

HHS
Alternate Fuel Program and Strategy
In Support of
Transportation and Fleet Management

HHS is working to reduce petroleum consumption through improvements in fleet fuel efficiency and the use of alternative fuel vehicles (AFVs) and alternative fuels.

Accomplishments:

- ✓ **Continue program to Acquire alternative fuel vehicles (AFVs) as required by EPACT and use alternative fuel in AFVs the majority of the time by 2005**
 - *On Target. HHS will continue to acquire AFVs so that HHS maintains a growth rate raising the total alternate fuel vehicle (AFV) inventory from a baseline of 300 in 1999 to a level of 1,381 by 2005.*
 - *FY2002 level is 764*
 - *See page 2-7*
- ✓ **Increase the efficiency of Non-AFV acquisitions at least by 1 mile per gallon (MPG) by 2003, leading to a 3 mile per gallon improvement by 2005**
 - *On Track. HHS will continue to raise the FY 1999 MPG level of 19.3 MPG to a value not less than 21.3 MPG by 2005*
 - *See page 8*
- ✓ **Reduce annual HHS fleet petroleum consumption by 20% by 2005 when compared to 1999 consumption level.**
 - **Moving in the right direction. Consumption level in FY1999 was determined to be 4.6 Million Gasoline Gallon Equivalents (gge). The FY2002 level is 4.2 Million.**
 - **See pages 8-9**
- ✓ **See exhibit 55 to OMB Bulletin Re: Identification of funds for Transportation Efficiency Management.**
 - **Estimated FY2002 vehicular acquisitions estimated at \$333,000**

HHS Alternate Fuel Vehicle Acquisition Exemptions were Understated In FY2001 and FY2002

HHS alternate fuel vehicle exemptions were understated in FY2001 and again in FY2002. This had the effect of making HHS appear to be not in compliance with respect to acquiring appropriate quantities of alternate fuel vehicles. This anomaly continued through reporting periods ending September 30, 2002. Specifically more than 1,000 vehicles, namely light duty vehicles (LDVs), were reported as part of the universe of HHS assets that fall under the Energy Policy Act of 1992 (EPact) covered fleet criteria. The point of fact is that *any vehicle not located and/or operated in a Metropolitan Statistical Area (MSA) or a Consolidated Metropolitan Statistical Area (CMSA) is exempt from the EPact performance criteria.*

What this means is that roughly 1,326 vehicles, formally reported in HHS consolidated reporting statistics, relative to AFV acquisitions, for the Indian Health Service (IHS) as an example, will no longer be reflected in the Department's EPact reporting data. Other HHS OPDIVs, e.g., The Food and Drug Administration (FDA), have similar conditions relative to vehicles existing in Non-MSA environments. Recall that EPact criteria is concerned with new LDV acquisitions and/or any associated exemptions. This means that FY2001 data is amended to reflect the changes.

The same analysis is applied to FY2002, and upon further evaluation, the values are adjusted as well. In both reporting cycles the Department now adjusts the number of "exemptions" as spelled out in the EPact guidance. Federal guidance¹ along with Department of Energy guidelines², pursuant to Executive Order 13149. The latter

¹ EPact requirements apply to agency fleets of 20 or more LDVs that are centrally fueled or capable of being centrally fueled and are primarily operated in a Metropolitan Statistical Area (MSA)/Consolidated Metropolitan Statistical Area (CMSA). Vehicles heavier than 8,500 lbs. gross vehicle weight rating (GVWR) or not located or operated primarily in a covered MSA or CMSA are exempt from the requirements of EPact. Law enforcement, emergency, and military tactical vehicles are also exempt

Table 1 - Before Adjustment in FY 2001

Actuals Department of Health and Human Services FY 2001 Vehicle Acquisitions					
Actuals FY 2001 Light-Duty Vehicle Acquisitions				Total Vehicle Inventory	
	Leased	Purchased	Total		
Total number of Light-Duty (8,500 GVWR) - Vehicle Acquisitions	753	21	774	3,286	
Exemptions	Fleet Size	298	0	298	1,272
	Geographic	120	0	120	662
	Law Enforcement	50	9	59	386
	Non-MSA Operation	0	0	0	0
EPACT Covered Acquisitions	285	12	297	966	

Table 2 - After Adjustment in FY2001

Actuals Department of Health and Human Services FY 2001 Vehicle Acquisitions					
Actuals FY 2001 Light-Duty Vehicle Acquisitions				Total Vehicle Inventory	
	Leased	Purchased	Total		
Total number of Light-Duty	753	21	774	3,286	
Exemptions	Fleet Size	298	0	298	1,272
	Geographic	120	0	120	662
	Law Enforcement	50	9	59	386
	Non-MSA Operation	133	0	133	415
EPACT Covered	152	12	164	551	

of Energy guidelines², pursuant to Executive Order 13149. The latter provides rationale for the Department's efforts to get the data right. This is important because what we accomplish now will impact results anticipated for future reporting periods. The impact of the FY2001 adjustment is reflected in illustrations as shown in Tables 1 and 2 respectively. We can see that in FY2001, HHS EPact covered vehicle count changed from 297 to 164. Therefore, an FY2001 75% target replacement amount is 123 Alternate Fuel Vehicle (AFV) acquisitions for the FY2001 reporting cycle. The data indicates that HHS acquired 162 AFVS for the FY2001 reporting cycle. Accordingly, **For FY2001 HHS far exceeded the EPact mandate by a factor greater than 1.3 times.**

Let's look at the way we derive these findings in Table 3. We see that in FY2001, the Department acquired 774 light duty vehicles. Note also that exemptions include 133 Non-MSA vehicles, heretofore not shown as exempt. The latter vehicles are now included in the "exempt" total. The net impact is that HHS is in compliance for fiscal year 2001. The Department's performance, for this reporting period, is in fact exemplary.

Table 3 HHS Adjusted data for FY2001 LDV Acquisitions

FY2001 Alternate Fuel Vehicle Acquisition Performance			
Actual Light Duty Vehicle Acquisitions			774
Exemptions	Fleet Size	(298)	
	Geographic	(120)	
	Law Enfcem	(59)	
	Non MSA	(133)	(610)
Net EPact Covered Acquisitions			164
Target Alternate Fuel Vehicles @ 75%			123
Actual Alternate Fuel Vehicles:			162
Actual Alternate Fuel Acquisition Performance			132%

Likewise, after a review of FY2002 data, it should be noted that the performance values will not be as dramatic as in FY2001, but nonetheless, the Department will be in compliance with the EPact acquisition standards and E.O. 13149.

Looking at FY2002 data in **Table 4**, please note that Non-MSA data shown in the table reflects a revised total for "exempt" light duty vehicles (LDVs), (e.g., this information was incorporated in our analysis in March 2003), in the amount of 256 exempt vehicles for the reporting period. This adjustment, once again, takes

Actuals Department of Health and Human Services FY 2002 Vehicle Acquisitions

Actuals FY 2002 Light-Duty Vehicle Acquisitions				Total Vehicle Inventory
	Leased	Purchased	Total	
Total number of Light-Duty	684	15	699	2544
Exemptions	Fleet Size	277	3	280
	Geographic	10	0	10
	Law Enforcement	0	9	9
	Non-MSA Operation	256	0	256
	EPACT Covered	141	3	144

Table 4 FY2002 HHS LDV Acquisition Performance

from this requirement. For FY 1999 and beyond, 75% of a Federal fleet's covered vehicle acquisitions must be AFVs.

² See DOE Web Site: www.Ott.doe.gov/epact/fed_fleet_prog.shtml

into account the significant number of HHS Fleet resources in the Food and Drug Administration as well as the Indian Health Service (IHS³) OPDIV's rural environments.

FY2002 Alternate Fuel Vehicle Acquisitions

In fiscal year 2002, the Department acquired 111 Alternate Fuel vehicles. At the same time, the Department now adjusts vehicle data for a significant number of light duty vehicles (LDVs), as stated earlier, which operate in Non-MSA environments. For example, the Indian Health Service (IHS), by virtue of its

Table 5 - FY2002 HHS LDV Acquisition Performance

mission and sites in rural locales, is the OPDIV with the greatest number of exempt vehicles. *Table 5* reflects FY2002 conditions for EPact alternate fuel vehicle acquisition performance. We will meet our target, again at 75% or better.

FY2002 Alternate Fuel Vehicle Acquisition Performance		
Actual Light Duty Vehicle Acquisitions		699
Exemptions	Fleet Size	(280)
	Geographic	(10)
	Law Enfcm	(9)
	Non MSA	(256)
Net EPact Covered Acquisitions		144
Target Alternate Fuel Vehicles @ 75%		108
Actual Alternate Fuel Vehicles:		111
Actual Alternate Fuel Acquisition Performance		77%

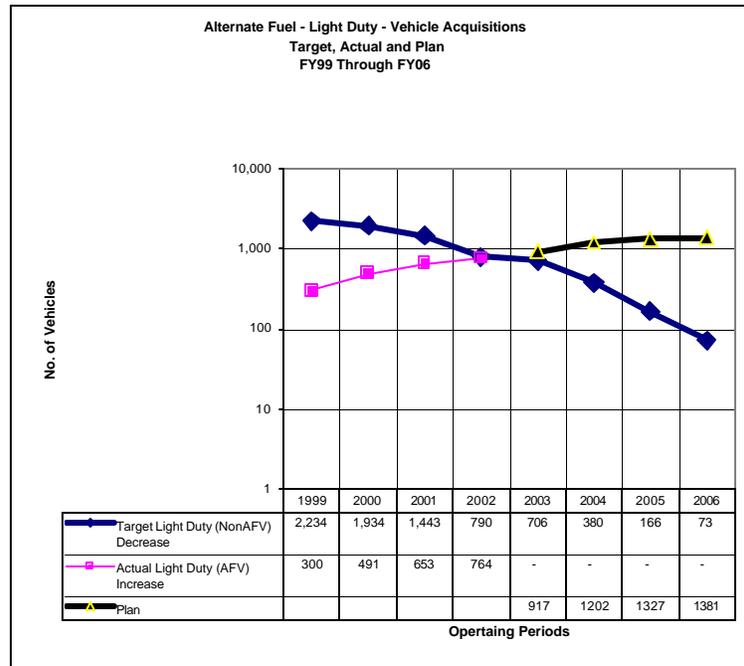
³ Most of the Departments rural EPact 'exempt' criteria vehicles can be found in the Indian Health Service programs in the central and western quadrants of the United States.

Alternate Fuel Vehicle Acquisitions – Looking Forward

How will the Department meet AFV targets in Fiscal years 2003 and beyond?

The Health and Human Service management outlook for improved energy and environmental performance in the arena involving Alternative Fuel Vehicle (AFV) program efforts is on track.

Figure 1 illustrates a consistent pattern of effort toward “*reducing*” the number of non-Alternate Fuel light duty vehicles and, at the same time, “*increasing*” the number of light duty Alternate Fuel vehicles in the HHS fleet inventory. We believe that the Department’s approach is timely⁴, relevant and takes into account a myriad of other essential strategic factors. It is important to put each element in the proper context during at least two events.



The first important event is the AFV Program performance evaluation cycle. In this phase, HHS works in tandem with the Department of Energy, Federal Fleet AFV program office. The latter office serves as the focal point for all Executive Branch data collection as well as serving as the intermediary between each Agency (i.e., HHS and others) and the Office of Management and Budget (OMB). Both executive agencies⁵ are smoothing out methods and approaches relevant to challenges surrounding the use of alternate fuel vehicles and acquisition of fuels like “Ethanol, Bio-diesel, compressed natu-

⁴ The Department is moving in a reasoned pattern that extrapolates out to a completion on or about the end of fiscal year 2005. There may be a slight overlap period occurring in fiscal year 2006 as we deal with the exigencies of the budget process during the latter two periods.

⁵ DOE and HHS are revising methods used to collect and evaluate data, e.g., The Federal Automotive Statistical Tool (F.A.S.T.) and an HHS is developing a Motor vehicle Information System (MVIS) scheduled for ‘pilot’ test and implementation in FY03 and early FY04 respectively. The MVIS tool will capture fleet data, including AF Program statistics.

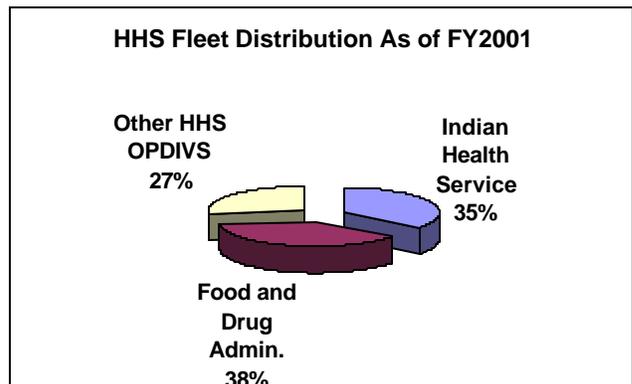
ral gas⁶ and propane, etc. It is our view that any agency must constantly fine tune methods and approaches that are rooted in ‘real-world’ conditions.

Recently the Department participated in an evaluative exercise with respect to its AFV program strategy and compliance. The latter effort involved the Office of the Federal Environmental Executive (OFEE) – White House Task Force on Waste Prevention and Recycling. Accordingly, in a recent March 20th, 2003 session, the HHS Alternate Fuel program strategy was evaluated and an update will be presented to the Federal Fleet AFV Program Management Office on April 14, 2003. The strategy will provide a platform for going forward and confirm the Department’s aggressive approach. Specifically, the Department will continue to acquire additional Alternate Fuel vehicles, improve the miles per gallon efficiencies in light duty units and use more non-carbon petroleum based products in significant segments of its operations.

The Department is moving toward a clear set of implementation goals that will help maximize the mission and efforts of each OPDIV, and at the same time minimize severe impacts on budget and subsequent “critical” operations of each OPDIV. This approach assures a reasoned alternate fuel program approach that seeks a balance. The intent is to ensure the safety and security of the American citizenry as well as Department’s employees.

Perhaps the next most important HHS issue rest in the realm of diverse OPDIV operations. In this context we look at an analysis of capacity and capability of each OPDIV along with AFV program throughput. We pay particular attention to planned use of alternate fuels. The Department’s approach in this area is taking shape. Let’s look at a sample set of information from two OPDIVS:

The *Indian Health Service (IHS)* and the *Food and Drug Administration (FDA)* maintain the largest HHS fleet Department constituencies, and at the same time, their respective missions vary to such a degree that both OPDIVS demand discreet Alternate fuel program approaches. We’ll talk about both in terms of their movement toward the goals.



HHS Distribution of Fleet - Ratios

- First, the *Indian Health Service (IHS)* fleet is roughly 1,410 total units. Moreover, these same assets are spread over more than 289 discreet sites in the US. The sites are also dispersed into a variety of sites, including some Metropolitan Statistical Areas (MSAs) with populations less than 250,000. The vehicles in these sites may be characterized as “exempt” from the alternate fuel mandates ap-

⁶ See Washington Post , Friday April 4, 2003, article ‘Natural Gas Pump Closing Fuels Retreat’ by Peter Whoriskey.

plicable for other HHS OPDIVS. However they are not exempt from the 20% fuel reduction program. In addition most of the Indian Health are rural and less likely to be in close proximity to Alternate Fuel refueling locations. The Department encourages the Indian Health Service (IHS) AFV acquisition rates as shown below:

HHS OPDIV	Total Fleet
Indian Health Service	1,410
Food and Drug Admin.	1,309
Other HHS OPDIVS	982

- 53 in FY2003 (75% of 63 LDV acquisitions)
 - 42 in FY2004 (75% of 56 LDV acquisitions)
 - 47 in FY2005 (75% of 62 LDV acquisitions)
- Secondly, the *Food and Drug Administration (FDA)* fleet universe is roughly 1,309 units spread over five (5) FDA Regions, further delineated at 21 District Offices across the United States. As in the case of Indian Health Service, a fair number of FDA light duty vehicles (LDVs) are garaged and in use in Metropolitan Statistical Areas (MSAs) where the population is under 250,000. The vehicles in these FDA sites will be characterized as “exempt” from the same alternate fuel mandates applicable for other HHS OPDIVS. In addition, FDA also was, and is, tasked to respond to Bioterrorism legislation⁷, effective in FY2002, aimed at increased emergency law enforcement and regulatory work. Accordingly, 311 additional light duty vehicles were rented from commercial vendors and would be considered exempt from alternate fuel program criteria because they were emergency vehicle acquisitions. The Department encourages the Food and Drug Administration’s AFV acquisition rates as shown below:
- 58 in FY2003 (75% of 76 LDV acquisitions)
 - 108 in FY2004 (75% of 144 LDV acquisitions)
 - 48 in FY2005 (75% of 63 LDV acquisitions)

⁷ See Public Law XXXXX, Bioterrorism, etc.

Fuel Consumption

HHS fuel consumption, as computed in Gasoline Gallon Equivalents (gge), through Fiscal year 2002, reflects an environmental conservation strategy targeted at reducing petroleum from a baseline of 4.6M gge to a level at or below 3.7M gge by fiscal year 2005. Note in *Chart 1* (below) details relative to consistent reduction in petroleum along with actual and projected saving in fuel. Together these actions will lead to the target date of 2005 when the Department will reach a savings of 0.924M gge. Note that in pursuit of that goal, the Department will employ several strategies:

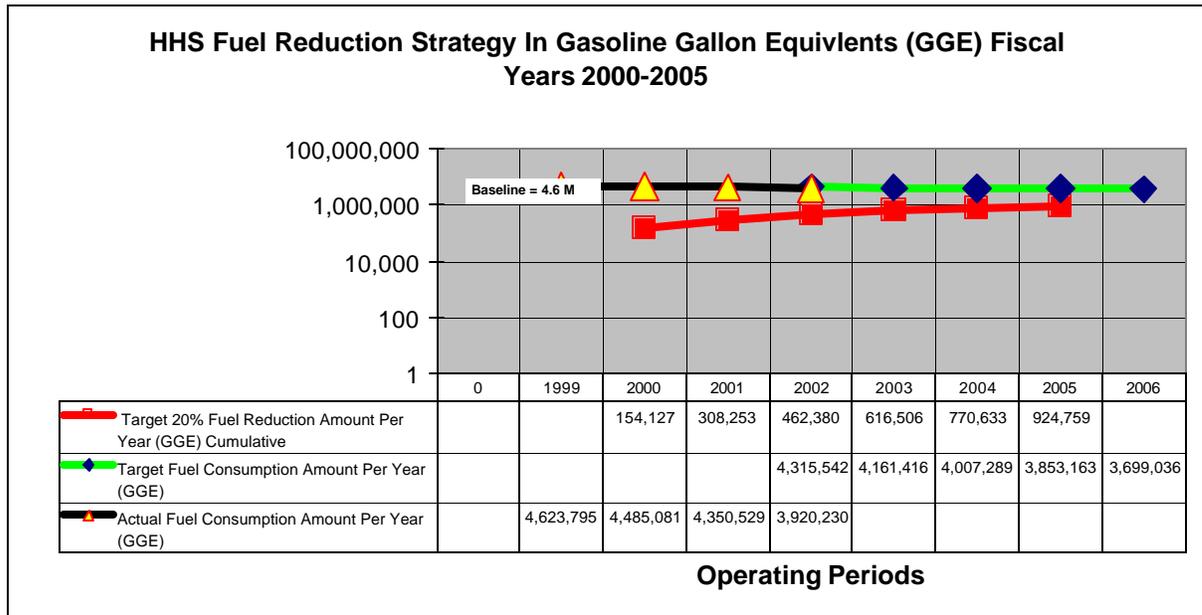


Chart 1 HHS Fuel Reduction Strategy Results FY1999 –FY2006

- **Acquisition of Higher Fuel Economy Vehicles:**
 - Reduce fuel consumption through acquisition of a greater number of light duty Non-Alternate Fuel vehicles (LDVs) that perform with greater miles per gallon (MPG) when compared to the Departments’s FY1999 miles per gallon position. Namely the Department’s MPG values in FY1999 ranged in the area of 19.3 MPG at that time. By comparison, the current MPG values approach 20.0 – 21.0 MPG.
- **Acquisition of Department Owned- Operated Refueling Resources:**
 - Add a stand-alone refueling facility in the Indian Health Service operating environment.

- **Greater Use of Alternate Fuels in AFV Resources:**
 - Reduce fuel consumption through displacement of petroleum fuel by increasing the use of alternate fuel in each AFV⁸ unit placed into service. See Table 6.

Fleet Gasoline Usage in 1999 for Light Duty Vehicles	3,722,130
Number of Light Duty vehicles in FY1999	2,234
Average Annual Light Duty Gasoline Vehicle Fuel Rate (gge)	1,666
Projected numbers of New AFVs In Service in FY2005	617
Percentage of ALF Use Used by AFVs	51%
Total Petroleum Fuel Displaced by AFVs in FY2005	524,281

Table 6 HHS AFV Petroleum Displacement Strategy

- **Bio-Diesel Blend Use:**

Where applicable and practical, the Department will continue use of Bio-diesel products in place of conventional diesel fuel. It is likely that this approach will involve vehicles other than the “light duty” variety. Some examples may include ambulance equipment, certain truck equipment, off-road units and similar resources disbursed throughout the Department. The HHS National Institutes of Health (NIH) campus is a candidate to maintain a fairly stable use of Bio-diesel fuel. Bio-Diesel use as reflected in FY2001 F.A.S.T data is the likely volume level continuing through FY2005.

⁸ HHS light duty vehicles, on average, will travel greater distances than a typical urban/suburban driving experience, e.g., range 5.0-8.0K miles annually. Instead, a typical HHS light duty vehicle will be used in the United States, and, in some cases at sites in foreign countries, in driving conditions over wide area, e.g., in the Indian Health Service environment. Similarly, FDA Consumer safety officer routes in central and the mid west parts of the US may handle three states. Therefore the average driving distances are on the order of 1.3-2.8K miles in an operating period.

