MARIN ECONOMIC FORUM
EQUITY ECONOMY ENVIRONMENT

June 22, 2010

Chairman Mary Nichols
California Air Resources Board
1001 I St
P.O. Box 2815
Sacramento CA 95812

RE: Pi Mobility Request for Inclusion in Clean Air Vehicle Rebate Program

Dear Chairman Nichols,

The Marin Economic Forum, a non-profit organization formed to retain and attract business to the County of Marin, strongly supports Clean Air Vehicle Rebates that include the electric bicycle vehicles manufactured by Pi Mobility; a Marin County based manufacturer and business. We urge your organization to discuss this inclusion as a part of Item 10-6-4 on the June 24, 2010 Board agenda.

Enclosed is a copy of a letter to you from Pi Mobility that discusses the details of their product and rationale for its inclusion in the rebate program.

Pi Mobility is exactly the sort of business the County of Marin desires. Its product helps to decrease carbon emissions and its facilities employ local citizens. Our forum urges you to include Pi Mobility within the Clean Air Vehicle Rebate Program.

Most sincerely,

Harry F. Thomas

Harry F. Thomas
President, Marin Economic Forum
(415) 246-4817

Encl: Pi Mobility Letter

Cc Executive Committee
Judy Arnold, Supervisor County of Marin
Charles McGlashan, Supervisor County of Marin

June 16, 2010

Chairman Mary Nichols
California Air Resources Board
1001 I St
P.O. Box 2815
Sacramento CA 95812

RE: Pi Mobility Request for Inclusion in Clean Air Vehicle Rebate Program

Dear Chairman Nichols,

Thank you for the opportunity to provide these comments regarding the Board's Clean Vehicle Rebate Program, which is being discussed as Item 10-6-4 on the June 24, 2010 Board agenda. We applaud the Board's efforts in this program that will go far to help develop practical transportation alternatives.

PiMobility is a California corporation, with headquarters in Sausalito. A member of the original CalStart incubator, PiMobility has developed a line of 2-, 3-, and 4-wheeled vehicles that typically, though not always, include a human-powered hybrid drive in conjunction with battery electric drive.

Currently Pi Mobility is manufacturing a pair of two-wheeled vehicles with planned delivery in 2010 to Best Buy Stores (NYSE: BBY).

One of these vehicles, "PiCycle," is an electric bicycle with 20mph speed, meeting both US and State of California statutory definitions that negate licensing requirements and being such is regulated as a sporting good by the Consumer Product Safety Commission (CPSC).

Alternatively, Pi Mobility produces a higher speed vehicle, called "PiMoto" offering 30mph speed that necessitates both a driver's license and regulation – not by the CPSC – but rather the National Highway Traffic Safety Administration (NHTSA) a Federal agency responsible for regulating all modes of highway legal passenger vehicles.

Both products constitute 15 years of development, with road-worthy features such as advanced fast charging, LiION batteries, lighting, turn signals, backlit instrumentation, keyed "on-off" ignitions, 20 to 100 mile range, and remote diagnostics.

PiCycle however uses a CPSC serial number sequencing in keeping with sporting goods while PiMoto has a serial numbering system issued to Pi Mobility by the US Department of Transportation.

Additionally, PiMobility recently announced an agreement with Best Buy Stores to carry the vehicle in 38 initial test market locations. Assuming this test meets expectations, expansion into 200 additional stores is possible in 2011. Best Buy's participation fills a critical distribution void within the US market and California specifically, and so it is not an overstatement to suggest that Pi Mobility's future rests on a successful Best Buy test.

Best Buy will be carrying an entire range of EVs, including an electric motorcycle, called the Brammo (made in Oregon) that qualifies for the Air Resources Board's Clean Vehicle Rebate Program.

Ironically as a consequence of the Board's good efforts, a distortion is occurring in the California marketplace damaging to the commercialization of PiMoto, PiMobility's most important product.

By offering rebates to the Brammo but not PiMoto, the price gap is significantly compressed, making the incremental cost much smaller to a purchaser of the larger vehicle.

The simple solution to this dilemma is to include the PiMoto in the 2010 Clean Vehicle Rebate Program, though at a smaller rebate amount.

Following are reasons to include PiMoto in the Air Quality Improvement Program:

It is consistent with the Board's goals for this program -
PiMoto is a zero-emission vehicle. The North American market for these vehicles is very small compared to Asia and Europe, and therefore has much room to grow.

It will create California jobs –
Based in Sausalito, we anticipate adding about a hundred employees a year as sales increase.

It will displace gasoline-fueled vehicle trips -
PiMoto is a motor vehicle, regulated by NHTSA, not CPSC as is the case with bicycles. It requires a driver's license to operate. They will be sold with title, Manufacturer's Certificate of Origin, and a VIN.

Existing owners report using them in place of gasoline-powered vehicles, not in place of bicycles. In fact, 9 of 10 PiMoto owners report using their vehicles to displace automobile trips.

Current program has unintended consequence of distorting market, hurting sales of PiMoto -
Best Buy's electric vehicle lineup will include the Brammo, which will be eligible for the Clean Vehicle Rebate. Pricing levels for the PiCycle and Brammo are such that the rebate will cause severe compression of the prices of the two vehicles. Buyer's perceptions of the relative value of the two vehicles will thus be distorted, discouraging sales of the PiMobility vehicles.

Section 406 of the California Department of Motor Vehicles code describes distinguishes electric mopeds (406 A) from electric bicycles (406 B) by a number of measures including speed, and horsepower. Furthermore, California Highway Patrol, responsible for approving all road-going vehicles in California, instructs patrol officers to check for valid automobile licenses on operators of 406 A class vehicles.

Including PiMoto is a low-risk, high-potential reward strategy -
It will displace the use of cars, gas-engine gross polluting mopeds, and scooters. Even in a best-case scenario, sales of PiMoto will not burn through a large percentage of the funding. We estimate that scenario to be 500 vehicles the first year, ramping up to 10,000/year in five years' time.

For these reasons, we urge the Board to include the PiMoto on the list of vehicles eligible for Clean Vehicle Rebates.

Thank you for your consideration.

Sincerely,

Marcus Hays
Founder / CEO
Pi Mobility, Inc.
415 225 1094
marcus@pimobility.com