

# MANAGEMENT MEMO

NUMBER:  
MM 19-04**SUBJECT:**DATE ISSUED:  
September 24, 2019**STATEWIDE ZERO-EMISSION VEHICLE PURCHASING CREDITS**EXPIRES:  
SEPTEMBER 24, 2020

REFERENCES: PUBLIC RESOURCES CODE §25722.5 (e) AND §25722.8; EXECUTIVE ORDER B-16-12; MANAGEMENT MEMO 16-07 (ZERO EMISSION VEHICLE PURCHASING AND ELECTRIC VEHICLE SERVICE EQUIPMENT INFRASTRUCTURE REQUIREMENTS); STATE ADMINISTRATIVE MANUAL SECTION 4120 ET. SEQ.

ISSUING AGENCY:  
DEPARTMENT OF  
GENERAL SERVICES

## Purpose

This policy provides direction to all state agencies under the Governor's executive authority on the earning, retention, and distribution of zero emission vehicle (ZEV) purchasing credits. This policy helps ensure statewide compliance with [Executive Order \(EO\) B-16-12](https://www.ca.gov/archive/gov39/2012/03/23/news17472/index.html) (<https://www.ca.gov/archive/gov39/2012/03/23/news17472/index.html>), while providing relief from the annual ZEV purchasing requirement for state agencies that have a demonstrable inability to comply with the requirement.

## Policy

All zero emission vehicles (ZEV) purchased by state agencies under the Governor's executive authority, above what was required to meet that year's applicable ZEV purchasing threshold, will generate Statewide ZEV Credits, commensurate with the vehicle's applicable ZEV Credit Ratio. Statewide ZEV Credits will be tracked by the Department of General Services (DGS), Office of Fleet and Asset Management (OFAM) and will be used, if available, at the end of a given fiscal year to offset any statewide deficiency resulting from Operational Need Exemptions, in meeting the state fleet's overall ZEV purchasing requirements. Additional information on this policy can be found in [State Administrative Manual \(SAM\) Section 4121.3, ZEV Credits and Credit Ratios](#) ([https://www.dgsapps.dgs.ca.gov/documents/sam/SamPrint/new/sam\\_master/sam\\_master\\_file/chap4100/4121.3.pdf](https://www.dgsapps.dgs.ca.gov/documents/sam/SamPrint/new/sam_master/sam_master_file/chap4100/4121.3.pdf)).

To receive an Operational Need Exemption, state agencies must submit an OFAM-190 form and must meet eligibility requirements, as outlined under the *Operational Need Exemption Eligibility Criteria* section of SAM Section 4121.3. DGS will review all applications and will make the final determination on a state agency's eligibility.

When reviewing an application, DGS will not consider a state agency's lack of sufficient electric vehicle charging infrastructure or the differential cost to procure ZEVs over internal combustion engine vehicles as factors for Statewide ZEV Credit eligibility.

**Background**

**Executive Order (EO) B-16-12**

On March 23, 2012, Governor Brown issued EO B-16-12 ordering *“California’s state vehicle fleet increase the number of its zero-emission vehicles through the normal course of fleet replacement so that at least 10 percent of fleet purchases of light-duty vehicles be zero-emission by 2015 and at least 25 percent of fleet purchases of light-duty vehicles be zero-emission by 2020. This directive shall not apply to vehicles that have special performance requirements necessary for the protection of the public safety and welfare.”* EO B-16-12 also established a goal that *“by 2020 the State’s zero-emission vehicle infrastructure will be able to support up to one million vehicles.”*

**2016 ZEV Action Plan**

In October 2016, Governor Brown issued the second iteration of the Zero Emission Vehicle Action Plan (Plan) which provides an updated roadmap toward EO B-16-12’s call for 1.5 million Zero Emission Vehicles on California Roadways by 2025. Amongst several updates, the Plan: 1) requires that 50 percent of all state agency light-duty vehicle procurements be ZEV by 2025; 2) directs state agencies, in coordination with DGS, to install Electric Vehicle charging stations at a minimum of 5 percent of all workplace parking spaces at state owned facilities and, 3) directs DGS to evaluate and update EO B-16-12’s ZEV purchasing exemption for public safety vehicles with special performance requirements to ensure that ZEVs are integrated into public safety mobile assets under all feasible circumstances.

**State Administrative Manual Section 4121**

On December 2, 2016, DGS issued statewide policy, which, among other things, updated SAM Section 4121 by increasing the annual statewide ZEV purchasing requirements that state agencies must adhere to. The policy increased the annual light-duty ZEV purchasing requirements as follows:

<b>Fiscal Year</b>	<b>EO B-16-12 ZEV Purchasing Requirements (Current)</b>	<b>EO B-16-12 ZEV Purchasing Requirements (NEW)</b>
2014/2015	10%	10%
2015/2016	10%	10%
2016/2017	10%	10%
2017/2018	10%	15%
2018/2019	10%	20%
2019/2020	25%	25%
2020/2021	25%	30%
2021/2022	25%	35%
2022/2023	25%	40%
2023/2024	25%	45%
2024/2025	25%	50%

**Background  
(continued.)**

**ZEV Purchasing and Credits**

State agencies are expected to integrate ZEVs into their fleets through the normal course of vehicle replacements. Prior to July 1, 2017, where an agency exceeded the number of ZEVs it was required to purchase in a given fiscal year, the agency received credits that it can apply toward its ZEV purchasing requirements in future years. This accumulation of department specific credits was eliminated by Management Memo 16-07 (see SAM Section 4121.3).

While the state fleet has been able to meet and exceed its light-duty ZEV purchasing goals in each year since taking effect, the limited market availability of non-sedan ZEVs threatens the state's ability to meet the state's ambitious goal of having 50 percent of all light-duty vehicles (excluding those with a public safety and special performance function) be purchased as ZEVs by 2025. To ensure the state does everything possible to be successful in meeting its annual ZEV purchasing goals, in 2016, DGS issued a statewide ZEV/Hybrid First policy. This policy mandates that if a state agency is purchasing a light-duty vehicle in a class that has a comparable ZEV or hybrid available on contract, the agency must purchase the ZEV or hybrid, regardless of whether or not their individual agency met the annual ZEV compliance percentage. Vehicles with a public safety and special performance function are exempt from this policy.

The policy has been highly successful in its first year, helping the state fleet achieve a 30 percent compliance rate in fiscal year 2017-18. However, due to the varying composition of each state agency's fleet, some agency light-duty fleets comprised primarily of pickup trucks will be challenged to meet their agency's annual ZEV purchasing in the coming years. The Statewide ZEV Credit and Operational Need Exemption policies allow the state fleet to receive Statewide ZEV Credits that were earned by state agencies with fleet compositions that allow for ZEV purchases above their minimum required thresholds, while providing relief through an exemption process for those state agencies that demonstrate that they cannot meet applicable ZEV purchasing targets.

**Contact**

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**STATE ADMINISTRATIVE MANUAL**

**Signature**

Original Management Memo signed by Daniel C. Kim, Director, DGS

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Daniel Kim, Director  
Department of General Services

Date