

COMPRESSED NATURAL GAS

**A Joint Legislative Report in Compliance with Sections 701.141 and 755.10 of the
Ohio Revised Code**

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Ohio Department of Administrative Services

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Prepared for:

Governor of Ohio

Ohio Senate

Ohio House of Representatives

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Attachments:

ODOT Fuel Report; DAS Office of Fleet Management Annual Report, FY2011.

Applicable Sections of the Ohio Revised Code

SB 315: SECTION 755.10. The Department of Transportation and the Public Utilities Commission cooperatively shall analyze the cost effectiveness of purchasing vehicles that operate on compressed natural gas and the conversion of certain state motor vehicles to operate on compressed natural gas. Not later than January 30, 2013, the Department and the Commission shall produce a joint report with their findings and shall deliver the report to the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the President of the Senate, the Minority Leader of the Senate, and the Governor.

HB 487: SECTION 701.141. The Department of Administrative Services shall conduct a study of the use of compressed natural gas in the motor vehicle fleets of the state and political subdivisions. The study shall examine the feasibility, budgetary effect, and return on investment from the use of compressed natural gas in the motor vehicle fleets of the state and political subdivisions, including transit fleets operated under Chapter 306 of the Revised Code. In examining the potential return on investment, the Department shall consider the impact of converting all or part of the different motor vehicle fleets over a period of two to four years and shall develop various proposals for funding the conversion of the motor vehicle fleets. The Department may conduct public hearings and may consult with experts and other persons as the Department considers necessary to fulfill its duties under this act.

Not later than six months after the effective date of this section, the Department shall issue a report on its findings and recommendations on using compressed natural gas to fuel the motor vehicle fleets of the state and political subdivisions, including any recommendation for funding the conversion to compressed natural gas. The Department shall furnish copies of its report to the Governor, the Ohio Senate, and the Ohio House of Representatives.

As used in this section, "political subdivision" means a county, township, municipal corporation, or any other body corporate and political that is responsible for government activities in a geographic area smaller than that of the state.

Legislation enacted during the 129th Ohio General Assembly, Senate Bill 315 and House Bill 487, both contained language (as referenced on the previous page) that specifically called for the undertaking of analysis and study pertaining to the cost-effectiveness and feasibility of purchasing and/or converting all or part of the state fleet and the fleets of political subdivisions to vehicles that operate on compressed natural gas (CNG). Both laws specifically require reports containing the findings of said study and analysis that are to be delivered to the Ohio Governor and the Ohio Legislature by January 15, 2013. In accordance with those provisions of Ohio law, this document and its contents will serve as the fulfillment of those statutorily mandated requirements as prepared by those entities duly instructed to perform such duties.

INTRODUCTION

Recent geological analyses have discovered that Ohio possesses large quantities of natural gas trapped within the Marcellus and Utica shale formations. The abundance of shale gas contained within those formations has exponentially increased the known and technically recoverable reserves of natural gas in Ohio. The United States Geological Survey (USGS) recently estimated in October 2012 that the Utica shale formation alone contains about 38 trillion cubic feet of undiscovered, recoverable natural gas reserves.¹ The USGS estimate solely for the Marcellus formation in October 2011 was that it contained 84 trillion cubic feet of undiscovered, recoverable natural gas.² Consequently, as operational advancements in the extraction and production of natural gas continue to be made via technological breakthroughs in hydraulic fracturing and underground mapping techniques, more of Ohio's domestic natural gas becomes available for consumption at lower prices.

CNG, which consists mostly of methane, is made by compressing natural gas to less than one percent of its volume at standard atmospheric pressure. When used as a vehicle fuel, CNG burns much cleaner than traditional gasoline or diesel and can reduce carbon dioxide emissions by as much as 30% and emissions of toxic pollutants, such as sulfur oxides and nitrogen oxides by up to 90%.³ Using CNG as a vehicle fuel also offers significant cost savings when compared to the market price of gasoline or diesel on a per gallon equivalent basis as the market price of natural gas has consistently remained lower than that of the traditional fuels over the past several years. Along with the aforementioned environmental and economic benefits, the use of CNG as a vehicle fuel provides an element of national security as it allows for reliance on the usage of readily available domestic natural gas as an alternative to traditional petroleum based fuels that are mainly derived from imported foreign oil. CNG also offers an aspect of increased safety as its gaseous nature makes it lighter than air, thus it dissipates immediately when vented as opposed to traditional liquid fuels which pool on the surface when leaked.

In 2010, transportation in the United States contributed over 30% of total national greenhouse gas (GHG) emissions; the following year in 2011, transportation in the United States accounted for 28% of total primary energy usage with 74% of that total coming from petroleum based fuels.⁴ When considering these trends in tandem with the continued proliferation of more stringent U.S. Environmental Protection Agency (USEPA) rules regarding emissions reductions and emissions standards it will become increasingly more difficult for Ohio to meet its emissions attainment goals set forth by the USEPA unless something more is done to continue to significantly reduce emissions given off by vehicles and other mobile source polluters burning petroleum based fuels. On average, at the time of this report, the price of CNG per gallon of gas equivalent (GGE), which is the amount of CNG that contains the same amount of energy as a gallon of gasoline, is about \$2.00 less than a gallon of gasoline and

¹ <http://www.usgs.gov/newsroom/article.asp?ID=3419>

² <http://www.usgs.gov/newsroom/article.asp?ID=2893>

³ U.S. Department of Energy

⁴ The Ohio State University, Center for Automotive Research; *Natural Gas as an Energy Source for Ground Transportation: Potentials and Challenges*.

around \$1.00 less than a gallon of diesel per diesel gallon equivalent (DGE).⁵ Moreover, with the commodity price of natural gas being much lower when compared to gasoline and diesel, a real opportunity exists for substantial cost savings when purchasing fuel. Thus, the increased efficiency due to the higher octane rating of CNG (120-130) and the markedly decreased emissions characteristics of natural gas vehicles (NGVs), coupled with the cheaper and less volatile nature of natural gas fuel pricing, warrants an in-depth look into whether or not the State of Ohio and its political subdivisions should pursue increased and expanded usage of this technology and if so, to what extent.

FEASIBILITY

Several factors must be taken into account when determining the feasibility of transitioning all or part of the state's or a political subdivision's fleet to CNG. First and foremost, a full vehicle inventory must be taken of the entire fleet of vehicles, both by the department they belong to and the area in which they are operating and must include the following: make, model, year, mileage, storage location, type of fuel used, and the amount of fuel used per month and annually. Additionally, other vital information must be included such as the vehicle's primary use, its life-cycle policy and replacement schedule. A fuel inventory must be taken as well that includes the type and amount of fuel used by each vehicle per month and annually and at what locations it operates and refuels. All of the aforementioned information is crucial for accurately assessing whether or not a certain fleet or a particular sector of that fleet is a viable candidate for conversion.

Other costs associated with transitioning to CNG must be taken into account as well, such as upgrading maintenance facilities and providing proper training to maintenance professionals. State fleet or other political subdivision fleet maintenance facilities will need to be assessed for compliance with relevant safety codes and be retrofitted accordingly. Some necessary upgrades could include the installation of methane collectors and expanded ventilation systems. Likewise, vehicle technicians will need special training in order to properly service CNG systems in new and converted vehicles. Specific maintenance facility retrofits needed and the associated costs must be factored into budgetary planning as they may impact the business case for switching to CNG in some locations. Accordingly, in order to get a realistic assessment, all costs associated with maintenance facility upgrades and technician training must be considered.

Ohio Auditor of State – Compressed Natural Gas Assessment

The Ohio Auditor of State's office recently conducted a performance audit of the Ohio Department of Transportation (ODOT), in which was included an assessment and analysis of potential cost benefits associated with the use of CNG in the ODOT fleet. The data analyzed in the study included the types of vehicles currently in use by ODOT, projected and current fuel prices, vehicle conversion costs, and useful

⁵ <http://www.fuelgaugereport.aaa.com/>

vehicle life estimates. Based on current vehicle conversion and fuel costs, the Auditor of State found that the payback periods for conversion exceeded the useful vehicle life estimates. For example, the study found that a passenger fleet car that cost \$9,000 to convert and that drove 20,000 miles annually would not see a full return on investment for seven years, whereas the useful life of the vehicle was only six years. Similarly, the study found that the \$30,000-\$50,000 conversion cost of a heavy fleet dump truck that drove 12,000 miles annually would have a payback period of between ten and fifteen years, whereas the useful vehicle life of the truck would be ten years maximum.⁶

The study did, however, identify the potential for a positive return on investment with possible future decreased conversion costs and increased petroleum based fuel costs. According to the study, based on current fuel prices, conversion costs would have to decrease by at least 60% in order to realize a return on investment within the useful life of the vehicle. That would mean that the \$9,000 conversion cost for the passenger fleet vehicle that drove 20,000 miles annually would have to actually come in around \$3,600 in order to get the payback in a four year period on a vehicle that has a six year useful life. By the same token, the heavy fleet dump truck with a conversion cost on the high end of \$50,000 that drove 12,000 miles annually would need to come down around \$20,000 to achieve an eight year payback period with a useful vehicle life of ten years.⁷

Comparably, the study also found that based on current conversion costs, petroleum based fuel prices would need to increase by at least 40% in order to attain a positive return on investment within the useful life of the vehicle. The study used the average CNG GGE gasoline price of \$1.91 and the average CNG DGE diesel price of \$2.13. In doing so, the study found that with an average gasoline price at \$3.18 per gallon, the same passenger fleet car would need the average price to be around \$4.80 per gallon in order to recoup the conversion costs within the useful life of the vehicle. Relatedly, the study found that with an average diesel price of \$3.41 per gallon, the same heavy fleet dump truck would need the average price to be around \$4.97 to capture the return on investment used to convert the truck within its useful life.⁸

Ultimately, based on the above referenced data and findings, the Auditor of State determined that it was not feasible for ODOT to move forward with converting its fleet. The study also considered other aspects when arriving at this conclusion, such as the high incremental conversion cost per vehicle and the generally low amount of mileage driven by the fleet vehicles, spread out across a large total number of vehicles comprising the fleet. The study also cited the widespread dispersion of vehicles within the fleet across multiple districts and counties, as well as several different garages and outposts as detrimental to the initiative. Correspondingly, the lack of available fuel station infrastructure, both public and private, and the uncertainty related to CNG financial incentives were also major factors contributing to the recommendation.

Despite the recommendation against ODOT fleet conversion, the Auditor's study did suggest that there was merit in further exploring the benefits of statewide and/or multi-state deployment of CNG for

⁶ Ohio Auditor of State, Compressed Natural Gas Assessment

⁷ Ohio Auditor of State, Compressed Natural Gas Assessment

⁸ Ohio Auditor of State, Compressed Natural Gas Assessment

several reasons. The study pointed to long-term benefits like the economic and environmental positives discussed earlier in this report, as well as the domestic nature of the fuel source and the potential for further technological developments within the industry. Furthermore, the study encouraged the creation of a new market that would yield additional savings in infrastructure, equipment, and ongoing operational costs for the state. The study suggested that public-private partnerships for fueling infrastructure build-out and negotiations with original equipment manufacturers (OEMs) for decreased conversion costs could potentially result in shorter recovery periods for returns on investment and widespread domestic job creation across several related sectors and industries.

State of Virginia

In looking to other states that are pursuing similar initiatives, the State of Virginia recently passed and enacted legislation that promotes the use of alternative fuels in the state fleet. The law requires the director of Virginia's Department of General Services (DGS), along with the secretary of administration and the governor's senior energy advisor, to develop a plan to replace state-owned vehicles with alternative-fueled vehicles to the greatest extent possible.⁹ Furthermore, the Virginia Governor issued an executive order in late 2011 that sets a path forward for developing the state's alternative fuel plan. Executive Order 36 requires the Department of General Services and the Department of Mines and Energy (DMME) to develop a survey method for collecting data on state-owned vehicles, including information on the types, locations, uses, and fueling habits of those vehicles. The order also directs the DGS and DMME to work closely with the Virginia Municipal League and the Virginia Association of Counties to survey local governments and gather similar information concerning local government fleets across the Commonwealth.¹⁰

There is also created within Executive Order 36 an Alternative Fuel Vehicle Conversion Fund to implement a plan to convert the state's fleet to alternative fuel vehicles. The fund receives a small portion of federal funds designed for efforts to reduce congestion and improve air quality and the state would use those funds to pay the difference between the cost of traditional fuel vehicles and alternative fuel vehicles, or for vehicle conversions. This initiative came as a result of legislation passed in the Virginia Legislature in 2002, entitled the Public-Private Education Facilities and Infrastructure Act (PPEA). Additionally, within the order, the DGS and DMME are directed to make recommendations on how to proceed with PPEA so that the state can continue to actively develop a plan to convert its fleet vehicles in compliance with the law.¹¹

In continued follow through with the aforementioned initiative, the Virginia Governor signed a number of formal partnership agreements with alternative fuel providers and vehicle conversion companies in October 2012. Under the agreements, the companies will provide alternative fuel supply, alternative refueling infrastructure, and OEM alternative fuel vehicles for state entities. The partnership

⁹ <http://www.government-fleet.com/news/story/2011/07/virginia-governor-signs-fleet-alt-fuel-bills-and-executive-order.aspx>

¹⁰ Virginia Governor - Executive Order 36, 2011

¹¹ <http://www.government-fleet.com/channel/legislative/news/story/2012/01/virginia-s-governor-creates-alt-fuel-vehicle-conversion-fund-for-state-fleet.aspx>

agreements will allow the state to comply with the 2002 PPEA law by building alternative fueling infrastructure and converting the state's fleet to use alternative fuels. In accordance with Executive Order 36, the partnership agreements will allow the state to follow the steps outlined in the order that state agencies are directed to take to use the newly signed contracts and begin converting fleet vehicles to alternative fuels where practical.¹²

PUBLIC-PRIVATE PARTNERSHIPS

As mentioned in the previous sections, public-private partnerships are a key component to moving the ball forward in the build-out of CNG fueling infrastructure and the expanded usage of NGVs. As demonstrated by other states, partnering with private companies with expertise in these fields can take the onus, both financial and operational, off of the state or political subdivision and allow it to rest with the companies, which are much better suited to own and operate refueling stations and conversion facilities. Multi-state agreements have also been useful in communicating the collective intent of states and regions throughout the country in pursuing the increased and expanded usage of CNG and NGVs. Consequently, many companies have come forward on a number of different fronts to discuss potential partnerships with the State of Ohio and other political subdivisions for the purpose of expanding the profile and the role of CNG and NGVs in the state.

Multi-State Memorandum of Understanding

In March of 2012, Governor Kasich signed Ohio on to a Memorandum of Understanding (MOU) between thirteen other states in order to participate in a jointly coordinated effort between the signatories to attract automobile manufacturers in the United States to develop a functional and affordable original OEM fleet NGV that will also meet public demand. The signatories, which include Arkansas, Colorado, Kentucky, Louisiana, Maine, Mississippi, New Mexico, Ohio, Oklahoma, Pennsylvania, Texas, Utah, West Virginia, and Wyoming; recognize the benefits and unique attributes of clean burning natural gas and understand the significant opportunity CNG presents to save state and taxpayer dollars by encouraging an energy future that utilizes domestic energy resources to fuel our nation's transportation needs. Through the joint solicitation of a multi-state request for proposal (RFP) that aggregates annual state fleet vehicle procurements, the states will endeavor to provide a demand base sufficient to support the design, manufacture, and sale of functional and affordable OEM NGVs by automotive manufacturers in the United States.¹³

¹² http://www.government-fleet.com/news/story/2012/10/virginia-s-governor-signs-memorandum-and-executive-directive-to-convert-state-fleet-to-use-alternat.aspx?ref=enews-thursday-20121004&utm_medium=newsletter&utm_source=email&prestitial=1

¹³ Multi-State MOU, 2012

In anticipation of soliciting a joint-RFP, the states endeavored to coordinate with local agencies, municipalities, and companies to determine the number of NGVs each state could commit to purchase and the required specifications necessary to meet fleet needs. The joint-RFP required, however, that the ultimate cost of an OEM NGV must be comparably priced to an equivalent gasoline-powered model and that warranty and reliability concerns were not compromised. Simultaneously, the states understand the need for continued development and expansion of CNG fueling infrastructure and agreed to endeavor to encourage private investment, predicated on demonstrating an anticipated increase in fleet NGVs, to meet growing demand.

Pursuant to the terms of the joint-RFP, the signatories indicated that they intend, where practical, to transition new fleet vehicle acquisitions, in committed volumes, to a resulting OEM NGV. The signatories also agreed that such future acquisitions should, when economically feasible, rely on traditional distribution channels that incorporate local businesses in procurement processes. In continued recognition of the benefits of CNG, the states also committed to pursue fleet vehicle conversions to CNG, where economically compelling, based on a life-cycle cost analysis. Additionally, the states also agreed to reach out to fellow governors to determine broader interest and participation in the principles and process outlined in the MOU.

It is important to note that while the MOU embodies the principle understandings of the signatories it does not, however, create any legal relationship, rights, duties, or obligations binding or enforceable at law or in equity. Notwithstanding, each state agreed to in good faith endeavor to reach a mutually agreeable and economically beneficial joint-RFP to achieve their previously described goals.

Ohio NGV Summit

As a result of the multi-state MOU and the heightened interest and activity surrounding CNG and NGVs in Ohio, America's Natural Gas Alliance (ANGA) hosted an NGV Summit in October 2012 at The Ohio State University with the goal of increasing awareness about the benefits of CNG and educating Ohioans about NGVs. Leading experts on energy and transportation from around the nation discussed strategies on how to accomplish that goal as well as how to encourage the manufacture of NGVs by automakers. State and political subdivision fleet managers were present, as were private fleet managers and private companies. The event acted not only as an informational session for those interested in converting or transitioning to CNG, or becoming more involved in the industry but also as a networking opportunity to aid in creating and fostering the public-private partnerships that are so vital to infrastructure expansion and vehicle conversion or transition.

Highlighted during the summit were a number of Ohio success stories; local entities that have found success in converting or transitioning to NGVs and utilizing CNG for its economic and environmental benefits.

Smith Dairy

The family-owned Orrville dairy company is now delivering a much different product to the public: CNG, which is dispensed solely at a nearly \$1.5 million fueling station just off of Main Street near its corporate

headquarters. The company wanted to continue its longtime commitment to being environmentally friendly while also taking advantage of an abundant and inexpensive fuel supply so they converted to CNG. Smith Dairy's new facility is open to anyone with a CNG vehicle and takes credit cards and accepts fleet accounts. Smith Dairy has spent two years developing the station, which is fed by a Dominion East Ohio gas line that supplies the station. The company spent \$1.5 million to build the station and \$1 million for six new Freightliner trucks that run delivery routes in Northeast Ohio. Future plans are to convert Smith Dairy vehicles to CNG as financing allows, with a goal of having a complete CNG fleet by 2030.¹⁴

Stark Area Regional Transit Authority

The Stark Area Regional Transit Authority (SARTA) provides over 2.4 million rides a year in Stark County. In operation since 1997, SARTA currently operates 33 fixed routes in Alliance, Canton, Hartville, Jackson Township, Louisville, Massillon, North Canton and Uniontown. SARTA just opened its new CNG public fueling station, making it the first in Stark County and Northeast Ohio. The 25-40% reduced cost of CNG when compared to diesel fuel has maintenance costs equal to or less than diesel buses. As a result, SARTA estimates that it will see a savings of over \$300,000 per year by making the switch to CNG. The station is open to the public twenty four hours a day and accepts credit cards.¹⁵

Central Ohio Transit Authority

The Central Ohio Transit Authority (COTA) is committed to excellence as they strive to deliver quality transportation services and are committed to demonstrating leadership that is fiscally responsible and environmentally conscientious. Accordingly, as early as 2013, the COTA plans to switch to buses that run cheaper, cleaner and quieter on CNG. COTA was awarded a \$4.4-million competitive grant from the U.S. Department of Transportation that they will use to help renovate their McKinley Avenue facility fueling station for CNG buses. COTA plans to replace diesel-fueled buses on a yearly basis, which is customary, with CNG-fueled buses. The new buses will cost more to buy, but less to fuel and maintain. COTA's project was among 46 selected nationwide through two funding programs aimed at reducing GHGs and promoting clean fuels.¹⁶

Ace Taxi Service

Ace Taxi services the Greater Cleveland area with more than 120 cars and vans. Established in 1997, Ace Taxi is a full service transportation company that can provide a variety of vehicle and service options. The company is fielding twenty 2012 Dodge minivans converted to CNG-gasoline bi-fuel operation by NatGasCar, also of Cleveland. Ace drivers fuel their vehicles from a new public-access Clean Energy Fuels CNG station on its premises. The company plans to add to its CNG fleet in Cleveland by increasing the number of taxis that run on CNG to 50 in the next two years.¹⁷

¹⁴ <http://www.cantonrep.com/news/x86872754/Smith-Dairy-opens-CNG-fueling-station>

¹⁵ <http://www.sartaonline.com/sarta-cng>

¹⁶ <http://www.thisweeknews.com/content/stories/worthington/news/2011/11/21/cota-will-use-grant-to-renovate-mckinley-avenue-fueling-station.html>

¹⁷ <http://www.fleetsandfuels.com/fuels/cng/2012/09/natgascar-for-cleveland-ace-taxis/>

Ariel

Located in Mt. Vernon, Ariel Corporation is the world's largest manufacturer of separable reciprocating gas compressors utilized by the global energy industry to extract, process, transport, store, and distribute natural gas from the wellhead to the end-user. Within a CNG application, natural gas is compressed to 3,000 to 3,600 pounds per square inch, stored in high pressure storage cylinders, and used as an alternative gasoline fuel for vehicles. Ariel compressors are installed in those applications at CNG filling stations where natural gas from pipelines is compressed and stored in high pressure storage cylinders. Ariel is truly the global leader in compressor technology for the natural gas industry with over 37,000 natural gas and associated compressors sold throughout the world.¹⁸

ODOT Pilot Project

ODOT is planning to conduct a CNG Pilot Program for the 2014 Dump Truck Run beginning on July 1, 2013.

ODOT's Office of Equipment Management is planning to meet with vendors in December 2012 to determine which vendors can meet ODOT's specifications and to understand any issues prior to bidding out the 2014 chassis contract. Potential bidders/vendors able to supply CNG original equipment to ODOT are Mack, Freightliner, Western Star, International, Peterbilt, and Kenworth.

Once the issues are identified, ODOT will hold a pre-bid conference, receive and open bids, and then identify an apparent low bidder. The contract will be awarded in time for the successful bidder to receive chassis orders by July 1, 2013. The successful bidder will take approximately 3 months to deliver the chassis to Ohio Penal Industries (OPI) for assembly and the assembly process will allow for dump truck delivery before October 1, 2013.

ODOT is currently targeting Summit County in District 4, Franklin County in District 6, and Cuyahoga County in District 12 as potential pilot program locations since snow and ice routes can be conducted successfully based on the locations of existing CNG stations. ODOT would aim to have three to six dump trucks in the rotation at a time depending on cost per vehicle increase estimates on the CNG configuration.

BUDGETARY EFFECT

Central to the discussion of whether or not a private company or a political subdivision would transition some or all of its fleet to CNG, is the impact that doing so would have on the entity's bottom line. Along with the undeniable environmental benefits that CNG offers by way of markedly reduced emissions of harmful pollutants, the fuel also possesses significant economic benefits in terms of substantial cost savings due to the comparatively low and relatively stable commodity price of natural gas. Oil prices, conversely, tend to be rather high for extended periods of time as geopolitical issues regularly affect

¹⁸ <http://www.arielcorp.com/cng/>

supply and demand throughout the world, thus causing petroleum based fuel prices to fluctuate wildly. For those reasons, private companies and political subdivisions across the country have made the business decision to switch to CNG as the cheaper, cleaner burning fuel allows for immediate and continued, long-term cost savings that can be reinvested into operations and new hires.

Ohio Revised Code Section 125.832 grants the Ohio Department of Administrative Services (DAS) exclusive authority over the acquisition and management of a significant portion of the motor vehicles used by state agencies. The DAS Office of Fleet Management (OFM) is responsible for providing state agencies with the necessary tools to manage their fleets and to provide appropriate, quality motor vehicles to allow them to meet their unique mission objectives. According to OFM's Annual Fleet Report for fiscal year 2011, the total fuel and maintenance costs for the 12,164 vehicles comprising the state fleet was \$61,784,652.¹⁹ Within the same report, data is shown that puts the average age of state fleet vehicles at 5 years old and the average mileage on those vehicles at 84,965 miles.²⁰ During FY11, OFM reviewed and approved 344 requisitions for the purchase of 1,489 vehicles having a total acquisition cost of \$41,525,919; this figure was up by 178 units or \$14,839,456 as compared to FY10.²¹

The Ohio Revised Code and certain executive orders require that each state agency do its part to reduce the state's dependence on foreign oil and its emission of GHGs. As a result, Administrative Rule 123:6-1-10 defines an agency's requirement regarding the use of alternative fuels in the state's fleet of motor vehicles. To further reduce our dependence in FY11, the state continued to purchase fuel efficient compact vehicles to replace the aging mid-size fleet and continued to promote the use of alternative fuels. In FY11, the state spent a total of \$35,685,104 on fuel for fleet vehicles, with \$9,771,246 of that having been spent on the alternative fuels of ethanol (E85) and biodiesel (B20). Moreover, the average price per gallon of all fuels during FY11 was \$2.97 and the state purchased a total of 11,998,048 gallons. Consequently, FY11 showed an increase of approximately 366,000 more gallons of total fuel purchased and an increase in the average fuel price of all fuels of just over \$0.50 per gallon.²²

Furthermore, by statute, alternative fuel usage goals are reported on the calendar year for the state fleet. In calendar year 2011, the usage requirement for E85 increased by 5,000 gallons, bringing the state's total annual goal up to 85,000 gallons. For CY11, the state exceeded its annual goal of 85,000 gallons by 13%, consuming a total of 95,683 gallons of E85. According to the report, a key tool in reaching the alternative fuel goals was the continued use of the monthly alternative fuel scorecard that tracks the fuel use for each agency throughout the year. The scorecard provides a level of accountability and transparency for state agencies. Similarly, in CY11, the usage requirement for B20 increased by 100,000 gallons, bringing the state's CY11 annual goal up to 1.5 million gallons. In CY11, B20 usage totaled 2,637,397 gallons, which represents 176% of the state's annual goal of 1.5 million gallons. The average price of B20 during that time period was \$3.56 and the average price for E85 was \$2.99.²³

Additionally, state fleets are required to purchase alternative fuel vehicles under the federal Energy Policy Act of 1992 (EPAAct). The current requirement is that 75% of the light-duty, non-emergency vehicle purchases must be vehicles capable of operating on alternative fuels. The state of Ohio has achieved compliance with the requirements of the EPAAct in every year since its inception in 1997.

¹⁹ DAS Office of Fleet Management Annual Report, FY2011

²⁰ DAS Office of Fleet Management Annual Report, FY2011

²¹ DAS Office of Fleet Management Annual Report, FY2011

²² DAS Office of Fleet Management Annual Report, FY2011

²³ DAS Office of Fleet Management Annual Report, FY2011

The state has a total of 5,393 alternative fuel vehicles for which it earns credits in accordance with EPAct; although the state has not sold any of the credits to date because a viable market for them has failed to develop. It added 152 vehicles to its fleet in FY11, which represents a 3% increase over the FY10 count. A total of 44% of the state fleet is now capable of using the alternative fuels E85 and B20. What is more, the miles traveled in state vehicles increased by 28,135,997 miles in CY11; thus the utilization of the vehicles increased in CY11 by 4,734,211 miles but the number of miles driven by compact sedans remained relatively constant at 5,500,000 miles.²⁴

The aforementioned data clearly shows that the State of Ohio has made great strides in making its fleet more environmentally friendly as it complies with state and federal laws requiring such. However, the costs associated with doing so have soared as the prices of gasoline, diesel, B20 and E85 have remained fairly high on average. ODOT for instance, which possesses the largest single agency fleet in the state and does not receive any budgetary funding from the state's General Revenue Fund, has spent a grand total of \$119,146,867 on all fuels for its agency fleet vehicles between FY05 and FY12.²⁵ Despite the fact that the amount of gallons of gasoline and diesel purchased have decreased considerably over that time period and the number of gallons of B20 and E85 have increased considerably, overall total fuel costs have continued to rise steadily because the average prices of the alternative fuels have been substantially similar, or in some cases higher, than those of the traditional fuels on an annual basis.²⁶ Thus, ODOT's fleet data illustrates a larger dilemma that the state fleet as a whole is experiencing as consistently high and steadily rising fuel costs continue to have a significant impact on the state budget, as well as on individual agency budgets.

Current Ohio Laws

Ohio does already have some laws and regulations on the books when it comes to alternative fuels, some of which have already been mentioned, that govern certain aspects of alternative fuel usage and vehicle conversion in the state.

Alternative Fuel Signage

Sections 125.831 and 5537.30 of the Ohio Revised Code grant the Ohio Turnpike Commission the ability to allow businesses to place their logos on directional signs within the right-of-way of state turnpikes. The statute also allows an alternative fuel retailer to include a marking or symbol within their logo indicating that it sells one or more types of alternative fuel. Alternative fuels are defined as E85, fuel blends containing at least 20% biodiesel (B20), natural gas, propane, or hydrogen in Ohio law.

Alternative Fuel Vehicle Acquisition and Fuel Use Requirements

Ohio Revised Code sections 125.831-125.832, 125.834 and 125.836 require, with the exception of law enforcement vehicles, all newly acquired state agency vehicles to be capable of using an alternative fuel and that they must use the relevant alternative fuel if it is reasonably priced and available. Alternative fuel is defined as previously referenced in Ohio law. DAS issues credits for vehicle acquisition in accordance with the EPAct. Any additional credits that an agency earns above their requirements may

²⁴ DAS Office of Fleet Management Annual Report, FY2011

²⁵ ODOT Fuel Report

²⁶ ODOT Fuel Report

be sold, with proceeds going to the Ohio Biodiesel Revolving Fund to pay for the incremental cost of biodiesel for use in vehicles the state owns or leases.

Alternative Fuel Vehicle Conversion

Ohio Revised Code sections 3704.16-3704.162 state that vehicle emissions control systems may not be tampered with unless the action is for the purpose of converting a motor vehicle to operate on an alternative fuel and is in compliance with the standards adopted under the Clean Air Act Amendments.

Current Ohio Incentives

In addition to the laws and regulations, the state of Ohio also has several alternative fuel incentive programs that are currently in place and available for use.

School Bus Retrofit Grant Program

The Ohio Environmental Protection Agency (OEPA) administers the Clean Diesel School Bus Fund Retrofits Grant Program, which offers grants to retrofit school buses operating on diesel fuel. Priority is given to school districts in communities that do not meet the federal air quality standards for fine air particulates, and districts that employ additional measures, such as anti-idling programs, to reduce emissions from their school bus fleets. This program offers grants up to \$300,000 to retrofit diesel school buses with pollution control equipment and idle reduction equipment, to reduce student and driver exposure to the harmful pollutants in diesel exhaust and to conserve fuel. Application deadlines are every March 1 and September 1. Public school districts and county developmental disability programs in Ohio are eligible to apply. Grants are funded from civil penalties OEPA collects from environmental violations, and federal grants. Since the program began, OEPA has awarded more than \$7 million to retrofit 2,337 school buses with emission controls and 544 buses with idle reduction equipment. These grants have removed more than 145 tons of pollutants from the Ohio skies. Grants have been awarded to 129 school districts and developmental disability programs.

Alternative Fuel and Fueling Infrastructure Loan Program

Ohio Revised Code 122.075 creates the Alternative Fuel Transportation Loan Program, which provides funding for up to 80% of the cost of purchasing and installing fueling, blending, or distribution facilities terminals offering E85, fuel blends containing at least 20% biodiesel (B20), natural gas; liquefied petroleum gas or propane; hydrogen; electricity; or any fuel that the U.S. Department of Energy determines, by final rule, to be substantially not petroleum. The program, which is administered by the Ohio Developmental Services Agency (ODSA), also provides funding for up to 80% of the incremental cost of purchasing and using alternative fuel for businesses, nonprofit organizations, public school systems, and local governments. The Alternative Fuel Transportation Loan Program, originally a grant program, improves air quality through financial assistance to businesses, nonprofit organizations, school districts, or local governments.

Fuel Cell Development Funding

The Ohio Third Frontier Fuel Cell Program aims to stimulate job creation in Ohio and position the state as a national leader in the fuel cell industry. The program is an integral part of the Ohio Third Frontier, a technology-based economic development initiative designed to create jobs and bring new products to

market. The program offers grants and loans to support the growth of targeted areas of fuel cell technology, including: advanced materials related to advanced polymers, ceramics, composites, carbon fibers and nanotubes, and specialty metals and alloys; aero-propulsion power management; fuel cells and energy storage; and sensing and automation technologies.

Heavy-Duty Emission Reduction Grant and Loan Program (DERG)

Section 122.861 of the Ohio Revised Code gives authority to the OEPA to administer a Diesel Emissions Reduction Grant Program and a Diesel Emissions Reduction Revolving Loan Program for the purpose of reducing emissions from diesel engines. Eligible entities may use this funding for: projects related to certified engine configurations, including new, rebuilt, or remanufactured engine configurations the USEPA or the California Air Resources Board has certified; the purchase or use of hybrid electric and alternative fuel vehicles that are allowed under U.S. Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality (CMAQ) program guidance; or installation of verified technology including pollution control devices, retrofits, and development of truck stop electrification and auxiliary power units. To be eligible for funding, fleets must operate at least 65% of the time in a particulate matter 2.5 and/or ozone non-attainment or maintenance county. Private fleets are eligible, but they must establish a public-private partnership with a government organization that is eligible for CMAQ funds in order to apply for funding.

The Ohio DERG Program awarded \$10 million in FHWA CMAQ funding for clean diesel projects in 2012 and expects to award another \$10 million in 2013. From the March 2012 application cycle, the review committee of ODOT and OEPA representatives reviewed applications from 73 diesel fleets requesting \$44.5 million. The committee recommended awarding 18 grants, for a total of \$10,376,763.30, based on the total cost-effectiveness of the projects in reducing diesel emissions. OEPA estimates that these projects will achieve an estimated annual emissions reduction of more than 309 tons of air pollutants. These grants are supported with federal CMAQ funds allocated to Ohio by the FHWA, which must make a formal eligibility determination for each project before the grant can be awarded. No project-related advertising or incurred costs are permitted until the project receives written ODOT approval.

Ohio Motor Vehicle Fuel Tax

Another issue of major importance that requires ample consideration is the affect that increased CNG usage will have on the Ohio Motor Vehicle Fuel Tax, a portion of which funds the construction and maintenance of the state's transportation infrastructure. In Ohio, an excise tax applies to all dealers in motor vehicle fuel on the use, distribution, or sale within Ohio of fuel used to generate power for the operation of motor vehicles.

The motor fuel excise tax rate has been \$0.28 per gallon since July 1, 2005. This rate is actually composed of five separate levies, each subject to a different distribution formula. The Ohio Constitution requires that revenue from the tax be used for highway construction, traffic enforcement and certain other activities. Motor vehicle fuel wholesale dealers, rather than retailers, remit the tax. In fiscal year 2010, the reported net motor fuel tax collections totaled approximately \$1,782,000 after refunds. In addition, a motor fuel use tax is imposed on operators of motor vehicles with three or more axles, or weighing more than 26,000 pounds gross vehicle weight, for fuel purchased outside the state and consumed in Ohio. The use tax rate in FY10 was \$0.28per gallon.²⁷

²⁷ Ohio Department of Taxation, 2010 Motor Fuel Report

Other states that have experienced expanded CNG usage to a much larger extent have already dealt with this issue in a number of different ways so as to not lose vital funding for transportation safety and repairs and to ensure that NGV owners and operators are equally contributing to the necessary construction and upkeep of transportation infrastructure.

Oklahoma

In the state of Oklahoma, in lieu of the motor fuel excise tax, alternative fuel vehicle owners are subject to a motor vehicle fee. This annual flat fee applies to passenger automobiles, pickup trucks, vans and heavy-duty vehicles using liquefied petroleum gas (propane), liquefied natural gas (LNG), methanol, or blends of 85% methanol and 15% gasoline (M85). Propane vehicles with a payload capacity of less than 2,000 pounds are taxed at a rate of \$50 per vehicle per year. LNG, methanol, and M85 vehicles with a payload capacity of less than 2,000 pounds are taxed at a rate of \$100 per vehicle per year. Propane, LNG, methanol, and M85 vehicles with a payload capacity greater than 2,000 pounds are taxed at a rate of \$150 per vehicle per year. If the owner acquires the vehicle or converts it to run on the alternative fuel after July 1 of the tax year, the flat fee is half of the above mentioned amount. To ensure compliance, alternative fuel vehicles must display a decal that the Oklahoma Tax Commission issues on an annual basis. For CNG vehicles, instead of an annual flat fee, the state motor fuel tax is imposed as a direct tax paid at the pump per GGE of CNG purchased. The tax rate is \$0.05 per GGE until January 1, 2015, and \$0.13 per GGE thereafter.²⁸

California

California has a similar tax plan as Oklahoma, with some slight differences. The excise tax imposed on CNG, LNG, and propane used to operate a vehicle can be paid through an annual flat rate sticker tax based on the following vehicle weights: All passenger cars and other vehicles 4,000 pounds or less is \$36; more than 4,000 lbs. but less than 8,001 pounds is \$72; More than 8,000 lbs. but less than 12,001 pounds is \$120; and 12,001 pounds or more is \$168. Alternatively, owners and operators may pay an excise tax on CNG of \$0.07 per 100 cubic feet measured at standard pressure and temperature, \$0.06 per gallon of LNG, and \$0.06 per gallon of propane. The excise tax on ethanol and methanol fuel blends containing up to 15% gasoline or diesel fuel is half of the current tax on gasoline and diesel.²⁹

Colorado

Substantially similar to California, in Colorado, fuel tax exemptions are granted for natural gas and propane vehicle owners. However, owners of natural gas and propane vehicles must purchase an annual tax decal from the Colorado Department of Revenue or a decal vendor based on a gross vehicle weight scale as follows: 1-10,000 pounds is \$70; 10,001-16,000 pounds is \$100; and over 16,000 pounds is \$125. According to law, all natural gas and propane vehicles must display a current fuel tax decal. Non-profit transit agencies are exempt from the fuel tax all together.³⁰

²⁸ <http://www.afdc.energy.gov/laws/law/OK/5616>

²⁹ <http://www.afdc.energy.gov/laws/law/CA/4246>

³⁰ <http://www.afdc.energy.gov/laws/law/CO/4278>

Louisiana

In Louisiana, all licensed on-road vehicles fueled by CNG or propane are subject to a special fuels tax through the Excise Taxes Division of the Louisiana Department of Revenue. Vehicle owners or operators may pay either an annual flat rate in the amount of \$120 per vehicle with a gross vehicle weight rating of less than 10,000 pounds or a variable rate of 80% of the current special fuels tax rate. The owners or operators of a vehicle with a gross vehicle weight rating of more than 10,000 pounds must pay 80% of the special fuels tax rate in effect, but not less than \$120 per vehicle. The owner of any school bus may either pay an annual flat rate of 50% of the regular flat rate or 50% of the variable rate for on-road vehicles with a gross vehicle weight rating of less than 10,000 pounds, whichever is less. The flat rates are based on a special fuels tax rate of \$0.16 per gallon and specified miles per gallon values for each vehicle type, and are subject to change.³¹

RECOMMENDATIONS

When taking into consideration the aforementioned data and information, in conjunction with the wide range of ancillary issues, many of which have been referenced and explored within, that are also affecting the economic and environmental aspects of fleet vehicle discussions in Ohio, the decision on a policy direction for the state and political subdivision fleets becomes quite clear: Increased and expanded usage of CNG and NGVs should be encouraged and actively pursued by the state and political subdivisions whenever it is economical and practical to do so. As a result of the momentum generated thus far, the state should immediately establish an advisory group comprised of stakeholders and interested parties, made up of both public and private entities, for the purpose of strategizing and determining how best to advance CNG and NGV development in Ohio. Some suggested but not exclusive areas that this group should focus its review on are as follows:

Fleet Transitions

Along with state and political subdivision fleets, identify private fleets that are potential candidates for transitioning to natural gas. Also, identify potential collaborative efforts across state, local, and/or municipal governments for transition to NGVs and convene discussions to inform and encourage NGV adoption. Most importantly, convey a strong state commitment to the issue by continuing to assess the state vehicle fleet and creating a sensible, cost-effective strategy for transitioning appropriate state vehicles to NGVs.

Infrastructure Expansion

Work with ODOT and the NGV industry to identify key areas for NGV fueling infrastructure construction. Accordingly, make it a goal to develop and foster relationships between public and private entities with an interest in development of NGV fueling infrastructure. Additionally, work with fueling station

³¹ <http://www.afdc.energy.gov/laws/law/LA/6259>

owners/operators to discuss inclusion of CNG as a fuel option at new and refurbished stations and to identify and work to eliminate rules and regulations currently inhibiting CNG station development.

Incentives

Identify needed legislative changes and policies to incentivize public and private fleet conversions and NGV fueling infrastructure development. Moreover, identify and consider policies from other states that would be effective in helping Ohio to transition more vehicles to NGVs. Also, evaluate the effectiveness of existing incentives for the construction of NGV fueling infrastructure via grants, revolving loans, or tax credits and identify any necessary changes to these programs.

Financial Assistance

Promote existing state and federal loan programs to encourage private fleet transitions and NGV fueling infrastructure build-out. In order to take full advantage of those programs, educate and inform interested parties of existing and available programs to further development of NGV vehicles and NGV fueling infrastructure. Additionally, work with Ohio natural gas companies to identify and expedite natural gas pipeline infrastructure extensions and upgrades needed to support construction of NGV fueling infrastructure.

Education

Coordinate outreach efforts to inform Ohio businesses and local governments of the economic and environmental benefits of transitioning to NGVs and of the resources available to assist them in doing so. Correspondingly, provide technical resources and information and analysis to those interested in transitioning to NGVs or learning more about the benefits that they offer. Lastly, coordinate with relevant trade groups and not-for-profit organizations, such as Clean Fuels Ohio to endorse NGV transitions, promote it to their members, and assist with education, outreach, and financing of NGV transitions and NGV fueling infrastructure construction.

Often referenced throughout this report and thus attached for convenience are the ODOT Fuel Report and the DAS Office of Fleet Management Annual Report, FY2011.

2010010

GASOLINE, UNLEADED (UN)

FY	Total		January		February		March		April		May		June		July		August		September		October		November		December	
	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost
2005	2,358,603	\$3,944,189	191,520	\$292,165	148,556	\$247,213	195,814	\$346,722	171,783	\$327,627	200,414	\$360,637	238,639	\$437,415	233,637	\$365,121	204,483	\$323,519	191,752	\$300,582	222,231	\$382,243	164,270	\$274,332	195,503	\$286,612
2006	2,254,043	\$5,033,246	134,698	\$275,630	155,415	\$307,351	196,047	\$421,433	187,589	\$461,582	201,096	\$516,221	199,781	\$506,392	212,839	\$430,437	208,995	\$449,274	211,353	\$546,603	156,824	\$379,967	205,576	\$397,782	183,830	\$340,573
2007	2,328,619	\$5,488,688	193,817	\$365,467	149,024	\$304,579	151,850	\$336,111	164,972	\$415,708	253,653	\$737,673	193,533	\$535,844	280,460	\$767,087	194,197	\$511,119	169,501	\$359,887	202,383	\$393,189	221,815	\$450,784	153,415	\$311,239
2008	2,212,915	\$6,475,564	168,526	\$478,226	140,766	\$390,572	168,030	\$503,859	163,720	\$525,818	213,524	\$765,625	196,578	\$744,371	197,226	\$523,431	232,052	\$581,117	158,741	\$422,338	223,441	\$567,301	170,163	\$488,898	180,149	\$484,008
2009	1,980,161	\$4,934,291	107,770	\$176,928	129,329	\$217,133	148,540	\$257,740	192,013	\$352,912	123,184	\$264,632	176,616	\$453,985	199,920	\$742,584	210,057	\$735,012	214,615	\$741,641	183,016	\$506,062	150,406	\$274,869	144,695	\$210,792
2010	1,001,968	\$2,357,846	15,404	\$38,303	10,961	\$25,563	26,868	\$67,335	23,373	\$60,849	20,455	\$49,955	20,772	\$51,367	214,945	\$487,664	124,362	\$294,862	196,022	\$452,917	181,771	\$421,691	160,032	\$390,200	7,005	\$17,141
2011	213,190	\$611,250	5,098	\$14,760	19,056	\$55,218	11,561	\$38,706	13,943	\$50,780	9,714	\$36,964	23,001	\$82,452	25,589	\$64,267	22,219	\$53,661	21,458	\$51,454	14,515	\$37,073	25,314	\$66,336	21,724	\$59,580
2012	164,969	\$540,909	21,133	\$65,321	8,069	\$25,337	25,265	\$90,783	1,885	\$6,903	0	\$0	0	\$0	23,806	\$82,317	24,481	\$83,834	13,341	\$43,855	18,084	\$55,371	7,535	\$23,577	21,370	\$63,612
Total	12,514,469	\$29,385,982	837,965	\$1,706,799	761,176	\$1,572,966	923,974	\$2,062,689	919,279	\$2,202,179	1,022,039	\$2,731,708	1,048,921	\$2,811,826	1,388,422	\$3,462,909	1,220,846	\$3,032,399	1,176,781	\$2,919,277	1,202,264	\$2,742,897	1,105,111	\$2,366,777	907,691	\$1,773,556

2010020

UNLEADED GASOLINE, 87, OCTANE, E10, BLEND

FY	Total		January		February		March		April		May		June		July		August		September		October		November		December	
	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost
2010	904,699	\$2,240,982	88,114	\$214,853	72,316	\$166,470	151,607	\$379,027	162,469	\$425,159	156,757	\$384,181	175,599	\$441,212	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	97,837	\$230,080
2011	1,708,723	\$4,974,308	96,085	\$273,544	116,124	\$338,317	155,405	\$505,212	147,113	\$530,418	143,159	\$529,809	155,092	\$520,653	144,897	\$361,684	187,209	\$456,411	146,110	\$360,017	120,457	\$307,930	167,943	\$441,745	129,130	\$348,568
2012	1,437,806	\$4,652,199	127,391	\$391,125	152,533	\$488,266	140,240	\$501,316	5,604	\$20,789	0	\$0	0	\$0	239,531	\$817,668	189,355	\$632,095	165,705	\$534,623	138,554	\$424,927	148,992	\$456,420	129,901	\$384,969
Total	4,051,228	\$11,867,488	311,590	\$879,523	340,973	\$993,053	447,252	\$1,385,555	315,187	\$976,365	299,916	\$913,990	330,691	\$961,866	384,428	\$1,179,351	376,564	\$1,088,506	311,814	\$894,641	259,012	\$732,857	316,934	\$898,165	356,869	\$963,617

2020010

GASOLINE, LEADED (RG)

FY	Total		January		February		March		April		May		June		July		August		September		October		November		December	
	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost
2005	1,007	\$1,902	0	\$0	0	\$0	0	\$0	1,007	\$1,902	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
2006	2,262	\$5,049	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	851	\$2,196	0	\$0	3	\$6	0	\$0	0	\$0	1,409	\$2,847	0	\$0
2007	124	\$318	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	63	\$170	4	\$10	5	\$10	5	\$10	0	\$0	49	\$117
2008	51	\$135	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	51	\$135	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
2009	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
2010	1,001	\$2,305	0	\$0	1,001	\$2,305	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
2012	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Total	4,445	\$9,710	0	\$0	1,001	\$2,305	0	\$0	1,007	\$1,902	0	\$0	851	\$2,196	114	\$306	6	\$16	5	\$10	5	\$10	1,409	\$2,847	49	\$117

2030010

FUEL, DIESEL (DS) - ULTRA LOW SULFUR

FY	Total		January		February		March		April		May		June		July		August		September		October		November		December	
	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost
2005	3,702,699	\$6,450,145	678,766	\$1,123,309	359,004	\$620,258	456,599	\$880,901	115,461	\$228,856	169,270	\$319,940	230,843	\$461,561	265,290	\$385,521	262,551	\$412,743	230,101	\$378,028	154,816	\$286,278	200,147	\$371,952	579,852	\$980,798
2006	2,177,668	\$5,018,201	172,625	\$373,817	234,101	\$504,241	86,290	\$192,855	15,728	\$39,870	146,309	\$385,135	183,501	\$489,741	241,480	\$506,584	234,165	\$504,490	235,517	\$574,537	91,432	\$269,143	122,303	\$281,258	414,216	\$896,531
2007	3,523,694	\$8,443,284	533,391	\$1,130,312	775,763	\$1,739,768	297,922	\$734,382	182,108	\$471,169	256,107	\$653,087	137,371	\$356,527	250,940	\$683,852	188,831	\$530,980	225,851	\$548,882	193,863	\$450,749	172,109	\$412,088	309,439	\$731,489
2008	2,194,038	\$7,072,749	279,619	\$857,499	423,579	\$1,387,941	335,221	\$1,239,118	65,098	\$257,214	63,629	\$259,785	80,038	\$347,390	203,980	\$548,069	208,876	\$570,551	148,585	\$420,639	128,392	\$368,989	67,919	\$227,460	189,102	\$588,093
2009	2,013,317	\$4,427,926	678,765	\$1,298,975	287,896	\$519,349	136,214	\$236,671	103,608	\$196,176	70,714	\$141,735	77,769	\$181,711	54,044	\$233,089	87,524	\$337,437	50,182	\$188,418	96,059	\$311,355	111,705	\$275,554	258,835	\$507,454
2010	1,109,449	\$2,758,751	159,591	\$409,428	273,716	\$666,568	90,284	\$233,831	52,362	\$142,050	24,610	\$63,701	29,187	\$74,991	82,725	\$179,654	69,660	\$165,671	40,703	\$97,962	71,749	\$174,744	103,150	\$268,823	111,713	\$281,327
2011	721,173	\$2,276,844	148,691	\$453,872	113,175	\$365,614	63,201	\$228,186	36,680	\$138,392	45,450	\$161,712	70,769	\$247,883	36,696	\$93,317	18,392	\$47,744	23,925	\$65,315	22,788	\$63,492	36,064	\$103,212	105,343	\$308,105
2012	982,630	\$3,410,353	243,979	\$806,558	178,544	\$616,315	84,629	\$324,162	4,013	\$15,959	0	\$0	0	\$0	122,094	\$435,776	75,705	\$262,678	41,749	\$144,688	47,087	\$161,929	98,652	\$358,884	86,179	\$283,404
Total	16,424,667	\$39,858,253	2,895,427	\$6,453,770	2,645,777	\$6,420,055	1,550,359	\$4,070,107	575,058	\$1,489,686	776,089	\$1,985,095	809,477	\$2,159,802	1,257,250	\$3,065,862	1,145,703	\$2,832,295	996,612	\$2,418,469	806,186	\$2,086,681	912,050	\$2,299,231	2,054,679	\$4,577,200

2030020

FUEL, BIO-DIESEL, (FUEL ALTERNATIVE)

FY	Total		January		February		March		April		May		June		July		August		September		October		November		December	
	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost	Gallons	Cost
2005	55,412	\$102,577	0	\$0	6,204	\$10,711	5,202	\$10,090	11,000																	



OFFICE OF FLEET MANAGEMENT

Fiscal Year 2011 | Annual Report

A unit within the Ohio Department of Administrative Services'
General Services Division

State of Ohio
Department of Administrative Services
General Services Division
Office of Fleet Management
4200 Surface Road, Columbus, OH 43228
Fleet Management Web Page

Robert Blair, Director
Department of Administrative Services

William R. Simon, State Fleet Administrator

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Executive Summary

Ohio Revised Code Section 125.832 grants the Department of Administrative Services (DAS) exclusive authority over the acquisition and management of a significant portion of the motor vehicles used by state agencies. The DAS Office of Fleet Management (OFM) is committed to service excellence by providing state agencies with the necessary tools to manage their fleets and to provide appropriate, quality motor vehicles to allow them to meet their unique mission objectives.

The Office of Fleet Management performs the following functions:

- Directs and approves all funds that are expended for the purchase, lease, repair, maintenance, registration, insuring, and other costs related to the possession and operation of motor vehicles for the use of state agencies.
- Approves the purchase or lease of each motor vehicle used by state agencies.
- Develops vehicle policies and monitors agency compliance with the state vehicle policies.
- Administers the State Fleet Information System.
- Administers the DAS Lease Program.
- Serves as a resource for state agencies.
- Administers the Master Lease Financial Agreement.
- Administers the Delegated Authority Program.
- Administers the fleet fuel and maintenance credit card.
- Reports the status of the state vehicle fleet annually to the governor, the speaker of the House of Representatives and the president of the Senate.

The Office of Fleet Management strives each year to enhance the service it provides to state agencies, allowing them to efficiently carry out their individual missions while complying with state and federal laws, administrative rules and the governor's executive orders.

The major accomplishments of the Fleet Management Program for 2011 are as follows:

- Reduced fleet rates for 2011
- Reduced state employee mileage reimbursement costs
- Met all alternative fuel use goals
- Completed fleet consolidation implementation completed
- Three more state agency employees attain national fleet manager certification

Agency Fleet Managers and Coordinators

Agency fleet coordinators serve as a single point of contact between the Office of Fleet Management and their respective agency on all fleet related issues.

Agency Fleet Coordinators for FY 2011 are listed below:

Adjutant General	Daniel Bute
Alcohol & Drug Addiction Services	Mike Price
Aging	Randall Wright
Agriculture	Tom Johnston
Bureau of Workers' Compensation	Sharon Csonka
Civil Rights Commission	Ron Morrison
Commerce	John York
Cosmetology Board	Marsha Tyo
Administrative Services	Jason Bartholow
Development	Tyler Evans
Public Safety	Dennis Zwyer
Mental Health	Madge Scott-Cameron
Developmental Disabilities	Jeff Smith
Natural Resources	Myron Debrosse
Health	Josh Wiethe
Department of Transportation	Mark Gnatowski
Rehabilitation & Correction	Bo Adair
Youth Services	Keith Garnett
Education	Tracy Konopka
Environmental Protection Agency	Mike McDaniel
Employment Relations Board	Barbara Kelly
Ethics Commission	Marilyn Hunter
Expositions	Chris Thomas
Inspector General	Ron Nichols
Insurance	Ray Lacey
Job & Family Services	Dave Smith
State Library	Jamie Pardee
Lottery Commission	Steve Kmiotek
Budget & Management	Teresa Brooks
Consumers' Counsel	Justine Wasmus
Industrial Commission	Ty Rogers
School for the Blind	Gerard (Rocky) Jolly
School for the Deaf	Scott Norris
Ohio Turnpike Commission	Stuart May
Veterans' Services	Charlie Hall
Public Utilities Commission	Gina Burke
Rehabilitation Services Commission	Jerry Batesole
Southern Ohio Agricultural. & Community Development Foundation	Soundra L. Weaver
Taxation	Sandy Weimer

2011 Highlights

Reduction of Mileage Reimbursement Payments

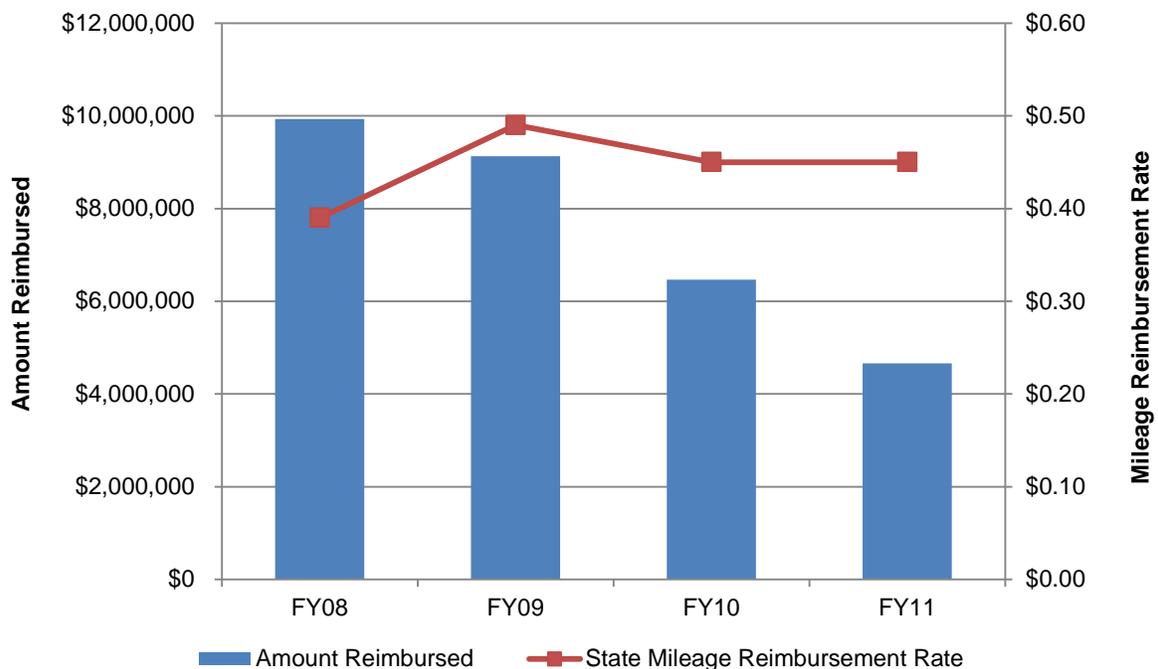
Mileage reimbursements are paid to state employees who use their personal motor vehicles to perform state business. OFM works with agencies to identify opportunities where agencies can reduce mileage reimbursement payments. Over the past three years OFM helped agencies identify drivers, reduce miles driven and saved the state \$9,537,976 in reimbursements. A mileage break-even point is established annually that determines when it is more fiscally prudent to provide a state vehicle rather than reimburse an employee for mileage driven in a personal vehicle.

FY11 mileage reimbursement payments to state employees were reduced by \$5,270,463 from the amount paid in FY08. State agencies reduced the number of miles reimbursed in FY11 through increased use of state vehicles. Even with the addition of state vehicles, fuel and maintenance, the state netted savings of \$3,367,924 for the three year period.

The following chart illustrates the number of business miles reimbursed for employee use of personal vehicles compared to the state mileage reimbursement rate for that fiscal year.

Figure 1-1

Mileage Reimbursement Payment Data



Fleet Rates Reduced for 2011

OFM reduced its fleet rates in 2011 for the third straight year, saving the agencies \$39,800 in service fees. Based upon the lower administrative costs, vendor rebates and surplus vehicle sales, it was possible to reduce the fleet rates to our customers by 8.3 percent in 2011. The cost of the state fleet management program is allocated among the agencies by the number of vehicles and/or the use of state fleet fuel credit card.

	<u>FY10</u>	<u>FY11</u>	<u>Percent Change</u>
Fleet Fuel Cards	\$4.00	\$4.00	0.0%
Statewide Fleet Services	\$26.00	\$24.00	-8.3%
FleetOhio	\$26.00	\$24.00	-8.3%
Vehicle Lease & Management	\$35.00	\$35.00	0.0%

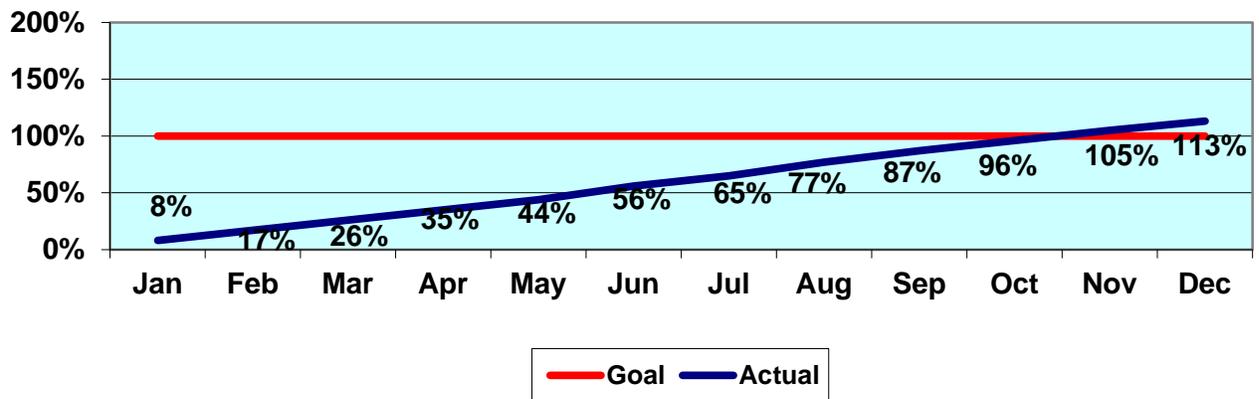
Alternative Fuel Use Goals Achieved

Ethanol (E85)

By statute, alternative fuel usage goals are reported on the calendar year. The calendar year 2011 usage requirement for E85 increased by 5,000 gallons bringing the state's total annual goal up to 85,000 gallons. For CY11, the state has exceeded its annual goal of 85,000 gallons by 13% (Figure 2-1) consuming a total of 95,683 gallons of E85. A key tool in reaching our alternative fuel goals is the continued use of the monthly alternative fuel scorecard that tracks the fuel use for each agency throughout the year. The scorecard provides a level of accountability and transparency for state agencies.

Figure 2-1

2011 Ethanol (E85) Usage
Actual vs Goal

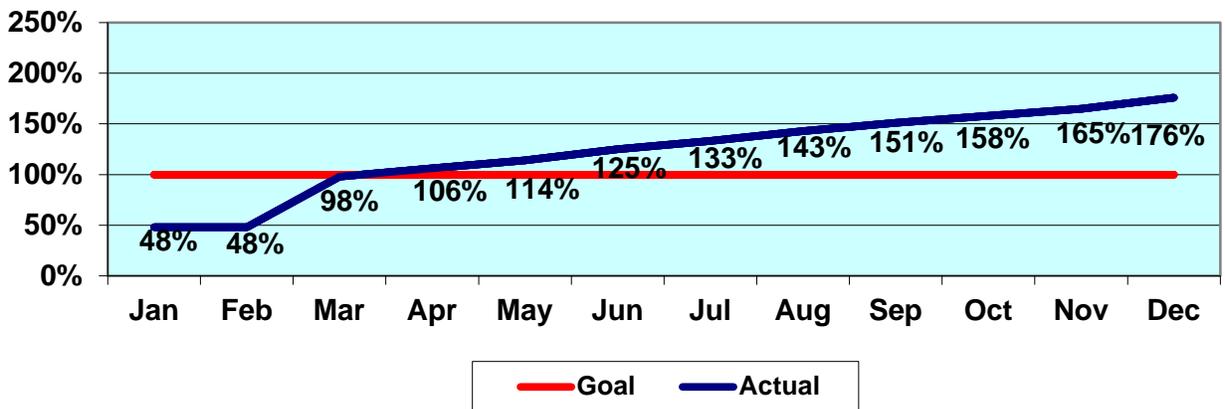


Biodiesel (B20)

The calendar year 2011 usage requirement for biodiesel increased by 100,000 gallons bringing the state's CY11 annual goal up to 1.5 million gallons. CY11 biodiesel usage totaled 2,637,397 gallons which represents 176percent of the state's annual goal (Figure 2-2) of 1.5 million gallons.

Figure 2-2

2011 Biodiesel (B20) Usage
Actual vs Goal



Use of State Fleet Information Management System Expanded

The use of FleetOhio was expanded during fiscal year 2011 with the addition of 688 new users, increased use of the motor pool reservation module and the elimination of nearly 200,000 fuel transactions that previously were entered manually into supplemental systems.

FleetOhio is a comprehensive fleet information management system used to track all vehicle-related data for the state fleet. The system provides state agencies and OFM with the ability to track fleet inventory data, analyze operating costs and monitor and schedule vehicle maintenance. Use of FleetOhio is required per the Ohio Revised Code section 125.832(C) and the Ohio Administrative Code 123:6-1-04. FleetOhio incorporates a Web-based reporting tool to provide agencies with easy access to fleet information via reports that are regularly upgraded to meet changing client needs.

Consolidation of Fleet Management Services Completed

As part of the fleet management delegated authority process, the fleet operations of the state agencies were evaluated as to whether or not they were eligible to manage the day-to-day operation of their fleets. After completing the initial fleet assessment in FY10, it was mutually agreed that 20 agencies did not meet the minimum qualifications to receive delegated authority as outlined in the OAC, and that those fleets would receive fleet management services from DAS through the managed fleet program.

Four agencies decided that they would take the necessary steps to meet the minimum requirements for delegated authority and were not immediately transitioned to the managed fleet program.

In preparation for the transition of the 16 remaining agencies (142 vehicles) to the managed fleet program at the beginning of FY12, OFM had to complete a number of activities during fiscal year 2011. Sixteen fleet card accounts were consolidated to the OFM account to facilitate the payment of the agency fuel and maintenance transactions. Each agency received training on the policies and procedures relating to obtaining vehicle maintenance and the use of the fleet card. A monthly rate structure was developed to cover the expenses incurred by OFM to provide fleet management services consistent with ORC guidelines. The cost for OFM to provide these services is approximately \$60,000 as compared to the estimated \$240,000 expended by the agencies. In addition to the rate structure development, a number of changes were made to the fleet system to facilitate the new billing and account changes.

Agencies Continue to Pursue Fleet Manager Certification

Three agency fleet managers completed, and another four participants enrolled in, the Certified Automotive Fleet Manager (CAFM) certification program administered by the National Association of Fleet Administrators in FY11. The CAFM program is being used by OFM to satisfy the certified fleet manager requirement which is necessary for an agency to receive delegated authority to manage their fleet. Throughout the fiscal year, OFM proctored four quarterly testing opportunities for the thirteen agency fleet managers who were enrolled in the CAFM program. So far there have been ten state agency fleet managers that have attained the Certified Automotive Fleet Manager (CAFM).

State Fleet Data

State Fleet Inventory

Some motor vehicles fall under DAS management authority as specified in ORC Section 125.831. Vehicle types included are as follows: automobiles, sport utility vehicles, and all types of vans and pick-up trucks that do not exceed 12,000 pounds gross vehicle weight (GVW). Vehicles outside of DAS authority include law enforcement vehicles, elected officials' vehicles and vehicles over 12,000 pound GVW.

The state inventory of vehicles increased slightly by 91 in 2011 (Figure 3-1) as agencies continue to add vehicles to reduce payments to employees for mileage reimbursement and meet the operational needs of their respective organizations. Sixty-six percent of the vehicles added fall under DAS authority. While the composition of the fleet by type is relatively consistent (Figure 3-2, 3-3), another trend is beginning to emerge in the type of vehicle being selected. In 2011 there was a reduction of over 300 pickups in favor of a more economical automobile when selecting a replacement vehicle. There continues to be a transition toward the compact sedans (Figures 3-4, 3-5) that demonstrates the agencies' commitment to reduce fuel usage and lower operating costs in FY11.

Figure 3-1 State Fleet Inventory

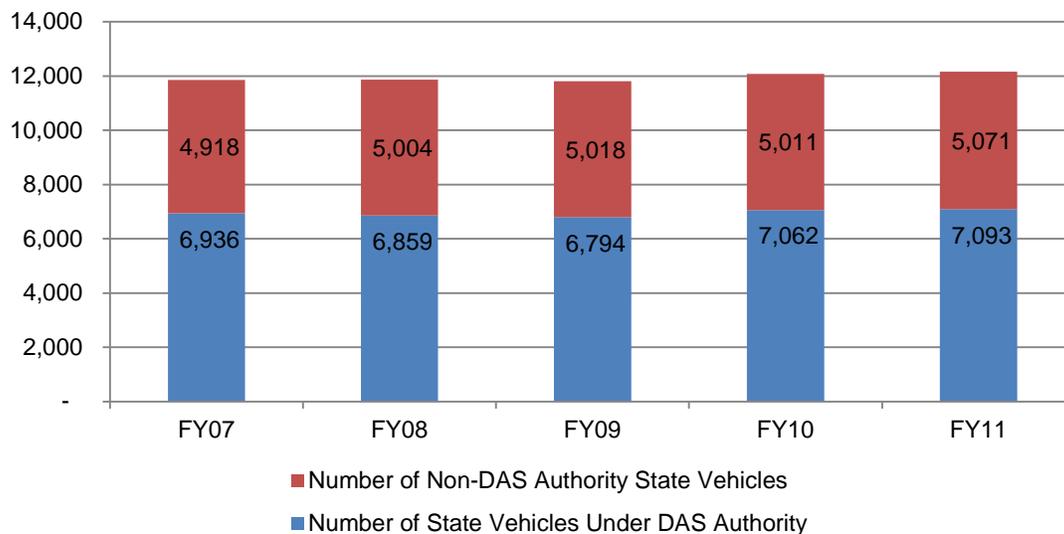


Figure 3-2 FY10 Inventory by Type 12,073 Vehicles

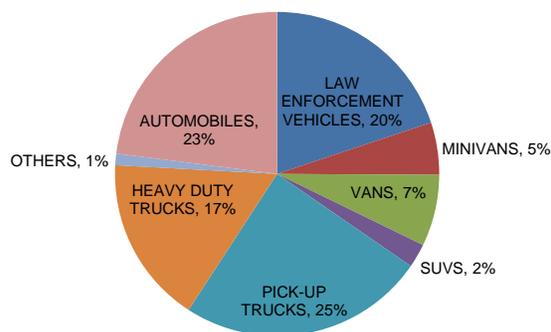


Figure 3-3 FY11 Inventory by Type 12,164 Vehicles

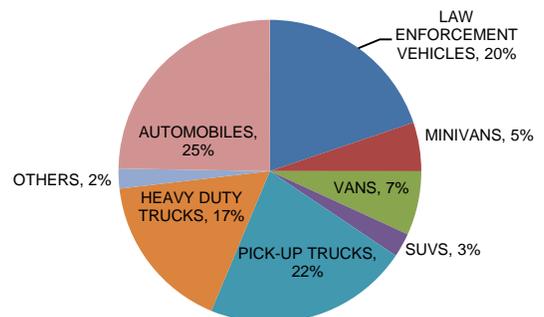


Figure 3-4 FY10 Automobile Inventory by Type
2,775 Automobiles

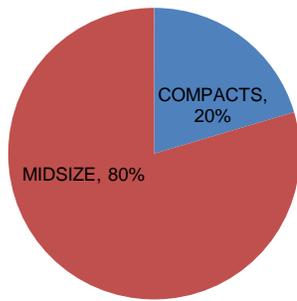
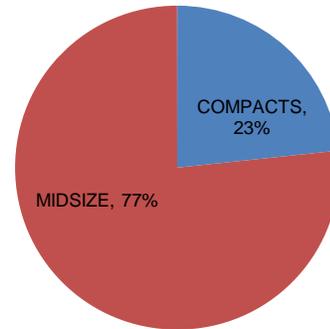


Figure 3-5 FY11 Automobile Inventory by Type
3,008 Automobiles



Vehicle Utilization

The miles traveled in state vehicles increased by 28,135,997 miles (Figures 4-1, 4-2) in 2011. Seventy-five percent of the increase is due to the miles traveled by law enforcement and heavy duty trucks. While the utilization of the autos increased in 2011 by 4,734,211 miles, the number of miles driven by compact sedans remained relatively constant at 5,500,000 miles.

In addition to the number of miles driven in state vehicles, there was a simultaneous decrease of 1,807,641 reimbursement mileage, bringing the total number of miles traveled to 26,328,356.

Figure 4-1 FY10 Mileage by Vehicle Type
161,499,681 Total Miles

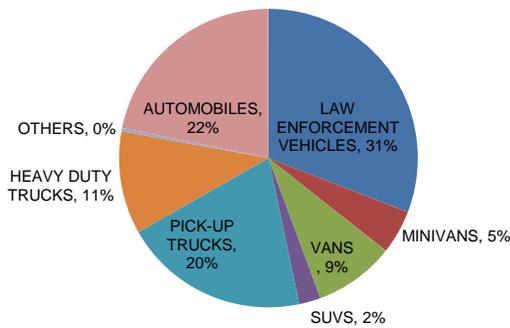


Figure 4-2 FY11 Mileage by Vehicle Type
189,635,678 Total Miles

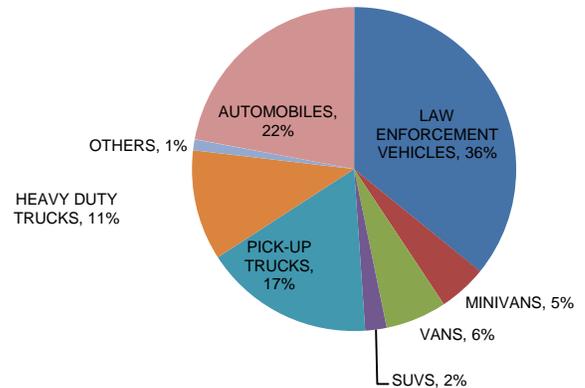


Figure 4-3 FY10 Auto Mileage by Type
35,160,904 Automotive Miles

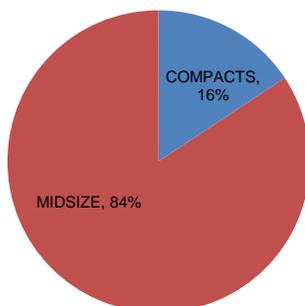
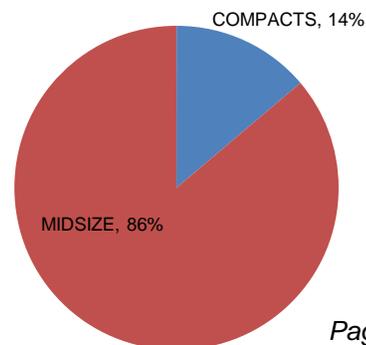


Figure 4-4 FY11 Mileage by Automotive Type
39,895,115 Automotive Miles



Total Cost of Transportation

The total cost of transportation depicted below represents the vehicle expenses for the 12,164 vehicles in the state fleet and the mileage reimbursement payments made to state employees for the use of their personal vehicle on state business.

Expense Type	FY09	FY10	FY11
Fuel	\$30,946,657	\$28,582,367	\$35,685,104
Maintenance	\$22,480,957	\$22,994,226	\$26,099,548
Depreciation	\$24,831,822	\$24,243,850	\$24,134,861
Mileage Reimbursement	\$9,126,978	\$6,468,847	\$4,661,206
Total	\$87,386,414	\$82,289,290	\$90,580,719

Vehicle Acquisition

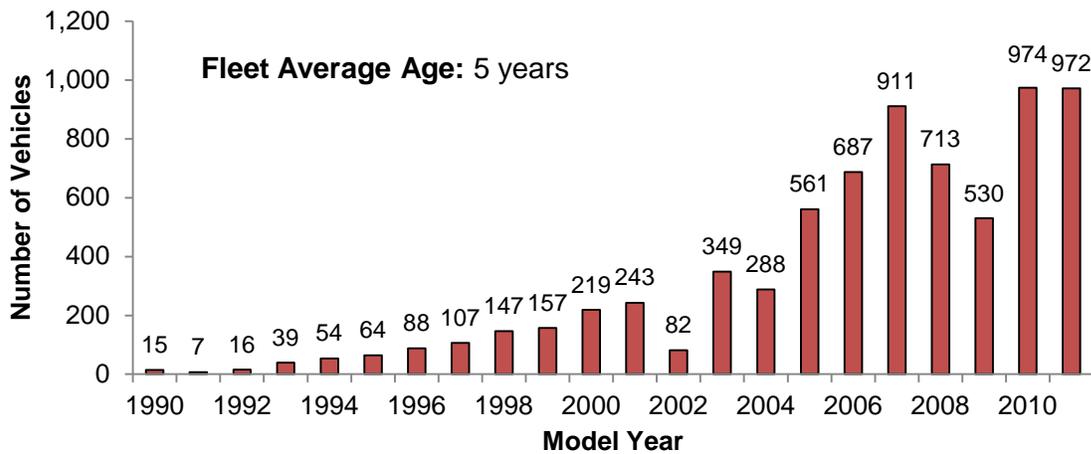
During fiscal year 2011 OFM reviewed and approved 344 requisitions for the purchase of 1,489 vehicles having a total acquisition cost of \$41,525,919. This figure is up by 178 units or \$14,839,456 as compared to fiscal year 2010. In 2011, OFM continued to recommend the compact sedan as the default passenger vehicle.

	FY2008	FY2009	FY2010	FY2011
Acquisition - Purchase	\$23,657,555	\$13,591,059	\$26,686,463	\$41,469,094
Vehicle Acquisition - State Surplus	\$57,549	\$191,421	\$42,774	\$56,825
Total	\$23,715,104	\$13,782,480	\$26,729,237	\$41,525,919

The number of vehicles purchased by model year for vehicles maintained in the State Fleet Information System is illustrated below. This excludes the Department of Transportation.

Figure 5-1

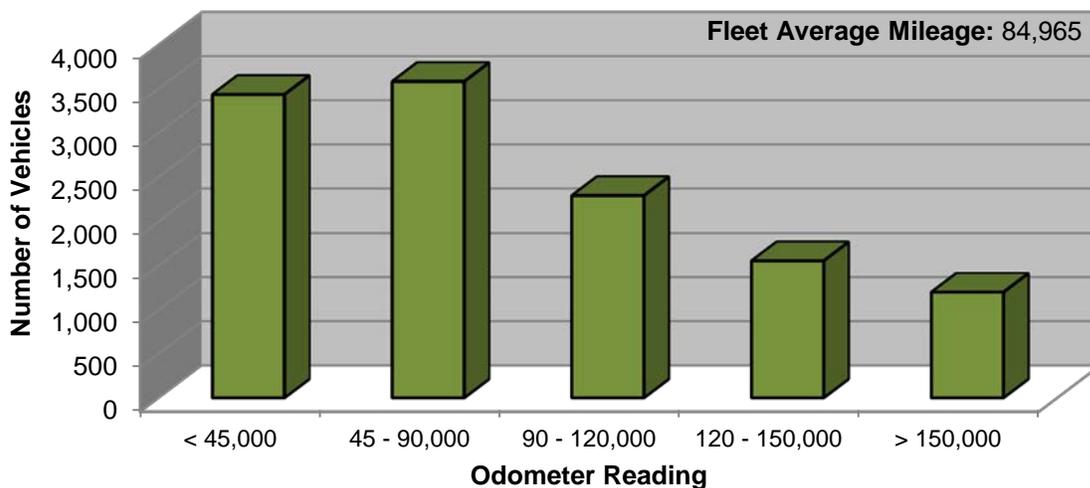
Vehicles by Model Year



Note: There are 30 vehicles with a model year prior to 1990

Vehicles by Odometer Reading

Figure 5-2



Fuel

The Ohio Revised Code and executive orders require that each state agency do its part to reduce the state's dependence on foreign oil and its emission of greenhouse gasses. Administrative Rule 123:6-1-10 defines an agency's requirement regarding the use of alternative fuels in the state's fleet of motor vehicles. To further reduce our dependence in FY11, the state continued to purchase fuel efficient compacts to replace the aging mid-size fleet and continued to promote the use of alternative fuels. FY11 showed an increase of approximately 366,000 gallons over FY10.

Fuel Purchases				
	FY2008	FY2009	FY2010	FY2011
Vehicle Fuel	\$36,216,249	\$30,946,657	\$28,582,367	\$35,685,104
Equipment Fuel	\$9,334,835	\$7,498,496	\$3,871,757	\$6,028,890
Total Fuel Purchases	\$43,551,084	\$38,445,153	\$32,454,124	\$41,713,994

Alternative Fuel Purchases Vehicles Only				
	FY2008	FY2009	FY2010	FY2011
Ethanol (E85)	\$336,645	\$390,050	\$310,178	\$274,440
Biodiesel	\$4,368,828	\$4,622,078	\$6,648,319	\$9,496,806
Totals	\$4,705,473	\$5,012,128	\$6,958,497	\$9,771,246

Average Price Per Gallon All Vehicle Fuels				
	FY2008	FY2009	FY2010	FY2011
Total Spend	\$36,216,249	\$30,946,657	\$28,582,367	\$35,685,104
Total Gallons	12,790,025	12,321,853	11,631,553	11,998,048
Average Price	\$2.83	\$2.51	\$2.46	\$2.97

Vehicle Maintenance

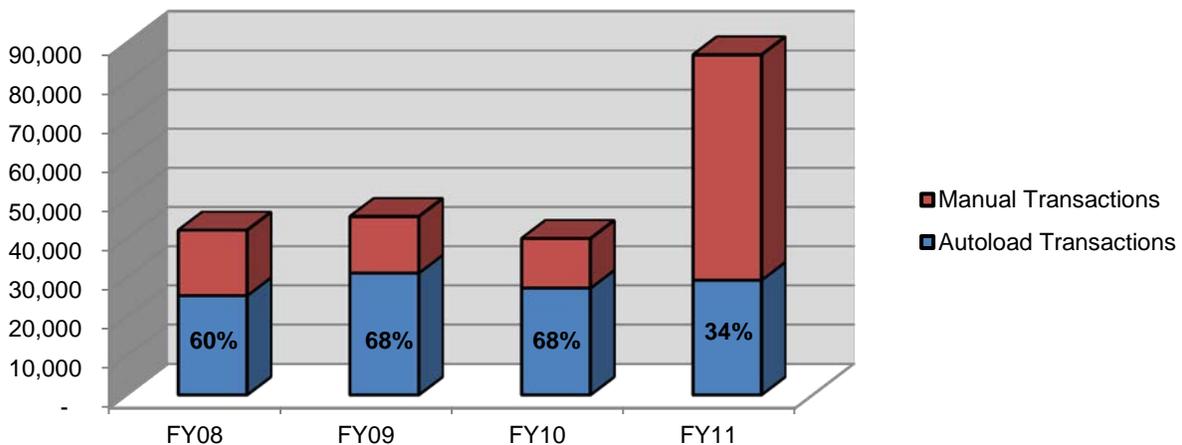
	FY2008	FY2009	FY2010	FY2011
Dept. of Public Safety	\$4,046,637	\$4,427,983	\$4,061,336	\$4,630,314
Dept. of Transportation	\$11,571,485	\$13,223,156	\$14,263,119	\$16,154,342
Other Agencies	\$5,299,207	\$4,826,820	\$4,669,772	\$5,314,892
Total Maintenance	\$20,917,329	\$22,477,959	\$22,994,227	\$26,099,548

	FY08	FY09	FY10	FY11
Autoload Transactions	25,342	31,090	27,248	29,292
Total Transactions	42,031	45,520	39,923	86,857
Percent Autoload Transactions	60%	68%	68%	34%
Autoload Spend	\$1,257,028	\$1,516,647	\$1,661,589	\$1,758,076
Total Spend	\$2,787,618	\$3,340,959	\$5,048,131	\$6,524,633

Note: Increase in manual transactions due to DPS Maintenance not being processed with the fleet card

Figure 6-1

FleetOhio Uploaded Maintenance by Transaction



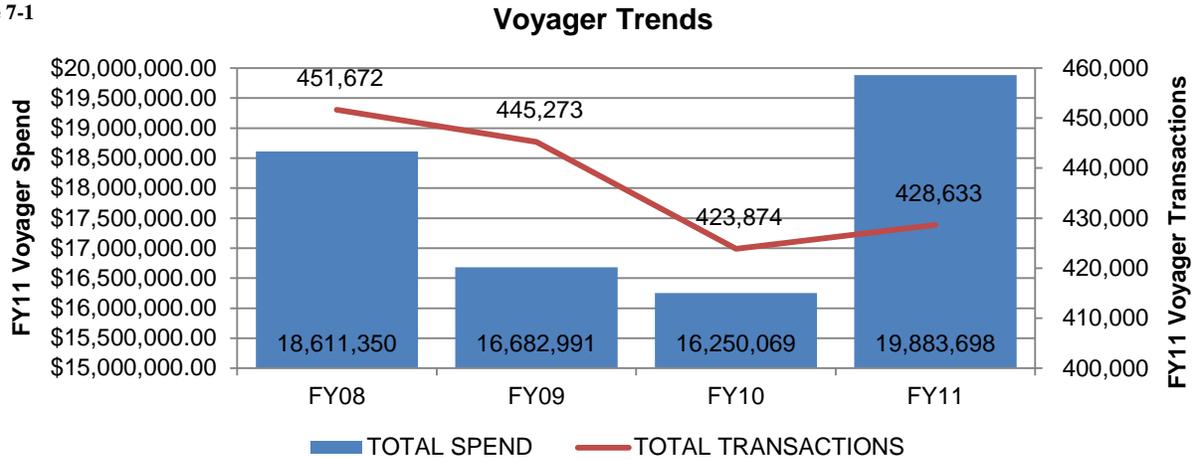
Voyager Fleet Card

DAS Fleet Management administers a contract with US Bank/Voyager Fleet Systems, Inc. to provide fleet credit cards to all state agencies. The program is also made available to colleges, universities and political subdivisions. Fleet credit cards allow drivers to purchase fuel and maintenance using a single method of payment. Usage information gathered each month is uploaded into the state's fleet management system and provides detailed cost and utilization data on each vehicle. Exception reports highlight any unauthorized or improper use of the card.

State agencies currently use the Voyager card to pay for both fuel and maintenance expenses. In FY11, 45 agencies used 11,192 Voyager cards to pay for vehicle related expenses. The state spent approximately \$20,312,000 on fuel and maintenance and processed more than 428,000

transactions on the Voyager card. The average transaction was approximately \$46.00 and the average card was used to purchase \$1,800 in fuel and maintenance.

Figure 7-1



The current contract with US Bank/Voyager Fleet Systems, Inc. provides rebates based upon purchasing volume and timely payment. These rebates offset the administrative costs of managing the program and help to stabilize annual fleet rates. Both the volume portion and the timeliness portion of the rebate increased by 53percent in FY11 resulting in an overall increase in the rebate amount of \$70,423.

Voyager Rebate Data

	FY08	FY09	FY10	FY11
Spend	\$169,538	\$113,889	\$110,325	\$169,011
Timeliness	\$23,934	\$22,778	\$22,065	\$33,802
Total	\$193,472	\$136,667	\$132,390	\$202,813

Additional Services

Delegated Fleet Management Authority

Consistent with ORC 125.832(G), the Department of Administrative Services has established a Delegated Fleet Management Authority program. The program is two-fold; granting Delegated Authority to those agencies meeting the requirements to manage their own fleet and providing a Managed Agency Fleet Program for those agencies not wishing to manage their own fleet.

Agencies seeking Delegated Fleet Management Authority must demonstrate to the satisfaction of OFM that the agency meets the nine criteria established for participation in the self-managed program. Agencies are evaluated annually with regard to these criteria and if deficiencies are identified, a work plan is established. There are currently seventeen state agencies that either meet, or are working toward meeting, the requirements for delegated fleet management authority. These agencies either have a certified fleet manager, or their fleet manager is working toward certification. In addition, OFM has observed that these agencies submit required reports in a timely and accurate manner, operate FleetOhio in an effective manner, and properly manage the fleet fuel card program for their agency.

Managed Agency Fleet

Agencies in the Managed Agency Fleet Program have chosen this program as a more cost effective alternative to managing a small agency fleet in-house. Agencies with small fleets often do not have the resources to ensure that all facets of fleet management are properly conducted. These agency fleets will be managed by an OFM fleet manager in conjunction with a fleet liaison from each managed agency. Should an agency currently managed by OFM seek to be granted delegated fleet management authority, OFM will ensure that the agency is aware of the requirements that must be met in order to receive such a delegation of authority. Additionally, OFM will create a work plan for the agency and grant a partial delegation of fleet management authority while the agency works to meet the requirements for delegated authority.

Rhodes State Office Tower Motor Pool

The Rhodes State Office Tower (SOT) motor pool is located on the B-3 level of the Rhodes Tower in Columbus and provides pool vehicles to all state agencies as authorized by Section 125.83 of the Ohio Revised Code. The fleet count and vehicle utilization remained stable for FY 11. Utilization percentages are based on the number of rental days the vehicles are in use compared to the total number of rental days the vehicles are available. Note that cost per mile is below the reimbursement rate, producing savings versus mileage reimbursement.

	FY09	FY10	FY11	% Change
Utilization Percent	72%	68%	58%	- 10%
Miles Driven	545,219	534,358	454,176	- 15%
Cost per Mile	\$0.46	\$0.45	\$0.44	- 2%
Number of Vehicles	20	21	20	- 3%

Alternative Fueled Vehicles (AFVs)

State fleets are required to purchase alternative fuel vehicles under the federal Energy Policy Act (EPAAct). The current requirement is that 75 percent of the light-duty, non-emergency vehicle purchases must be vehicles capable of operating on alternative fuels. The state of Ohio has achieved compliance with the requirements of the EPAAct in every year since its inception in 1997.

The state added 152 AFVs to its fleet in FY11, which represents a 3 percent increase over the FY10 AFV count. A total of 44 percent of the state fleet is now capable of using alternative fuels such as ethanol and biodiesel.

Alternative Fueled Vehicles	FY08	FY09	FY10	FY11	# Change	% Change
Vehicles Capable of Alternative Fueling	4,519	4,923	5,241	5,393	152	3%
Vehicles Total	11,863	11,812	12,073	12,164	91	1%
Vehicles Capable of Alternative Fueling as a Percentage of the State Fleet	38%	42%	43%	44%		

Self-Insured Vehicle Liability Program

Pursuant to ORC Sections 9.823 and 9.83, the DAS Office of Risk Management (ORM) administers the state's self-insured vehicle liability program. The program covers more than 16,000 state-owned vehicles including self-propelled off-road equipment and watercraft. The program settles bodily injury and property damage claims and provides subrogation (damage recovery) services to state agency customers when their vehicle sustain damage caused by a negligent third party. The base rate for passenger vehicles for FY 2011 was \$90 per vehicle.

FY 2010 & 2011 Vehicle Liability Year End Results			
Claims Data	FY10	FY11	Change from FY10 to FY11
Number of Claims Processed	1,598	1,537	- 61
Total Claim Payments	\$913,345	\$1,467,103	\$553,758
Subrogation Recovery	\$524,754	\$669,413	\$144,659

** Data provided by the Office of Risk Management*

University Certification

Ohio Revised Code Section 125.832(P) requires that state institutions of higher education annually report to DAS by Sept. 15 on their use of a fleet management information system, use of fleet credit cards and purchasing of bulk fuel for motor vehicles. DAS is to compare the information received from the universities to the services it offers to other state agencies and certify whether or not a savings opportunity exists. To aid the universities, OFM developed a

Fleet Data Request and forwarded it to the 14 state institutions of higher education to facilitate the collection of data to be used in the comparative analysis.