



Steering Committee:

Coalition for Clean Air
Communities for a Better Environment
Environment California
The Greenlining Institute
Natural Resources Defense Council

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RE: Comments on “Public Workshop to Discuss Volkswagen’s Zero Emission Vehicle Investment Commitment Development Process and Investment Areas”

I. Introduction

The Charge Ahead California campaign greatly appreciates the opportunity to provide input on the Volkswagen (“VW”) ZEV Investment Commitment pursuant to Appendix C of the Consent Decree and provides the following comments to the “Public Workshop to Discuss Volkswagen’s Zero Emission Vehicle Investment Commitment Development Process and Investment Areas” held on December 2, 2016 (the “ZEV Investment Commitment”).

The Charge Ahead California campaign (“Charge Ahead”) is a coalition of environmental justice, equity, and environmental groups led by Coalition for Clean Air, Communities for a Better Environment, Environment California, The Greenlining Institute, and the Natural Resources Defense Council. Together, we sponsored Senate President pro Tem Kevin de León’s Charge Ahead California Initiative (SB 1275) in 2014 and we now work to implement it. The bill put in place the goal for California to place 1 million electric cars, trucks and buses on our roads by 2023 and to ensure that communities hardest hit by pollution – low-income communities of color – benefit from clean vehicles.

Volkswagen’s 482,000 noncompliant diesel vehicles spewed almost 12,000 additional tons of nitrogen oxides (NOx) into our air in one year. That illegal pollution is equivalent to 19 million cars.¹ This pollution affects us all, and VW’s dirty diesels poison the air even more in the neighborhoods already hit first and worst by pollution. In California, those who breathe the dirtiest air are disproportionately low-income communities of color. The only way to truly bring

¹ See Bloomberg News at <https://www.bloomberg.com/news/articles/2015-09-23/vw-cheating-added-pollution-of-as-many-as-19-million-u-s-cars>.

VW to justice is to help those communities get access to clean transportation, cleaner air, and economic opportunity.

II. Put the Solution Where the Pollution is: Ensure Minimum Investments in Disadvantaged and Low-Income Communities Who Were Hurt the Most by VW's Criminal Pollution

We commend the California Air Resources Board (“CARB”) staff for highlighting SB 1275, SB 535, and SB 350 as key policies that should shape VW’s ZEV Investment Plans. Together, these laws require that California increase access to clean transportation options in low-income and disadvantaged communities.

SB 1275 states that California must “increase access for disadvantaged, low-income, and moderate-income communities and consumers to zero-emission and near-zero-emission vehicles, and to increase the placement of those vehicles in those communities and with those consumers to enhance the air quality, lower greenhouse gases, and promote overall benefits for those communities and consumers.”²

Under SB 350, California finds:³

- “(B) Widespread transportation electrification is needed to achieve the goals of the Charge Ahead California Initiative (Chapter 8.5 (commencing with Section 44258) of Part 5 of Division 26 of the Health and Safety Code).”
- “(C) Widespread transportation electrification requires increased access for disadvantaged communities, low- and moderate-income communities, and other consumers of zero-emission and near-zero-emission vehicles, and increased use of those vehicles in those communities and by other consumers to enhance air quality, lower greenhouse gases emissions, and promote overall benefits to those communities and other consumers.”

SB 535 has been updated by AB 1550 and requires that 25 percent of the Greenhouse Gas Reduction Fund (GGRF) be invested in disadvantaged communities with an additional 10 percent benefiting low-income communities and households, for a total of 35 percent going to disadvantaged and low-income communities.⁴

Recommendation: We recommend that a minimum of 25 percent of the ZEV Investment Commitment be invested in disadvantaged communities and at least 10 percent benefit low-income communities, in keeping with AB 1550 and SB 1275. Low-income and disadvantaged communities in California are hit hardest by vehicle pollution because they are more likely to be

² Senate Bill 1275 (De León, 2014).

³ Senate Bill 350 (De León, 2015).

⁴ Assembly Bill 1550 (Gomez, 2016).

located near busy roads, freeways, goods movement corridors, and ports. In fact, Kevala Analytics developed a mapping tool for the California Clean Energy Fund to identify exactly where non-compliant VW diesels have affected communities in California.⁵ They found low-income communities of color were hit first and worst by VW’s egregious act.

III. We Support the Inclusion of Zero Emission Medium- and Heavy-Duty Vehicles in the ZEV Investment Commitment

Heavy- and medium duty vehicles are one of the largest sources of harmful air pollution in California: they are the largest source of NOx pollution and produce more particulate matter pollution than all of California’s power plants combined.⁶ The goods movement—to, from, and within California—is “projected to increase by 60 percent over the next 30 years” with most of the additional volume moved by trucks.⁷ By then, “population of heavy-duty trucks in California is estimated to increase by 90 percent.”⁸

Heavy- and medium duty vehicles exhaust is a public health crisis. Air pollution shortens lives, increases diseases that compromise quality of life, and “[s]tudies have linked air pollution to adverse effects on almost every organ system in the body.”⁹ Moreover, electric heavy- and medium-duty vehicles will play a major role in meeting federal clean air standards in the San Joaquin Valley and the greater Los Angeles area. Emissions reductions “from new diesel and natural gas vehicles will not be enough to achieve clean air standards” by themselves.¹⁰

Moreover, medium- and heavy-duty electric vehicle investments support local job growth. California is home to 14 manufacturers producing trucks, buses, and components.¹¹

Recommendation: For these reasons, we strongly supports CARB’s inclusion of medium and heavy-duty vehicles and encourages VW to prioritize the deployment of fast charging infrastructure at locations that can serve both passenger and medium and heavy-duty vehicles. While these comments are focused on Appendix C of the Consent Decree, we should also note that the agency that administers Appendix D funds should prioritize the funding of zero-emission medium and heavy-duty vehicles, and should also look to complementary programs, such as those that will result from the transportation electrification provisions of SB 350, to provide re-fueling infrastructure for those vehicles.

⁵ CalCEF at <https://calcef.org/story/2015/11/new-interactive-mapping-tool-shows-effects-of-vw-diesel-scandal-and-suggests-how-vws-response-could-make-amends-to-those-hardest-hit>.

⁶ “Delivering Opportunity: How Electric Buses and Trucks Can Create Jobs and Improve Public Health” (2016), p. 7 at <http://www.ucsusa.org/sites/default/files/attach/2016/10/UCS-Electric-Buses-Report.pdf>.

⁷ *Ibid*, p. 8.

⁸ *Ibid*, p. 8.

⁹ *Ibid*, p. 8.

¹⁰ *Ibid*, p. 11.

¹¹ *Ibid*, p. 22.

IV. Ensure Eligible Categories in the ZEV Investment Commitment Create Real, Tangible, and Meaningful Benefits to Low-Income and Disadvantaged Communities

1. Brand-neutral education and public awareness campaigns

Recent studies from UC Davis and other institutions have highlighted the need for consumer awareness and education around EVs. This is especially true in low-income and disadvantaged communities where EVs are harder to come by. And while consumer education campaigns are needed to address this lack of awareness, primary responsibility for advertising, marketing, and consumer education should rest with the producers – in this case, automakers – that sell zero emission vehicles.

Recommendations:

- Inclusion of a ceiling, or percentage limit, on education or public outreach efforts in order to ensure on-the-ground investments are prioritized, such as those resulting in infrastructure or increased access to ZEVs, especially for low-income and disadvantaged communities who were harmed the most by VW. We request CARB to take a lead role in determining the goals and metrics that should be monitored for education and outreach efforts, while requiring public reporting on the results of the advertising efforts from a neutral, third-party.
- Education and public awareness efforts should effectively reach low- and moderate-income consumers and diverse audiences, in relevant languages, through targeted efforts that use trusted messengers, such as community-based organizations and ethnic media.
- Invest some of these funds in the new Plug-in Electric Vehicle Collaborative EV consumer awareness entity, Veloz.

2. ZEV access improvements for all California consumers and Green City initiative

Recommendations:

- Provide for low- and moderate income individuals free or subsidized rates and fees to access ZEV rideshare and carshare programs.
- ZEV rideshare and carshare programs should be accessible to low- and moderate income individuals with no credit or bad credit by creating programs that allow for diverse payment options, e.g. cash, transit cards, etc. We also recommend that VW consider funding programs with other ZEV shared mobility options, such as bikeshare, vanpooling, and micro-transit.
- Provide financing to help low- and moderate-income Californians drive electric vehicles (including attractive, affordable leases for VW EVs).

V. Ensure ZEV Investment Commitment is Coordinated with and Complements Other Investments Being made by Utilities; Local Government; the California Energy Commission; and Private Companies

Currently, there are many efforts working to deploy electric vehicle charging stations in California. Here are some examples of some of those efforts:

- The California Energy Commission provides funding for electric vehicle charging infrastructure through its Alternative and Renewable Fuel and Vehicle Technology Program (“ARFVTP”); \$17 million in its 2016-2017 Investment Plan.¹²
- EVgo, through the NRG settlement, is required to deploy “at least 200 public fast-charging stations and the infrastructure for 10,000 plug-in units at 1,000 diverse locations across the state to ‘make-ready’ the sites for PEV adoption.”¹³
- SDG&E, SCE, and PG&E have been approved for pilots totaling 12,500 charging stations. Additionally, these three utilities are also submitting transportation electrification proposals in January 2017 pursuant to SB 350.
- The California Pollution Control Financing Authority provides incentives to small business owners and landlords to install EV charging stations for employees, clients, and tenants through its “California Capital Access Program (CalCAP) Electric Vehicle Charging Station (EVCS) Financing Program.”¹⁴
- Many cities throughout California have, or are considering, plug-in electric vehicle readiness ordinances for new development.

Recommendation: This ZEV Investment Commitment should complement and coordinate with existing EV charging infrastructure deployment efforts, not displace them. VW should seek to leverage matching investments from existing funds to foster a more robust and reliable charging infrastructure network.

VI. VW is a Bad Actor: Ensure Strict Transparency, Oversight and Accountability of ZEV Investment Commitment

VW intentionally defrauded consumers and actively violated state and federal clean air laws and regulations knowing its actions would result in higher levels of nitrogen oxide (“NOx”) that would hurt everyone. VW does not deserve any benefit of the doubt.

Recommendation: We recommend that CARB use all legal and regulatory authority at its disposal, and any other relevant avenues, to forcefully oversee the ZEV Investment Commitment

¹² California Energy Commission, ARFVTP Investment Plan at <http://www.energy.ca.gov/2015publications/CEC-600-2015-014/CEC-600-2015-014-CMF.pdf>

¹³ California Public Utilities Commission, NRG Settlement at <http://www.cpuc.ca.gov/General.aspx?id=5936>

¹⁴ California Pollution Control Financing Authority, CalCAP EVCS Program at <http://www.treasurer.ca.gov/cpcf/calcap/evcs/>.

to ensure funds are spent in the public interest and consistent with equity goals codified in SB 1275, SB 350, and AB 1550.

VII. Workforce Development and Training; Targeted Hiring; and Diverse-Owned Business Contracting

The transition to a clean energy economy from one based on fossil fuels inevitably means that some jobs will disappear and others will be created. The transition must be just and fair. Workers from underserved communities must have access to and training for new and emerging occupations, with career pathways out of poverty. This will require robust, targeted efforts to train, certify, and place underserved community workers in quality jobs in the clean energy economy, generally, and jobs in transportation electrification related to VW's ZEV Investment Commitment, specifically. We also need to create opportunities for diverse businesses to benefit from this investment. Entrepreneurship is key to the American dream, and all communities should have equal access to business opportunities.

Establishing criteria for ZEV Investment Commitment funds to create good, middle-class jobs is consistent with existing state policy. SB 350 calls on “widespread transportation electrification to create high-quality jobs for Californians, where technologically feasible.”¹⁵

Recommendations:

- Support the development of and place a high priority on projects that have robust recruiting and hiring policies targeting underserved communities, provide high-quality jobs, have robust minority-owned business procurement goals (i.e., supplier diversity), and partner with or provide support to workforce development programs aimed at underserved communities.
- Invest in skills-development programs aimed at training members of underserved communities (particularly those with barriers to employment) to fill emerging employment needs in the heavy-duty EV industry and related transportation-electrification fields.
- Increase access to skills development programs and initiatives (e.g. pre-apprenticeship programs, soft skills training, financial assistance).
- Incorporate wrap-around support services in skills development and employment programs (e.g. child care, transportation, housing, substance abuse counseling, physical health, financial stability, educational achievement, criminal record remediation, driver's license restoration).
- Require targeted and local hiring of low-income individuals and other individuals with barriers to employment.
- Track and report individual level data on the progress of efforts to train and employ members of underserved communities.

¹⁵ Senate Bill 350 (De León, 2015).

- Reference and use the US Employment Plan to evaluate and score proposals with the aim of encouraging commitments to creating good jobs and improving access for people historically excluded from high-quality jobs.¹⁶

We also recommend incorporating, more explicitly, “High Road” workforce development values in this investment that focuses on a commitment to quality, quantity, and access. We encourage using these questions in guiding this effort:

- How can you ensure clean transportation jobs in your area pay good wages, provide benefits, and provide well-articulated career ladders (quality)?
- Where are the opportunities that will go to a large enough scale to be meaningful (quantity)?
- And how can you ensure that those jobs are attainable for people with barriers to employment (access)?

To ensure equitable outcomes of ZEV Investment Commitment, we recommend increasing transparency and workforce data collection, especially with respect to the hiring of low-income workers and other individuals with barriers to employment. Within the reporting process of the ZEV Investment Commitment, there should be reporting on individual level data. Some possible jobs metrics:

- Job quantity: number of workers employed/trained; hours per week; employment status (part-time/full-time, or percentage of full-time equivalency).
- Job quality: hourly wages; employer-provided benefits for hires, partners and dependents (medical and dental coverage, paid vacation and sick leave, retirement savings, transportation reimbursement, childcare assistance, paid training opportunities).
- Job access: worker demographics, including gender, race/ethnicity, workers with barriers to employment;¹⁷ geographic location (census tract of residency); project subject to project-labor agreement, targeted hiring policies, or community workforce agreement.
- Job retention: length of time employed; retention rate.
- Job classification: occupation; employee classification (employee, independent contractor, trainee, etc.); contractor classification (diverse-owned business, community based organization, etc.).
- Job trajectory: number and type of certifications or credentials awarded; number of job placements for trainees/interns; number of trainees enrolled in pre-apprenticeship or state-certified apprenticeship programs; existing workforce and training partnerships with training providers, workforce agencies or community-based organizations.

¹⁶ The US Employment Plan was developed by a team of experts from LAANE, the Brookings Institution, the University of Southern California’s Program for Environmental and Regional Equity, and the University of Massachusetts at Amherst’s Political Economy Research Institute. More at <http://jobstomoveamerica.org/resources/u-s-employmentplan-resources-2>.

¹⁷ Individuals with barriers to employment as defined in Assembly Bill 1270 (E. Garcia, 2015).

We also recommend reporting on procurement of services and products from contractors and subcontractors certified as a diverse-owned business—i.e. minority-, women-, veteran-owned businesses.

Lastly, we support the comments submitted by IBEW et al. We especially support the following recommendation:

“including targeted goals to recruit, train and hire residents from disadvantaged communities and veterans to perform ZEV infrastructure work will create access to career paths and economic benefits for residents who need it most. At minimum, we recommend a targeted hiring goal of 35 percent of the overall workforce be residents from disadvantaged communities, low-income households or veterans.”

In all ZEV Investment Commitment spending, we encourage VW to prioritize projects that encourage broader economic and health benefits for low-income communities of color, particularly disadvantaged communities impacted most significantly by poor air quality and poverty.

VIII. Conclusion

The Charge Ahead California campaign thanks CARB staff for the opportunity to provide comments. We look forward to continuing to work with CARB staff and VW to ensure the ZEV Investment Commitment benefits the public interest, remedies the harm caused by VW, and aligns with the equity goals codified in SB 1275.

Sincerely,



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