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: Volkswagen Settlement Investment Priorities

Sir/Madam:

On behalf of the **Los Angeles County Economic Development Corporation (LAEDC)**, an organization whose purpose is to raise standards of living for the residents of Southern California, defined as the Los Angeles, Orange, San Bernardino, and Riverside counties, by increasing economic opportunity and regional prosperity, I am writing to respectfully submit this letter with proposed recommendations for the Volkswagen settlement investment priorities.

Since 2012, Southern California has become a center for the world's clean vehicle consumer and producer markets. On the consumer side, a 2016 Clean Edge report[1] revealed that the number of electric vehicles and plug-in electric vehicles in Southern California (including Los Angeles, Orange, Riverside, and San Bernardino counties increased from 9,822 in 2012 to 79,866 in 2016 – a more than eight-fold increase, and total electric vehicle charging stations increased from 353 in 2012 to 1,097 in 2016.

On the development and production side, Southern California has seen a precipitous escalation in the amount of investment (an estimated $768 million from 2013-2014) directed towards the region's "clean technology" industry, especially within the sub-disciplines of clean vehicles and alternative fuels. What's more, further industry growth is being driven by the more than 20 automotive manufacturers and design centers domiciled throughout the region, as well as some of the nation's most forward-looking metropolitan planning organizations and transit agencies who, with adequate support, stand ready to aggressively deploy infrastructure to support the widespread and accelerated deployment of zero emission vehicles (ZEVs).

The confluence of governmental leadership, concentration of industry firms, and the regional need to improve air quality has laid the groundwork for the Southern California's advanced transportation ecosystem. And, the region's unique blend of assets also provides significant upside opportunity to accelerate a megaregional clean vehicles adoption and deployment strategy. But much-needed and targeted investment into ZEV infrastructure is urgently needed here in Southern California to achieve these ZEV aspirations, providing the impetus for local leaders, businesses and residents to push for increased ZEV adoption and usage. Adding to this urgency, it is clear that investment in Southern California would not only have significant direct economic, environmental and quality of life impacts, but also stimulate further "spillover" economic and job benefits from continued innovation,

[1] See, e.g., 2016 Clean Tech Leadership Index

commercialization, deployment and export of ZEV technologies, services and products from our geographically concentrated industry. With this in mind, we urge you to consider the following recommendations:

1) **It is imperative that Southern California receive a proportional distribution of resources remitted though the settlement**, a minimum of $90 million. Southern California is home to approximately 45 percent of the California 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. Proportional funding will encourage early adoption and innovation of products, processes, services and technologies to ensure a cleaner, healthier environment.
2) **Funds designated for disadvantaged communities (25 percent) should be proportionately directed** to the jurisdictions that contain these census tracts. 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 critical the Los Angeles County and the Southern California region receive proportionately directed funding.
3) **Infrastructure development and deployment must be prioritized.** Southern California has ongoing efforts that present pathways to immediate "in the ground" infrastructure applications, which would amplify the effect of the investment.
4) **Disadvantaged communities ought to receive at least 25 percent of the appropriated investment resources,** of which 10 percent should be allocated to installments that *immediately* benefit disadvantaged communities at central or adjacent sites.
5) **The City of Los Angeles should receive special consideration as a candidate for the "Green City" initiative.** Not only does the City of Los Angeles contain more than its "fair share" of disadvantaged communities (as determined by the calenviroscreen), it is home to some of the most significant traffic congestion in the country, two of the busiest ports in the nation, and a consistently top-ten rank in worst metropolitan air quality in the United States. The investment proposed in the Green City initiative would support Los Angeles' current efforts already enacted to address these unfortunate claims, and would also kick-start the next wave of disruptive invention, innovation, and radical change necessary to improve health outcomes for residents.

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 Southern California region, which is not only prepared to receive and expeditiously deploy targeted resources, but is positioned to be the standard-bearer for the entire state 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

Sincerely,

David Flaks
President & COO, LAEDC