

32 Examples of  
Businesses Reducing & Eliminating Gasoline Use as They...



## DRIVE TOWARD A BETTER BOTTOM LINE



## INTRODUCTION

***America will grow safer, stronger and more prosperous by giving up our world leadership position in one major area.***

When it comes to per capita use of energy, we have the capability to deliver big numbers. U.S. “energy intensity” is double that of both Japan and the European Union. That means for every unit of production, we use twice as many units of energy. This is one “leadership” category we should change!

Because 70 percent of U.S. petroleum consumption comes from the transportation sector, we are frequently reminded that our need for energy resources is too often dependent upon parts of the world that are unstable or dangerous or both. That dependence forces us to spend a lot of our tax dollars protecting those resources.

Fuel price spikes affect business profits and weaken our economy. For example, in 2008, fuel costs rose to almost \$5 per gallon. Small Business California member Mackenzie Warehouse, a 17-vehicle auto parts distributor delivering parts around the San Francisco Bay Area, saw monthly fuel costs rise from \$4,000 to over \$10,000 per month. Millions of U.S. businesses offering delivery, sales and services using light- to medium-duty trucks have had, until now, nowhere to turn for vehicles with significantly improved fuel economy.

Major advances in clean vehicles can lead toward a safer, more sustainable and more profitable future. Investments in natural gas, electric and other alternatives fuel vehicles will soon provide more opportunities to say “no thanks” to disruptive fuel price hikes.

Businesses can demonstrate “profitable patriotism” by investing in new vehicle technologies offering long-term lower and more stable operating costs, and by building the infrastructure that delivers these local fuels. Mean-

while, America’s gas and electric utilities will soon be the new “filling stations” for our mobile economy.



Rossmoor Pastries in Signal Hill, California, provides baked goods to Disneyland, Staples Center and Cedars-Sinai Medical Center. Owner Charles Feder says that he is proud of the way he has shifted his delivery and sales operations to vehicles powered by natural gas from his local utility, Southern California Gas. Over the last three years, he has built up a natural gas fleet of 11 delivery vans and two cars. In addition, Feder has an on-site natural gas filling station for the fleet. He figures the transition away

from gasoline saves him more than \$1,000 a week. “I bought one natural gas vehicle just as a test, and it really opened my eyes to both the economy and the ecology of it,” said Feder.

This publication will provide examples where businesses are moving forward to reduce and eliminate gasoline use while driving toward a better bottom line. Each featured business will offer suggestions designed to help others succeed in following their example. Together, these businesses, the associations they belong to, and the local utilities they use to “fill up,” are all contributing to growing our clean transportation economy.

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**THE DIFFERENCE OWNING A COMPRESSOR MAKES....  
Rossmoor Pastries, Signal Hill, CA**

Rossmoor Pastries in Signal Hill, California provides baked goods to hospitals, hotels and in plant service operations. The business employs over 70 people and is a member of the Long Beach & Signal Hill Chambers of Commerce.

Charles Feder, owner and operator, purchased his first natural gas vehicle (NGV) at auction in April 2006. The dedicated compressed natural gas (CNG) Dodge van, with only 14,000 miles, cost \$4,300, while the gasoline-fueled vans were going for around \$7,000. Although he wasn't familiar with NGVs and how they worked, it was a deal he could not pass up.

But the deal did not end there. He saw the major savings potential when he went to a local CNG station. It cost \$1.50 per gallon to fill up on CNG, while gasoline was about \$2.50 per gallon. As the bakery used up 70 gallons a day on deliveries around Southern California, Feder realized a CNG fleet would immediately realize a savings of \$70 per day. Impressed by the figures, he purchased fourteen additional CNG vehicles.

Although the company had to make the initial investment to purchase the vehicles and set up fueling capability at the business, those costs were recovered within four months. While most people in California fret as the price of gasoline nears the \$4 mark, Feder smiles when thinking about the future.



***Mr. Feder's Advice: "Don't waste \$\$ on new vehicles when pre-owned vehicles will provide excellent service and work with your local utility to install your own compressor to save even more on fuel costs."***

Feder found his dedicated CNG vehicles at regular and government auto auctions, which are open to the public. Government vehicles typically have low miles and are well maintained. Feder says putting

in his own compressors at the bakery has been the key to saving money, lowering costs to \$1 per gallon. For the installation, Rossmoor Pastries also secured a funding grant of \$18,750 from the South Coast Air Quality Management District, through the Alternative Fuel Infrastructure Program.

One simple compressor option is to install a Phill, a refueling appliance made by FuelMaker that taps into a home or building's natural gas line. FuelMaker says it takes about four hours to fill up the gas needed for 50 miles of driving. For his fleet of fourteen vehicles, he needed a bigger, more powerful compressor. He had a Bauer compressor installed, which produces the equivalent of seven gallons of gasoline per hour. The compressor is connected to three fill posts that can each fill two vehicles at a time.

If saving tons of money on fuel costs was not enough, owning a CNG fleet comes with additional perks. State and federal tax incentives are offered to NGV owners. Also, because Rossmoor Pastries' drivers can use the carpool lane on deliveries, it saves the company time and money.

Above and beyond the fiscal gains, it is Feder's contribution to improving the environment that lets him rest easy at night. "I have grandchildren, and I really want to leave the world a better place for them," he says. "I feel like I'm doing my part for the environment and I wish more people did."



**Important Information**

Because natural gas vehicles have unique systems, it is crucial to work with a certified CNG mechanic. Vehicle manufacturers typically offer the support of trained technicians. Local Clean Cities Coalition offices as well as community colleges and auto mechanic schools may also be able to refer a CNG mechanic.

Natural gas tanks must be checked regularly and certified by a CNG mechanic, particularly if the vehicle is in an accident. According to Feder, the only roadblock to using a CNG fleet is the limited supply of vehicles. The upside is that any vehicle can be converted into a dedicated or bi-fuel NGV. A dedicated vehicle runs exclusively on natural gas while a bi-fuel vehicle has two tanks to run on both gasoline and natural gas. All that is needed, Feder explains, is "a fuel rail, a tank, and a regulator, and you're in business. It would cost around \$9,000 to convert a vehicle and a converted CNG vehicle may suffer a power loss of 10 percent."

## A NOTE ABOUT THIS PROJECT

This publication is about profit and how businesses have found ways to increase those gains so they can grow and increase their success. All businesses provide goods or services that deliver income but operating costs, however necessary, subtract from that income. When the business sells an apple, one third of the sales price may be profit. However, all the costs of doing business like rent, employees, utilities and transportation mean that the “net” profit for a business may be less than five percent.

Smart businesses know that while growing sales is important, managing the costs of doing business can make the difference between success and failure. Energy efficiency is one way to do this. More efficient lighting pays for itself through savings on utility bills each month. Once the investment in those more efficient lights is paid off, usually long before the useful life of the improvements have been reached, all the savings then goes straight to the bottom line, increasing profits dramatically.

The focus of this publication is to demonstrate where businesses have invested in the same way to lower transportation costs for sales, service and delivery, all necessary costs of doing business. For many businesses, the costs of transportation far outweigh their utility bills and while investments to deliver sustainably lower fuel costs may take longer to pay off than lighting improvements, the positive effect on profits is the same.

This publication has two objectives. First, it shows examples where businesses have invested in long term improvements that offer a rate of return which increases profit for the business over the long haul. Even a 10 percent rate of return on these improvements is often double or triple what the business returns as a net profit. Second, these examples and the suggestions from the business owners you’ll read about are meant to show how other businesses can learn from and improve on these smart business improvements. These are not “one off” demonstration projects.

Finally, the focus for these examples is on smaller firms, mainly those with 100 employees or less. While larger companies demonstrate many valuable innovations and their buying power can serve to help develop economies of scale, our focus is on inspiring the millions of smaller firms to use the examples in this publication along with the ingenuity they must bring forward every day to increase their profits. In this way, America’s small businesses will form the foundation of a stronger and more secure economy for everyone.