



Press Release
Office of Mayor Chuck Reed

For Immediate Release:

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**San Jose Mayor Chuck Reed and San Francisco Mayor Gavin Newsom
Urge Congress Not To Let Auto Industry Bailout Stop Funding
for Transportation Innovation**

SAN JOSE, CALIF. (DECEMBER 3, 2008)—San Jose Mayor Chuck Reed and San Francisco Mayor Gavin Newsom released the following letter today to congressional leadership. The mayors are advocating for Congress not to reallocate funds intended for advanced transportation technology innovation and identify a different mechanism to finance efforts to improve the viability of the American auto manufacturers.

“Innovation is the key to ensuring America’s economic future. It is critical that any agreement to assist the American auto manufacturers not divert funds from innovative emerging transportation technologies that will help our nation grow out of the current recession by creating thousands of new green jobs, reduce dependence on foreign oil, and improve our trade balance, while protecting our planet,” said Mayors Reed and Newsom.

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The Honorable Nancy Pelosi
Speaker of the House
Office of the Speaker
H-232 United States Capitol
Washington, DC 20515

The Honorable John Boehner
Minority Leader
Office of the House Republican Leader
H-204 United States Capitol
Washington, DC 20515



The Honorable Harry Reid
Majority Leader
Office of the Majority Leader
S-321 United States Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
Office of the Minority Leader
S-230 United States Capitol
Washington, DC 20515

Dear Speaker Pelosi, Majority Leader Reid, Minority Leader Boehner, and Minority Leader McConnell:

As you consider measures to preserve the American automobile manufacturing base, we write to urge that any federal intervention not inadvertently impede the current growth of the nation's rapidly emerging electric vehicle and advanced transportation industry.

Specifically, we oppose redirecting the \$25 billion dedicated to the "Advanced Technology Vehicles Manufacturing Incentive Program" (Section 136 of the Energy Independence and Security Act of 2007) from its intended purpose of accelerating advanced transportation technologies, especially at a time when those funds are immediately needed by innovating American companies to bring new products to market. Other options are available to finance a federal response to the auto manufacturing industry cashflow problem.

We all believe that a vibrant American auto industry is critical to our nation's economic future. California has tens of thousands of jobs tied to the existing auto industry, from hundreds suppliers and the General Motors/Toyota NUMMI manufacturing facility in Silicon Valley to repair/maintenance shops and retail sales franchises across the state. For this reason, we support efforts to improve the long-term sustainability of the traditional American auto manufacturers.

However, applying the Section 136 funds toward operating costs of the auto manufacturers will stunt innovation, stifle economic growth, and stall our national transition towards low-emission vehicles. As a result of private investment and supportive government policies in California, we are experiencing an explosion in the innovation of next generation alternative fuel vehicles. In Silicon Valley, companies like Tesla are developing long-range electric vehicles that have the potential to revolutionize the auto industry. Start-ups including Better Place and Coulomb are developing the infrastructure technologies needed to make electric vehicles a viable form of transportation, while companies including Fisker and ElectraDrive are developing hybrid-electric vehicles and electric car conversion systems, respectively. These companies are leading the way towards a green economy and have the potential to create tens of thousands of jobs nationwide.

Unfortunately, much of this growth in green industry is threatened if Congress adopts a plan that will eliminate all Section 136 funding for an indefinite period by diverting those dollars when other sources are options. Availability of Section 136 funding is critical to implementation of plans that will transform the Bay Area into the "Electric Vehicle Capital" of the country. For example, the repurposing of the Section 136 funds could force Tesla Motors to defer their announced plans for a new 700,000 square foot manufacturing complex in Silicon Valley, costing 1,000 projected jobs, including more than 500 manufacturing jobs, setting back the company and undermining immediate and long-term economic benefits.

Therefore, we urge that any efforts to assist the existing auto manufacturers also protect the current availability of Section 136 funding and avoid the unintended consequence of irreparably harming American clean transportation companies of the future.

Sincerely,



Chuck Reed
Mayor, City of San José



Gavin Newsom
Mayor, City and County of San Francisco