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# Meeting Agenda

**City Council**

**Financing Authority**

**Housing Authority**

**Public Financing Authority**

**Redevelopment Agency**

**Successor Agency**

**City Hall-Council Chamber**

**915 I Street, 1st Floor**

Published by the Office of the City Clerk  
(916) 808-5163

# SUPPLEMENTAL MATERIAL

**For the Meeting of:** August 3, 2017

- 16. Update on the Volkswagen Group of America's Proposed Green City Program [To Be Delivered]**  
File ID: 2017-00816  
**Location:** Citywide  
**Recommendation:** Pass a Resolution providing Support for Volkswagen's Green City Program with Directives to Work with Electrify America for Expedited Implementation of Volkswagen's Zero-Emission Vehicle Investments in Sacramento.  
**Contact:** Jennifer Venema, Sustainability Manager, (916) 808-1859, Department of Public Works; Jennifer Gress, Policy Director, (916) 808-5440, Office of Mayor Darrell Steinberg

**Description of Change:** The following report was not available at the time of publishing.



## City Council Report

915 I Street, 1<sup>st</sup> Floor

Sacramento, CA 95814

[www.cityofsacramento.org](http://www.cityofsacramento.org)

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August 3, 2017

**Discussion Item 16**

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**Title: Update on the Volkswagen Group of America's Proposed Green City Program  
[To Be Delivered]**

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**Recommendation:** Pass a Resolution providing Support for Volkswagen's Green City Program with Directives to Work with Electrify America for Expedited Implementation of Volkswagen's Zero-Emission Vehicle Investments in Sacramento.

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**Presenter:** Jennifer Gress, Policy Director, (916) 808-5440, Office of Mayor Darrell Steinberg

**Attachments:**

1-Description/Analysis

2-Resolution

## Description/Analysis

**Issue Detail:** The City is preparing for a major investment in zero-emission vehicle (ZEV) programs and infrastructure by Electrify America, a wholly-owned subsidiary of the Volkswagen Group of America (VW).

The recommended resolution creates a framework to support this investment through streamlining and collaboration with Electrify America and other partners.

Volkswagen is required to invest \$800 million in California over ten years to increase the use of ZEVs. This investment is required by a settlement agreement between Volkswagen, the United States Department of Justice (USDOJ), the United States Environmental Protection Agency (USEPA), and CARB after Volkswagen was caught installing software on some diesel vehicles that allowed them to cheat emissions tests and emit high levels of emissions. This ten-year period is broken up into four investment cycles, with each cycle covering \$200 million in investment over a 30-month period. For each investment cycle, VW is required to develop an investment plan explaining how it will invest the \$200 million for that period. This plan is subject to approval by CARB, and CARB approved the first investment plan on July 27, 2017. To develop and implement ZEV investments, Volkswagen created Electrify America, a wholly owned subsidiary.

Electrify America's first Investment Plan allocates \$120 million to highway and community charging infrastructure, \$44 million for a Green City initiative, \$20 million for education and outreach, and \$16 million for Electrify America's operational costs. The Plan identifies Sacramento as one of six metropolitan areas for investment in community charging, and designates Sacramento as the Green City, with \$44 million to be invested in the first 30-month cycle.

The Green City effort will consist of ZEV initiatives that are intended to be transformational for the community. The first Investment Plan identifies a focus on ZEV car sharing, ZEV delivery fleets, ZEV taxi fleets, and approximately 75 supportive EV chargers. Investments in low-income and disadvantaged communities are a priority for the investment. Initiatives are designed to increase ZEV access for disadvantaged communities and to influence broader community awareness, as well as serve as a model for innovative ZEV deployment.

To fully prepare for investments and capitalize on existing City efforts, early action by the City is critical. The recommended resolution outlines an approach to ensure investment readiness and streamline potential investment. The resolution calls for the City to act as a partner to deliver ZEV initiatives that benefit the community, directing the City to engage key partners and agencies for program development and implementation.

**Policy Considerations:** Facilitating readiness for Electrify America's investment supports adopted policies of the General Plan and other policies enacted by Council. General Plan Policy M1.5.5 calls for collaboration with state and regional partners to support rapid adoption of zero-emission and low-emission vehicles, including public and private electric vehicle charging stations. On July 18, 2017, the City Council directed staff to proceed with development of an EV strategy and near-term priority EV initiatives to streamline and facilitate concentrated EV investments (Resolution 2017-0284). The recommended resolution further defines the City's commitment to promote the use of EVs, providing specific direction to support the Electrify America investment. The recommended resolution is also consistent with the objectives and principles of the Demonstration Partnerships Policy adopted by Council on April 25, 2017 (Resolution No. 2017-0150). The policy calls for the City to streamline partnerships that provide new and innovative solutions to implement City goals and policies (Section III.1).

**Economic Impacts:** Electrify America anticipates that the total \$800 million ten-year investment in California will support up to 8,500 jobs statewide. Based on City staff analysis, the \$44 million Green City investment in Sacramento is anticipated to create up to 176 total jobs (101.2 direct jobs and 74.8 jobs through indirect and induced activities) and create \$27,167,140 in total economic output (\$17,123,656 of direct output and another \$10,043,484 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

**Environmental Considerations:** The recommendation in this report is not a project under the California Environmental Quality Act (CEQA), because it does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4) and is, therefore, not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

**Sustainability:** Investment from Electrify America will accelerate attainment of adopted sustainability targets in both the General Plan and the 2012 Climate Action Plan. Goals and policies in these documents commit the City to a 15 percent reduction in community-wide greenhouse gas (GHG) emissions below 2005 levels by 2020, and to strive towards a 49 percent reduction and 83% reduction by 2035 and 2050, respectively. Emissions from the

transportation sector contributed 48 percent of community-wide GHG emissions in the City's baseline 2005 inventory, the largest single sector in the community. Increasing investment in EVs would help to reduce the number of fossil-fuel powered cars on local roads. These offsets in petroleum use would not only reduce GHG emissions, but also improve local air quality.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Electrify America's investment in ZEVs offers an unparalleled opportunity for the City. The recommended resolution supports City readiness to maximize the benefits of such a sizeable ZEV investment. Electrify America's implementation requires the rapid expenditure of significant amounts of money at an unprecedented pace. While the City is a long-standing leader in deploying ZEVs and associated infrastructure, the recommendation provides critical guidance to prepare for and support a potential 30-month, \$44 million investment.

A successful ZEV investment in the City has opportunity to spur additional investment and establish Sacramento as an economic and jobs creation center for alternative fuels and new shared mobility industries. The investment would result in the deployment of innovative mobility systems, with the potential to attract new companies and organizations, spur research and development, and support workforce development. Green City programs could lay the foundation for making Sacramento a hub of innovative, clean transportation and shared mobility services, helping to attract and retain a competitive workforce.

**Financial Considerations:** The Electrify America investment will implement shifts in existing transportation systems. This funding provides a significant opportunity for outside investment in cleaner, advanced technologies, in addition to shared ZEV mobility programs, and improved connectivity for Sacramento's communities. Deployment of new EV initiatives requires the investment of funds, in addition to significant work to coordinate and operate new types of car share and other ZEV programs. The City is challenged to implement such efforts without grant funding or investment from other sources, and thus public-private partnership with Electrify America can address financial barriers to advancing clean transportation initiatives.

While Electrify America has selected Sacramento for Green City investment, funding would not function as a grant of funds to the City. Rather, Electrify America would maintain control of all funds and implement ZEV projects. However, early City engagement and partnership are critical to ensure successful implementation and maximize benefits for the community. No local funds or match are required; however, commitments of staff time will be necessary to engage in the effort.

**Local Business Enterprise (LBE):** Not applicable.

**Background:** The City will play a key role in assisting Electrify America with its investment in Sacramento. An adaptive and supportive regulatory environment are critical for investment success. City engagement also will help leverage the investment to advance City goals and objectives.

In order for Electrify America's \$800 million in California investments to count towards the settlement agreement, all spending must be consistent with CARB-approved investment plans. Approved court consent decrees establish penalties if investments do not comply with consent decree provisions, or fail to meet schedules for approved expenditures. Working to facilitate Electrify America expenditures would maximize the local benefits of the investment, while helping Electrify America to meet expectations and court settlement requirements.

Staff have already completed initial tasks to prepare. Key actions completed to date include:

- Coordination with local agency partners and public stakeholders.
- With agency partners, identification of approximately 64 early-shovel ready sites on government property in the county where EV chargers could be constructed in a six-month timeframe.
- Review of opportunities for EV charging at City-owned community centers and facilities.
- Analysis of existing EV charger and vehicle sale data, including distribution of chargers and future demands.
- Internal coordination to identify permit processes and recommendations for expedited approval, including preferred land use categories and design considerations for permitting charging infrastructure in existing parking lots.
- Analysis of issues to expand EV charging on-street and in City parking garages, for both infrastructure and regulatory considerations.
- Early testing of design and layout issues for EV charging on-street with EVgo, for development of curbside chargers at Southside Park.
- Evaluation of existing car share pilot with Zipcar and development of preliminary recommendations to update car share and accommodate new EV car share programs.

In addition, City staff have identified several additional near-term tasks that will support the investment. These tasks are to be confirmed with Electrify America as Green City initiatives are further developed. The City will work closely with Electrify America throughout all phases of program development to support and enable investments. Priority outstanding tasks anticipated in the near-term are summarized in the table below.

**Outstanding Early Tasks to Support Green City Investments**

Issue	Anticipated timeline
<b>Permitting coordination</b> – host pre-application meetings	Fall 2017
<b>Priority shovel-ready charging sites</b> - support and coordinate for site access agreements	Late 2017 – 2018
<b>Curbside charging</b> – release guidance	Early 2018
<b>On-street parking for EVs</b> – adopt ordinance for enforcement of designated EV parking spots on-street*	Early – mid 2018
<b>Car share framework</b> – update to accommodate new program types	2018

*\*Pending state authorization by legislation, with proposed Assembly Bill 1452.*

Currently, Electrify America is focused on developing a car share program as the priority for implementation. Development of this program will determine the distribution of chargers necessary and types of regulatory support needed from the City.

The City will work closely with Electrify America to ensure a streamlined, successful investment in Sacramento’s diverse communities. A key priority will be investment in Sacramento’s low-income and disadvantaged communities, and achieving transformational outcomes for these communities. Implementation will involve extensive internal and external coordination, including engagement of public stakeholders.

This investment represents an exciting opportunity to demonstrate the City’s leadership and realize broader goals for ZEV transportation and mobility. The City can leverage the investment to create ladders of opportunity and offer residents a better quality of life, providing improved mobility for vulnerable residents with efficient and affordable transportation options. Investments also will support improved air quality as ZEVs replace fossil-fuel vehicles. Other key opportunities include spurring economic development around alternative fuels industries. As described by Electrify America in the investment plan, Green City investments are intended to influence broader awareness and demonstrate transformational achievements in urban green mobility technologies.

**RESOLUTION NO. 2017-**  
Adopted by the Sacramento City Council

**DIRECTIVES TO WORK WITH ELECTRIFY AMERICA FOR EXPEDITED  
IMPLEMENTATION OF VOLKSWAGEN'S ZERO-EMISSION VEHICLE  
INVESTMENTS IN SACRAMENTO**

**BACKGROUND**

- A. Volkswagen Group of America (VW) is investing \$800 million in California over a ten-year period on zero-emission vehicle (ZEV) infrastructure, education, and access activities, including investment in community charging and a "Green City" initiative;
- B. VW has created a wholly-owned subsidiary to implement the ZEV investment, Electrify America;
- C. Electrify America has selected Sacramento as one of six metropolitan areas where it will develop significant community charging infrastructure, and has designated Sacramento as a Green City, an initiative that will invest \$44 million over the first 30-month investment cycle.
- D. Electrify America's ZEV Investment Plan, including the designation of Sacramento as a Green City, was approved by the California Air Resources Board (CARB) on July 27, 2017.
- E. General Plan policies call for City support of the rapid deployment of zero-emissions and low-emission vehicles, including public and private EV charging stations;
- F. City Council adopted Directives for an EV Strategy (Resolution 2017-0284) on July 18, 2017, directing staff to prepare an electric vehicle (EV) strategy, collaborate with partners and the public on ZEV topics, and initiate near-term priority initiatives to streamline and facilitate concentrated ZEV investment.
- G. City Council adopted a Demonstration Partnership Policy on April 25, 2017 (Resolution No. 2017-2017-0150), which calls for streamlining partnerships that provide new and innovative services;
- H. The City is a leader in implementation of early ZEV initiatives, but is challenged to maintain ongoing strides in ZEV deployment without additional funding, due to the costly nature of investments in ZEV chargers, vehicles, and programs;

- I. Electrify America's investment provides an unparalleled potential to develop charging infrastructure, implement programs to increase the use of ZEVs, and carry out education and outreach initiatives to inform residents of the benefits of ZEVs, with expenditures occurring at an unprecedented rate; and
- J. An adaptive and supportive local regulatory environment will play a significant role in investment success.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. Staff are hereby directed to support Electrify America's investment, including coordination with stakeholders and key community partners; support for program deployment; streamlining permit applications; and facilitating site access agreements, marketing, and promotions.
- Section 2. The City shall provide leadership to facilitate the success of Electrify America's investments in the Sacramento region, while helping to ensure that initiatives meet Electrify America's requirements and timelines for expenditures.
- Section 3. The City shall support Electrify America with engagement of key partners, stakeholders, and the public for Green City program development and implementation.
- Section 4. The City shall work as a partner to deliver ZEV initiatives that are transformational for the community and can be effectively diffused throughout the region, the balance of the state, and beyond.
- Section 5. A key priority for the ZEV investment is to provide access to ZEVs to those who do not own or cannot afford to own ZEVs, with a focus on disadvantaged and low-income communities. The City shall collaborate with Electrify America to advance investment for the benefit of Sacramento's diverse communities.
- Section 6. The City shall leverage Green City programs to support comprehensive engagement and partnership programs to expand public awareness and increase public understanding of ZEV feasibility and benefits, with programs that involve local groups, community and business organizations, neighborhood associations, and other stakeholders.
- Section 7. To the extent feasible, investments in public infrastructure and assets should support Green City initiatives, such as the testing of intelligent transportation system controls in key project corridors.

Section 8. The City shall use Electrify America's investments as a mutually beneficial learning opportunity and shall work with Electrify America to support the measurement and reporting of investment outcomes, including input on key performance metrics, program evaluation, and reporting results.

Section 9. The City shall leverage Green City initiatives to attract further investment and partnership opportunities to cultivate the City as a hub for research and development in zero-emission technologies, and a test bed for innovative ideas to advance the clean economy. The City shall work with partners to implement complementary efforts, such as workforce development programs, local business support services, and expansion of a competitive, creative economy.