to Congress outlining the agency's AFV acquisitions and future plans by November 13th each year. Executive Order 13149 directs Federal agencies operating a fleet of 20 or more vehicles within the United States to reduce their annual petroleum consumption by at least 20 percent by the end of FY 2005 (compared to FY 1999 levels) by using alternative fuels in AFVs more than 50 percent of the time, improving the average fuel economy of new light-duty petroleum-fueled vehicle acquisitions by one mpg by FY 2002 and 3 mpg by FY 2005, and using other fleet efficiency measures.

### **Treasury Approach to Compliance with EPAct and E.O. 13149**

Prior to establishment of the new Department of Homeland Security (DHS) in early 2003 and the accompanying transfer of Treasury law enforcement bureaus to DHS and to the Department of Justice, the Treasury fleet numbered over 18,800 vehicles, most of which supported a diverse range of law-enforcement missions. Approximately 36% of these were either special purpose or industrial in nature. Historically, 90% of Treasury's fleet was used for law enforcement, leaving less than ten percent of the Department's fleet as covered under the Act. This included almost all Treasury owned vehicles as well as a portion of those leased from GSA.

Following establishment of DHS, the Department of the Treasury fleet of vehicles now numbers about 3,778 Treasury-owned, commercially leased, and GSA leased Light Duty Vehicles (e.g., sedans, pickups, light trucks (e.g., 2 ½ ton), SUVs, and vans). Due to its varied and diverse

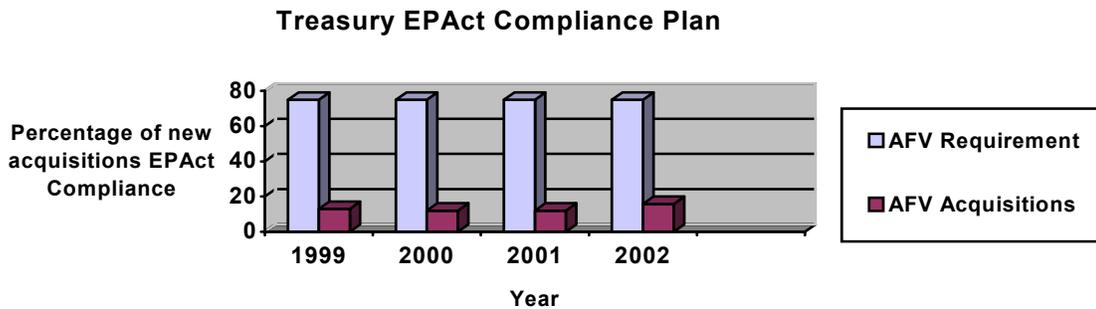
missions, the Treasury Department's fleet is decentralized. Each bureau operates, maintains, acquires, and funds its vehicle program.

To achieve better compliance with the legislative mandates of EPAct and E.O. 13149, by March 15, 2004, Treasury will begin reviewing bureau purchase plans and will enforce the 75% AFV purchase requirement. In addition, Treasury is conducting a comprehensive review of its remaining fleet and the missions for which those vehicles are used, concurrent with enhancing and upgrading to a LAN based integrated data management system.

Treasury is also promoting the acquisition of light duty vehicles with a higher fuel economy of one mpg in FY 2003 and 3 mpg in FY 2005 as well as promoting the use of hybrid and other vehicles to achieve the President's goal of 20% reduction in gasoline consumption by the federal fleet.

**Treasury Fleet Compliance for FY 2002**

Figure 1 is a graphical depiction of AFV acquisitions by Treasury's covered fleet in FY1999-2002.



**Figure 1**

Treasury's actual performance for 2002 is summarized in Table 1.

**Summary of Treasury's FY 2002 AFV Acquisitions**

EPAct covered vehicle Acquisitions	95
AFVs acquired	15
Additional credits earned	0
Total AFVs and credits (as % of covered acquisitions)	15.78

**Table 1**

Additional vehicles commercially leased or purchased by Treasury were not "covered" vehicles. The 2,596 law enforcement light-duty vehicles acquired in FY 2002 were not counted for compliance.

**Alternative Fuel Use by Treasury Fleets in FY 2002**

Table 2 presents alternative fuel use data for the Treasury's fleets in fiscal year 2002. The majority of covered vehicles acquired by Treasury and other Federal fleets are leased from GSA, and the

leasing contract folds in the maintenance and fuel costs for the vehicles. This is accomplished by the use of a GSA credit card that the fleets use to purchase alternative fuel. However, since product code standards are not uniform among suppliers of alternative fuels (e.g., ethanol or E-85), it is impossible for credit vendors to accurately track the purchase of alternative fuels with this credit card. The exception is natural gas, which is on-site at the Federal Law Enforcement Training Center, allowing the bureau to provide an accurate accounting of fuel used.

### Treasury Fuel Use in FY 2002

Fuel Type	Quantity	Unit
Biodiesel – B100		Gallons
CNG	2,296	Gallons @ 3,600 psi, 70°F
CNG		Hundred cu. ft.
Diesel	116,592	Gallons
E-85	98,232	Gallons*
Gasoline	690,000	Gallons**
Methanol		Gallons
Propane		Gallons

\* Estimate based on incomplete data.

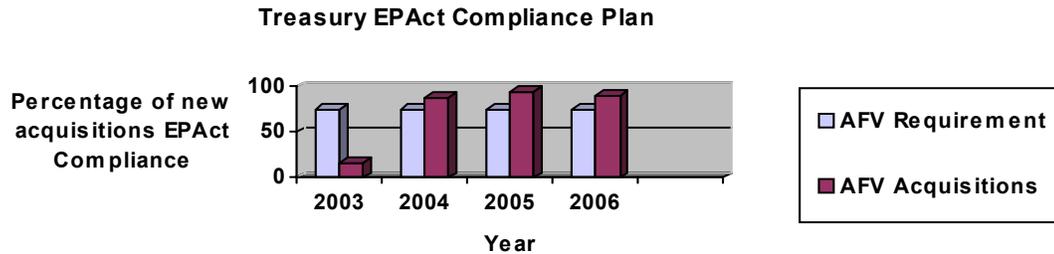
\*\* Estimate based on GSA information provided on a department-wide basis, after subtracting gallons estimated to be attributable to enforcement vehicles.

**This table includes only covered vehicles.**

**Table 2**

Figure 2 is a projection of new acquisitions through FY 2006 based on acquisition cycle data, budget proposals, and meetings with the fleet managers of the various bureaus.

### Projection of Treasury’s AFV Acquisitions Through FY 2006



**Actual acquisition projections may vary according to actual contractual considerations, agency budgetary constraints, and GSA vehicle renewal, acquisition, and replacement cycles.**

**Figure 2**

### Special Projects of the Treasury Department Fleet Related to AFV and Infrastructure Acquisitions

Enhancement of the current personal computer based Motor Vehicle Management System and upgrade to a LAN based integrated and more comprehensive fleet management database is in the planning and project initiation phase with funds in place to more efficiently and accurately gauge Treasury’s compliance with EPAAct and EO 13149.

Table 3 outlines the specific timeline and actions for the implementation of Treasury’s revised AFV acquisition strategy.

**Treasury’s Fleet AFV Acquisition Strategy for FY 2003 Through 2006**

Strategy	Planned Date of Completion
<b>Strengthen Treasury Policy Directive.</b> Issue a policy directive to explicitly state the requirements of the EAct, the executive orders and requisite compliance efforts.	FY 2003
<b>Acquisition Plans.</b> An acquisition plan will be required for the Department’s review and approval prior to the General Services Administration deadlines for ordering vehicles to assure that sufficient AFVs are ordered.	FY 2004
<b>Performance Plans.</b> The managers’ or coordinators’ responsible for the fleet management program will modify their performance plans to incorporate the requirements of the EAct and other legislative requirements.	FY 2004
<b>Procurement Review of Acquisitions.</b> Bureaus are to coordinate with procurement offices plans for acquisitions of vehicles.	FY 2003
<b>Upgrade Data Acquisition Capabilities.</b> Implement enhancements to present PC based Motor Vehicle Management System.	FY 2005
<b>Review of Fleet Management Program.</b> A review will be conducted of the fleet management program, with a summary of the results, and remedial action plans and milestones.	Annually

**Table 3**

**Challenges to Compliance**

The Treasury Department supports the goals of the EAct and EO13149 and will exert stronger effort to comply with their requirements to the maximum extent possible. There are several ongoing and significant challenges inherent in meeting these goals, however:

- Insufficient availability of AFV’s suitable for the intended mission, whether from GSA, a commercial lease, or directly from the manufacturer;
- GSA is the first choice for covered vehicles. If the required AFV’s are not available from them, an administrative burden is imposed in attempting to commercially lease the vehicles from other sources;
- When purchasing them, the additional incremental cost of the vehicles can be significant and must be covered from appropriated funds;
- Many Treasury vehicles neither start from the same location nor return to the same location each day, making them dependent on commercial facilities for refueling;
- Where fuel may be available from a public utility or municipal government, each one has its own payment system or billing process and a separate agreement must be established with each one. Different fueling systems also exist for CNG and the vehicles must use compatible sites or carry adapters;
- Lack of easy availability of alternative fuels and the added time to travel to and return from a fueling site and additional mileage for refueling costs;
- Resale value, as all Department-owned vehicles are replaced using exchange/sale procedures to help reduce the need for appropriated funds when replacing the vehicle; and
- State legislation forbidding the use of certain E-85 Flex-fuel vehicles in California and Maine due to emissions standards.

## **Petroleum Savings**

It is difficult, if not impossible, to project petroleum savings for FY 2003 and FY 2004 based upon the estimated AFV availability and acquisitions, improvements in fuel economy, and fleet efficiency. FY 1999 baseline is being reported as the baseline year for petroleum usage, with a total of 853,529 gallons. Usage in 2002 was 806,592 gallons, a decrease of 5.5% from FY 1999. Potential petroleum savings for FY 2003 and FY 2004 are projected as 85,000 and 95,000 gallons respectively. Federal automotive statistical data reflect that Treasury is presently meeting the fuel economy goal, and Treasury must only maintain its average of 5% petroleum usage reduction for the next three years in order to meet the President's goal of an overall 20% reduction.

## **Summary**

As detailed in this report, Treasury has not acquired AFVs in accordance with the EPO Act for FY 2002 or FY 2003. However, the Treasury Department is mandating and implementing a stronger and more clearly delineated AFV acquisition strategy and timeline for complying with the requirements of Executive Order 13149 and EPO Act, with the goal of at least a 20 percent reduction in the fleet's annual petroleum consumption in FY 2005 and 75% of new vehicle acquisitions being AFVs. By March 15, 2004, Treasury will begin reviewing bureau purchase plans and will enforce the 75% AFV purchase requirement. In addition, Treasury is conducting a comprehensive review of its remaining fleet and the missions for which those vehicles are used, concurrent with enhancing and upgrading to a LAN based integrated data management system.

Treasury is also committing itself to increased accountability for compliance as well as enhancing the priority afforded new and stronger policy measures, such as:

- Work proactively with GSA toward establishing MOUs and contracts to acquire such vehicles;
- Mandating the bureaus to acquire the most fuel-efficient vehicle suited for the task with a first priority on AFVs;
- Reviewing bureau acquisitions and GSA vehicle assignments for areas of compliance;
- Incorporating the goals and objectives of the EPO Act and EO13149 in Bureau strategic and fleet program manager's performance plans;
- AFV acquisition planning and close coordination of acquisitions with organizational procurement staff;
- Department review of fleet management programs with a summary documentation of results;
- Department review and approval of vehicle acquisitions prior to GSA deadlines for ordering vehicles to assure that sufficient AFVs are ordered;
- Increased use of Biodiesel fuels where applicable.

**AFV Acquisition Projections for FY 2001 and FY 2002**

The purpose of this addendum is to provide additional information concerning the EPAct compliance accounting for FY 2002 and the adjustments made therein. The FY 2002 AFV report reflected a 12% compliance percentage with 50 of 420 acquisitions being AFVs. Due to errors in previous data, Treasury is revising those numbers to reflect 15 of 95 covered acquisitions as AFVs as defined by the EPAct legislation. Due to limited centralized fleet management, the data used to formulate the FY 2002 report dated 11/20/02 has proven to be inaccurate.

We established a set of formal criteria to guide the decision making process regarding the accounting and projections for AFV acquisitions in FY 2002 and beyond. We validated Treasury agency fleet data from each of the individual bureaus for FY 2002 as well as acquisition strategies and AFV commitments for the coming FYs. We also conducted meetings with individual bureau fleet managers concerning AFV funding issues. In addition, Treasury bureaus identified specific concerns regarding legislative barriers to the use of certain E-85 flex fuel vehicles by local governments in some of the states in which they operate.

Treasury is pleased to report that due to a renewed emphasis on the acquisition of AFVs, Treasury should be compliant in FY 2004. This is the result of a centralization of fleet management authority, heightened and more systematic management imperative and accountability, and an enhanced data management system initiative.

By March 15, 2004, Treasury will begin reviewing bureau purchase plans and will enforce the 75% AFV purchase requirement. Data for future AFV reports will continue to be systematically developed and validated for more accurate accounting and projection. The Department of the Treasury is committed to achieving and exceeding the EPAct acquisition requirements in future years.

**Appendix  
Department of the Treasury**

**AFV  
Acquisition  
Report for  
FY 2002**

		Acquisitions				Total Stock
		Converted	Leased	Purchased	Total	
1	Total # of vehicles acquired	0	420	2271	2691	19706
2	Exempt as law-enforcement or national-security vehicles	0	325	2271	2596	16449
3	Exempt due to geographic placement	0	0	0	0	150
4	EPAct "covered fleet" vehicles (line 1 - (line 2 + line 3) (No double-counting of vehicles in lines 2 and 3.)		95	0	95	
5	E-85 flex-fuel vehicles		14		14	141
6	Dedicated ethanol vehicles					
7	M-85 flex-fuel vehicles					
8	Dedicated methanol vehicles					
9	CNG dual-fuel vehicles		1		1	4
10	CNG dedicated vehicles					2
11	LNG dual-fuel vehicles					
12	LNG dedicated vehicles					
13	Propane/LPG dual-fuel vehicles					
14	Propane/LPG dedicated vehicles					
15	Dimethyl ether dedicated vehicles					
16	Electric vehicles (dedicated) -- ZEV					
17	Hydrogen dedicated vehicles -- ZEV					
18	Credits claimed from medium-duty vehicle acquisitions (report separately)					
19	Credits claimed from heavy-duty vehicle acquisitions (report separately)					
20	Credits claimed from ZEV (hydrogen and electric) vehicle acquisitions					
21	Total AFVs and credits (sum of lines 5-20)		15		15	182
22	AFV percentage of EPAct covered fleet acquisitions (line 21 ÷ line 4 × 100)		15.78%		15.78%	

Submitting official:

Date:

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