

## Court-ordered VW settlement may bring millions to capital

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DAVID MCNEW, New York Times  
Technicians test a 2013 Volkswagen Passat for diesel emissions, at a lab in El Monte in 2015.

As part of its court-ordered payback for cheating on diesel vehicle emissions tests, Volkswagen might bring a heap of green – in the form of money and technology – to Sacramento.

Under a settlement with federal officials and the California Air Resources Board, the disgraced automaker is poised to spend tens of millions of dollars promoting zero-emission vehicles in Sacramento and four other cities. In addition, Sacramento is the lead contender for Volkswagen’s first “Green City” designation, which would bring the city \$44 million between now and 2020 for public outreach and other programs related to zero-emission vehicles, according to a proposal Volkswagen has filed with CARB.

The Green City money could be used to provide the area with up to 600 zero-emission electric vehicles, or ZEV’s, and 100 larger electric shuttles, as well as infrastructure such as charging stations, said Kelly Fong Rivas, spokeswoman for Sacramento Mayor Darrell Steinberg. The vehicles could be used for car-sharing, a delivery fleet, a taxi service and other transportation needs.

In a proposal submitted to the carmaker, Sacramento envisions using electric cars to target disadvantaged communities where residents can’t easily access public transportation like light rail, suggesting they could be used for the “first mile” to help people get to trains and buses either as taxis or eventually autonomous vehicles. The city also sees potential to use the shuttles to transport the homeless, using them to get people between shelters, residences and services and to transport local high school kids to internships and jobs.

No final decision has been made on the city's proposal, and CARB hasn't signed off yet on Volkswagen's plan. But Sacramento Mayor Darrell Steinberg said Thursday he had been working on the project since prior to taking office and it represented a chance for California and Sacramento "to continue to lead on climate change, on diversifying our sources of energy ... (to) show that doing so is not only great for the environment, it is the future of building a modern economy."

CARB spokesman David Clegern said the agency believes Volkswagen would pump additional money into the Green City project beyond the initial round of \$44 million.

A spokeswoman for Volkswagen declined to comment on the CARB proposal.

Zero-emission vehicles are a major part of California's push to reduce greenhouse gas emissions and other forms of air pollution. About 216,000 ZEV's and their cousins, plug-in hybrid vehicles, have been sold in California since 2011, or nearly half of the U.S. total. Still, those electric vehicles account for only about 3 percent of California new car sales, according to a CARB report in January.

If Sacramento is chosen, the program would first focus on building infrastructure. Electric cars would likely be about two years away. The city indicated it could have 15 charging stations running within six months, and another 15 by the end of 2017. Volkswagen has created a wholly-owned subsidiary, Electrify America, to oversee the settlement activities. Its programs would be brand-neutral, meaning Volkswagen would be promoting ZEV's in general. Sacramento wants the Volkswagen subsidiary to rent offices in the recently-refurbished Sacramento Valley Station.

Sacramento was one of several cities that applied for the funding and competed against Oakland, San Francisco, Los Angeles and others. Sacramento ranked in the top position in almost all categories, said Rivas. Fresno is also receiving consideration, said Sacramento city sustainability manager Jennifer Venema.

Some of the criteria that helped push Sacramento to the top choice highlight the city's problems.

Volkswagen wanted a test city that needed air-quality improvement. Sacramento has the sixth-highest rate of ozone pollution of any city in the U.S. and is in the top 20 percent for exposure to diesel particulate matter, according to the city's proposal to Volkswagen.

The automaker also looked for a city where an increase in electric vehicles could help disadvantaged neighborhoods. In Sacramento, almost 50 percent of households earn less than 80 percent of the area median income, and some of the lowest earners such as the elderly and large families have the greatest transportation challenges. Improving access to light rail for disadvantaged communities has been an ongoing struggle for Sacramento and the region, said Steinberg.

Venema said Sacramento pitched itself as a mid-size city that could be a "beacon of change" for California.

In addition to the Green City designation, the Air Resources Board report also named

Sacramento as one of five cities that would receive a portion of a \$45 million initial investment in more than 350 community charging stations for electric vehicles located within the city and along freeways, including I-5 and I-80.

Sacramento also suggested in its proposal that it could work with UC Davis and regional business groups to come up with an additional \$50 million in private funding to create an automotive research institute in a disadvantaged area as a way to increase the university's presence in the city, create technology jobs, and serve as a pathway for local kids to get high-tech internships and training.

The \$44 million to be spent in the Green City is part of a \$14.7 billion settlement Volkswagen made with state and federal officials last October over allegations that the car maker had rigged its diesel engine vehicles to evade air pollution regulations.

Volkswagen officials have admitted to regulators they equipped nearly a half-million diesel cars with "defeat device" software. The software activated the pollution controls when the cars were being tested by regulators but switched the controls off when the cars were on the open road. Experts say the pollution controls can hurt fuel mileage and vehicle performance.

Engineers at the California Air Resources Board's test lab in El Monte, working with researchers from West Virginia University, discovered the rogue software after months of testing. Volkswagen officials finally admitted to the presence of the software to CARB and U.S. Environmental Protection Agency officials at a meeting in El Monte in September 2015, according to court records.

The court settlement calls for Volkswagen to spend more than \$10 billion buying back cars and compensating Volkswagen owners across the country and another \$4.7 billion on programs to offset air pollution. That includes \$1.2 billion on programs in California, including \$800 million to promote ZEV's. President Donald Trump this week announced an intent to roll back auto emission rules on regular engines, although it's unclear whether that would affect California's push to increase use of zero-emission vehicles.

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