

**STATE OF CALIFORNIA**  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 002	Department Governor's Office of Business & Economic Development	Priority No. 002
Budget Request Name 0509-004-BCP-BR-2016-GB		Program <b>0225 - CALBIS</b>	Subprogram <b>PERMITS UNIT</b>

Budget Request Description  
 Zero Emission Vehicle Infrastructure Project Manager Term Extension

**Budget Request Summary**

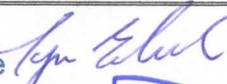
The Governor's Office of Business and Economic Development is requesting to extend funding for one position and increase reimbursement authority by \$150,000 in 2015-16 and \$150,000 in 2016-17. This request provides resources to allow the state to meet the requirements of several federal and state air quality and emission reduction mandates by the mid-2020s.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR       SPR      Project No.      Date:

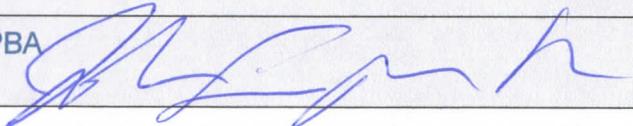
If proposal affects another department, does other department concur with proposal?    Yes       No  
*Attach comments of affected department, signed and dated by the department director or designee.*

Prepared By Tyson Eckerle 	Date 1/5/16	Reviewed By Jenifer Henneke 	Date 1/5/16
Department Director Panorea Avdis 	Date 1/5/16	Agency Secretary	Date

**Department of Finance Use Only**

Additional Review:    Capital Outlay    ITCU    FSCU    OSAE    CALSTARS    Dept. of Technology

BCP Type:       Policy       Workload Budget per Government Code 13308.05

PPBA 	Date submitted to the Legislature 1/7/16
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## Analysis of Problem

### A. Budget Request Summary

The Governor's Office of Business and Economic Development (GO-Biz) is requesting to extend funding for one position and increase reimbursement authority by \$150,000 in 2015-16 and \$150,000 in 2016-17. This request provides resources to allow the state to meet the requirements of several federal and state air quality and emission reduction mandates by the mid-2020s.

### B. Background/History

This request will allow the state to meet the requirements of several federal and state air quality and emission reduction mandates by the mid-2020s (Federal Clean Air Act- 42 U.S.C. 7401-7626; California Clean Air Act, Chapter 1568, Statutes of 1988 ; Chapter 750, Statutes of 2007 (AB 118); Chapter 488, Statutes of 2006 (AB 32); Chapter 401, Statutes of 2013 (AB 8); Executive Order B-16-2012; Governor's 2013 ZEV Action Plan). The funding is provided through an interagency agreement between GO-Biz and the California Energy Commission (CEC). The limited-term position will assist projects funded through AB 118 to obtain local and state permits and develop and oversee a high level stakeholder working-group dedicated to developing ZEV fueling and charging stations throughout the state.

In 2007, AB 118 established three new programs intended to promote vehicle and fuel technology that reduces air pollution and Green House Gas emissions statewide. These programs are the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP), Air Quality Improvement Program, and Enhanced Fleet Modernization program. ARFVTP funds projects by various public and private groups that "develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies." The CEC prepares an investment plan, in coordination with a stakeholder advisory committee, which outlines the ARFVTP's funding priorities. AB 118 requires the advisory committee to include representatives from state agencies; fuel and vehicle technology consortia; labor, environmental, and community-based justice and health organizations; academic groups; consumer advocates; workforce training groups; and private industry. Once an investment plan is completed, CEC receives and solicits bids for projects, awarding funds based on eligibility criteria. Monies appropriated to the ARFVTP come from temporary increases in smog abatement fees, vehicle registration fees, vessel registration fees and other vehicle fees. According to the CEC, \$360 million of ARFVTP funds have been awarded to projects such as the construction of electric vehicle charging stations, the deployment of natural gas-powered vehicles and the production of biofuels.

AB 8 expanded California's clean air and clean vehicle incentive programs, in order to meet clean air, public health, climate and economic development goals. This legislation requires the CEC to fund the development of up to 100 hydrogen fueling stations from vehicle registration fee revenues in the amount of up to \$220 million over the next 10 years.

Since 2009, 45 hydrogen fueling station projects have been funded by ARFVTP funds. Prior to the initiation of this position, the construction of fueling stations were getting bogged down due to individual site issues, permit issues, financial issues, issues related to the California Environmental Quality Act, and equipment certification issues.

Auto manufacturers (Toyota, Mercedes-Benz/Daimler, Hyundai, Nissan, and GM) are sprinting ahead for the 2015 through 2017 roll out of their fuel-cell hydrogen vehicles in California. However, the existing seven-station network is not positioned to meet the demands of new customers. Opening the AFVRTP stations in development remains the most important piece of the puzzle. A shortage of hydrogen fueling stations will jeopardize the manufacture of hydrogen fueled vehicles, and therefore jeopardize the attainment of air quality and emissions goals for the state.

The Governor's 2013 Zero Emission Vehicle Infrastructure (ZEV) Action Plan details concrete actions that state agencies are taking to help accelerate the market for plug-in electric vehicles and fuel cell

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electric vehicles. The ZEV Action Plan specifically targets the creation of an “Ombudsman” for streamlining the permitting of hydrogen stations.

In response to the ZEV Action Plan recommendation to work with local, state and federal government agencies, hydrogen and electric vehicle station developers, hydrogen and electric vehicle station hosts, automobile companies, and other hydrogen and electric vehicle industry stakeholders to streamline the permit process for hydrogen fueling stations and electric vehicle charging stations, and to convene a ZEV permit working group, a hydrogen ombudsman position was created. The CEC Business Committee determined GO-Biz was the appropriate entity to house the ombudsman position and approved funding to GO-Biz for one two-year limited term position. The ZEV Infrastructure Project Manager was administratively established in 2013. The funding from the interagency agreement now extends to October 30, 2017.

Since the ombudsman position was established in 2013 and on boarded in 2014, significant improvements in the hydrogen station development process have been achieved. As of September 1, 2015, seven stations are open, five are fully constructed, 13 are under construction, six are approved to build, three have planning approval and 20 are moving through the permitting process. In recognition of the position’s impact, in June 2015, the CEC Business Committee approved funding to GO-Biz to extend the ombudsman position for two additional years.

### Resource History (Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
Authorized Expenditures	0	0	0	1,781	1,572
Actual Expenditures	0	0	0	1,232	1,674
Revenues	0	0	0	0	0
Authorized Positions	0	0	0	12	13
Filled Positions	0	0	0	9.9	10.2
Vacancies	0	0	0	2.1	2.8

### Workload History

Workload Measure	PY - 4	PY - 3	PY - 2	PY - 1 (term began March 2014)	PY	CY
Develop/Maintain SmartSheet station Tracking Systems (hours)	N/A	N/A	N/A	200	520	250
Establish/Maintain Stakeholder Communication – Connect Resources (hours)	N/A	N/A	N/A	400	1040	500
Community Briefings (#)	N/A	N/A	N/A	1	3	2
City Visits (#)	N/A	N/A	N/A	8	30	4
Hydrogen Stations Open (#)	N/A	N/A	N/A	7	9	7
Hydrogen Stations in Development (#)	N/A	N/A	N/A	18	18	45
Hydrogen Stations Fully Constructed, but not open (#)	N/A	N/A	N/A	0	1	5
Hydrogen Stations Under Construction (#)	N/A	N/A	N/A	2	3	14
Hydrogen Stations Approved to Build (#)	N/A	N/A	N/A	0	8	6
Hydrogen Stations in Permitting Process (#)	N/A	N/A	N/A	2	25	12
Permit Guidebook (hours)	N/A	N/A	N/A	20	100	100

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Coordination Meetings - Lead (#)	N/A	N/A	N/A	1	20	20
Speaking Events (#)	N/A	N/A	N/A	4	15	3
Stakeholder Presentations (#)	N/A	N/A	N/A	8	30	10

### C. State Level Considerations

Californians suffer from the worst air pollution in the nation, with over 90 percent of residents living in counties with unhealthy air during some parts of the year, exposing them to unhealthy air that contributes to respiratory problems, heart disease, stroke, cancer and a reduced life span. Air pollution also imposes burdens on our economy by increasing hospital admissions, emergency room visits and missed work days. According to a recent study, the economic benefits of the (San Joaquin Valley) region meeting air quality standards for ozone and particulate matter would top \$6 billion per year in reduced health care costs, missed work and school, and premature death; this is equivalent to a payment of \$1,600 per person per year. In addition, California faces the challenge of meeting several state and federal air quality and emission reduction mandates by the mid-2020s.

AB 32, AB 118, AB 8, Executive Order B-16-2012, and the Governor's 2013 ZEV Action Plan set the stage for ZEV activities within the state. The importance has been further underscored by Executive Orders B-30-15.

Chapter 475, Statutes of 2011 (AB 29) established GO-Biz. GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site election, permit streamlining, clearing of regulatory hurdles, small business assistance, international trade development, assistance with state government, and much more. GO-Biz is a logical and appropriate entity to continue to house the position of ZEV Infrastructure Project Manager.

The ZEV Infrastructure Project Manager continues to interact regularly and partner with the Air Resources Board (ARB), the CEC, the California Environmental Protection Agency, the California Department of Food and Agriculture, the Governor's Office, the State Legislature, the Department of General Services, the Public Utilities Commission, the US Department of Energy, National Labs, and other state level agencies, departments, and commissions that have regulatory or funding oversight of California's ZEV efforts. In addition, the ZEV Infrastructure Project Manager has developed relationships with local, federal, other state, and private entities and organizations that have ZEV mandates and project development responsibilities.

### D. Justification

At the time of creation of the position, the lack of success in permitting and building hydrogen fueling stations had become a near-crisis situation. Auto manufacturers had expressed their alarm over the lack of progress in developing state funded hydrogen fueling stations. With the 2015 through 2017 roll out of their hydrogen fueled vehicles looming, the auto manufacturers appealed for direct assistance to help guide the permitting and development of 68 hydrogen fueling stations in targeted California communities over the next several years. Partnering with the CEC, GO-Biz agreed to lead the effort to get the CEC funded hydrogen fueling projects permitted. The initiative has been incredibly successful, as GO-Biz has introduced transparency into the permitting and station development process, connected communities to critical resources and identified trends and core issues. GO-Biz has collected lessons learned and is nearing completion of the Hydrogen Station Permitting Guidebook, which is expected to help bring new station developers and community hosts up to speed quickly. In general the ZEV Infrastructure Project Manager's work has substantially increased stakeholder confidence in the state's commitment and the collective ability to deliver stations in an increasingly

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timely manner. This confidence was reflected in the ARB's July 2015 AB 8 Report, which shows that automakers nearly doubled their fuel cell electric vehicle volume projection from the previous year.

The initial focus of the ZEV Infrastructure Project Manager was to track the progress of each publicly funded hydrogen project and work directly with each local community to get them permitted so construction can begin. While this task remains primary task, the ZEV Infrastructure Project Manager role has grown considerably to include agency coordination, hydrogen network management, station commissioning coordination, external communication (public, federal agencies, other states), legislation support, leadership within the California Fuel Cell Partnership and H2USA, and serving as the central point of contact for network development.

The CEC, ARB, and the Governor's Office have agreed that the extension of the ZEV Infrastructure Project manager is needed. Each state agency has agreed to work closely with the ZEV Infrastructure Project Manager to assist in the successful permitting and development of publicly funded hydrogen fueling projects. The priorities of the position remain:

- Work with individual communities and station developers to get hydrogen fueling stations permitted.
- Work with stakeholders to ensure the State is doing everything it can to ensure a robust hydrogen fueling network is developed.

The source of funding for this position is AB 8. This is an appropriate source for funding this two-year, limited-term position. AB 8 funds are dedicated towards ZEV readiness in California. Support for continuing the ZEV Infrastructure Project Manager position within GO-Biz position is unanimous among relevant automakers, station developers and the agencies.

Auto manufacturers and state agencies agree that maintaining and expanding the ZEV Infrastructure Project Manager will provide certainty that the minimum fueling infrastructure will be in place to support the near-term commercial launch of fuel cell vehicles, which are necessary for achieving the state's long-term air quality and climate change goals.

## E. Outcomes and Accountability

The expected outcome for the ZEV Infrastructure Project Manager will be the successful permitting and development of the 45 currently CEC funded hydrogen fueling station projects. The stations will be permitted and functioning for the roll out of the hydrogen fueled vehicles in the 2015 through 2017 timeframe. A longer term outcome will include the successful permitting of the additional hydrogen station projects that will get funded by the CEC and the establishment of positive feedback loop between station development, fuel cell electric vehicle deployment, and more station development.

In order to measure outcomes, the ZEV infrastructure project manager continues to chart the status and progress of the hydrogen fueling station projects and report findings to GO-Biz administration, the CEC, and the hydrogen permit working group. The ZEV Infrastructure Project Manager continues to work closely with each community and station developer to assure success. These efforts will be documented and reported to the same above entities. As projects are successfully permitted, a list of best practices and critical actions taken are continuously compiled. These lessons are being translated for the permitting of all projects.

GO-Biz plans to release a Hydrogen Station Permitting Guidebook in September 2015, after over a year of development and collecting lessons learned (through the ZEV Infrastructure Project Manager position). The Guidebook provides a detailed discussion of the hydrogen station development process and suggested best practices for local and regional governments and station developers seeking to open (or in the process of opening) a hydrogen fueling station. GO-Biz expects the Guidebook will help to further expedite and streamline the hydrogen station development process moving forward. The

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Guidebook will be updated annually to build upon the lessoned learned through the duration of the program.

### Projected Outcomes

Workload Measure	CY	BY	BY+1 (term end Oct 2017)	BY+2	BY+3	BY+4
Maintain SmartSheet station Tracking Systems (hours)	520	520	100	N/A	N/A	N/A
Maintain Stakeholder Communication – Connect Resources (hours)	1040	1040	200	N/A	N/A	N/A
Community Briefings (#)	6	4	1	N/A	N/A	N/A
City Visits (#)	24	15	4	N/A	N/A	N/A
Hydrogen Stations Open (#)	45	58	62	N/A	N/A	N/A
Hydrogen Stations in Development (#)	13	12	8	N/A	N/A	N/A
Hydrogen Stations Fully Constructed, but not open (#)	2	4	0	N/A	N/A	N/A
Hydrogen Stations Under Construction (#)	3	4	4	N/A	N/A	N/A
Hydrogen Stations Approved to Build (#)	0	8	4	N/A	N/A	N/A
Hydrogen Stations in Permitting Process (#)	8	0	4	N/A	N/A	N/A
Permit Guidebook – Ongoing lessons learned (hours)	140	100	20	N/A	N/A	N/A
Coordination Meetings - Lead (#)	30	20	5	N/A	N/A	N/A
Speaking Events (#)	18	15	5	N/A	N/A	N/A
Stakeholder Presentations (#)	40	30	5	N/A	N/A	N/A

#### F. Analysis of All Feasible Alternatives

1. Allow the extension of an exempt position and authorize reimbursement authority of \$150,000 in 2015-16 and \$150,000 in 2016-17 within GO-Biz to oversee the development of the CEC funded hydrogen fueling station projects. This alternative will utilize the funding being provided through an interagency agreement between GO-Biz and the CEC.
2. Develop a Memorandum of Understanding with another state agency or department to borrow the position. This would require the costs and position to be built into the budget of the loaning entity over a two year time period. This is not a plausible and efficient alternative in that the interagency agreement has already been executed between GO-Biz and the CEC for one limited term position and the necessary reimbursements for that position.
3. Use GO-Biz resources and redirect GO-Biz personnel to implement the activities of the ZEV Infrastructure Project Manager. This is not a viable option in that GO-Biz is a small organization and currently has limited resources and no vacant position. This alternative would harm the operation of the Permit Unit in that the existing Permit Specialists have a geographical area of responsibility along with a large and growing portfolio of ongoing projects.
4. Do not create a ZEV Infrastructure Project manager position. This is not an option as the Legislature and Governor have already committed to, and are on the path towards creating a ZEV future for the state. The ZEV Infrastructure Project Manager is a vital component of their vision.

#### G. Implementation Plan

Extend the reimbursement and position authority from October 31, 2015 to October 30, 2017

**H. Supplemental Information** No additional resources are needed for the support or establishment of this limited term position.

**I. Recommendation**

GO-Biz recommends the approval of alternative #1, which is to extend reimbursement authority and one exempt position within GO-Biz Permit Unit for the ZEV Infrastructure Project Manager.

## BCP Fiscal Detail Sheet

BCP Title: Zero Emission Vehicle Infrastructure Project Manager Term Extension

DP Name: 0609-004-BCP-DP-2016-GB

### Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Permanent	0	150	0	0	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	0	0	0	0	0
0995 - Reimbursements	0	150	0	0	0	0
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Summary

Program Funding						
0225 - California Business Investment Services	0	150	0	0	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Personal Services Details**

Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4
VR00 - Various	0	150	0	0	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>