



December 16, 2016

Volkswagen Group of America

CC: Chairwoman Mary D. Nichols, California Air Resources Board

P.O. Box 2815

Sacramento, CA 95812

**RE: Recommendations for the Volkswagen Settlement Investment Priorities**

Sir/Madam:

The e4 Advanced Transportation Center of Southern California (e4ATC), a California Energy Commission funded initiative of the Los Angeles County Economic Development Corporation to establish a Center for Alternative Fuels and Advanced Vehicle Technology, is pleased to submit the following recommendations regarding the priorities of the Volkswagen (VW) settlement investment priorities.

The e4ATC promotes Southern California as the national hub for advanced transportation technology research, development, demonstration, production and exportation, and whose efforts include: attracting investment to spur innovation, commercialization, and increase market activity; encouraging the transfer of technology out of academia into the hands of private firms; strengthening the region's workforce and education systems to develop the requisite talent to support this fast-growing industry; and advocating for sensible policy initiatives to engender a regulatory environment that is conducive to achieving e4ATC's top-line goal of establishing Southern California as a world leader in advanced transportation and alternative fuel innovation.

The e4ATC members and participants are comprised of advanced transportation industry, education, research, finance and government thought leaders from across Southern California. Over the past three years, e4ATC has examined global best practices in the areas of: rulemaking and administrative law; economic and community development; infrastructure planning and deployment; and education and workforce development. Based on these findings and with collective and input from the e4ATC members, we respectfully submit the following recommendations:

First, **it is imperative that Southern California receive a proportional distribution of resources remitted through the settlement**, a minimum of \$90 million. Los Angeles County is home to nearly 10 million residents, 25 percent of the California's population, and its goods movement industry moves more than 40 percent of nation's containerized goods. Passenger vehicles, and medium- and heavy-duty vehicles all contribute to the concentration of air pollutants which negatively affect health outcomes for many residents, especially those in disadvantaged communities, more than half of which are located in Los Angeles County. Proportional funding will encourage early adoption and innovation of products, processes, services and technologies to ensure a cleaner, healthier environment.



Second, we would like to commend ARB for prioritizing VW settlement investment in disadvantaged communities. We echo the tenets of senate bill 535 (de León, 2012) and suggest that **at least 25% of funds allotted to the Los Angeles area be designated to programs in disadvantaged communities, and that 10% of these funds be appropriated to infrastructure projects for projects that will have *immediate* impact within these communities.**

Disadvantaged communities includes those that are disproportionately affected by pollution and environmental hazards, and with socioeconomic vulnerability. By this definition, established by SB 535, of the 1,994 census tracts in the state of California, 1,018 of them (51 percent) are located in in Los Angeles County alone. Indeed, of the 9.4 million residents who live in these census tracts, 4.348 million live in Los Angeles County - nearly 46 percent of the total disadvantaged population for the state. It is imperative **that funds allocated for disadvantaged communities be proportionately directed** to the jurisdictions that contain these census tracts. This means that at least *half* of the 25 percent of funds designated for disadvantaged communities should be directed to projects or programs in Los Angeles County.

Third, in an effort to avoid duplicating or neglecting existing projects and programs of the state, **utilize the Advanced Transportation of Southern California (ATC) to conduct the market outreach and to act as the regional convener**, as required by the settlement priorities. The ATC can provide a roadmap complete with information, resources, and connectivity with regional partners as VW considers its investment priorities, and it well positioned to act as a neutral arbiter or conduit for advisement and connectivity.

According to the International Council on Clean Transpiration, when infrastructure increases, so does adoption. Utilizing data to map out major employers, e4ATC can identify potential workplace and fleet charging sites in or near disadvantaged communities, and can optimize other programs that can buy-down lease costs of vehicles for public agencies, further developing the requisite infrastructure. Increasing infrastructure in Los Angeles County will spur rapid and widespread adoption. The ATC is prepared to offer suggestions and recommendations that will allow VW to provide additive benefit to programs and initiatives already at play in the region. The e4ATC can also provide necessary information regarding Green City candidates including infrastructure needs, existing programs, opportunity sites, and other deployment opportunities.

Fourth, we encourage **the ARB to remain adamant that data collection, transparency, and impact assessment be conducted and maintained by VW**, and, as the regulatory body, the ARB should provide consistent oversight. This investment has the potential to significantly impact the adoption of ZEVs and other technologies (hydrogen, autonomous vehicles, etc.). Providing guidance, encouraging evaluation, and maintaining a database that offers analytical evidence for impact will help the state, and local entities alike, determine what “works” and why, and how to invest in future efforts we bring California to the forefront as a the *de facto* leader of the alternative fuel and advanced transportation industry.

It is our hope that an appropriate settlement investment level, along with the investment application called for in this letter, will be made in the Los Angeles region, which is not only prepared to receive and expeditiously deploy targeted resources, but can be the standard-bearer in setting best management practices precedent for ZEV investment, development, deployment and adoption. For all of these reasons, we encourage Volkswagen and the



California Air Resources Board adequately consider the above recommendations and ensure that Southern California receives balanced and proportional share of investment.

Should you have any additional questions and/or comments, please do not hesitate to contact Tamara Perry, Director of Strategic Initiatives with the Los Angeles County Economic Development Corporation, at [tamara.perry@laedc.org](mailto:tamara.perry@laedc.org)

Sincerely,

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