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**Bottom Line** - Andrew S. Ross

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**Makers of electric cars want federal money, too**

Andrew S. Ross  
Friday, December 5, 2008

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**Funds for electric cars?**

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Will the Bay Area's embryonic electric car industry get aced out by Detroit in the accelerating quest for federal funds? San Carlos' **Tesla Motors** is asking for a whopping \$400 million to get its electric roadster further off the ground and to develop a less-expensive sedan. San Francisco's **XP Vehicles** is in line to get \$40 million to help build a cutting-edge consumer car and an off-road utility vehicle. But **Scott Redmond**, chairman and technology architect of **XP Vehicles**,

says, "Detroit is trying to hijack the entire alternative energy fund."

He's referring to the **Department of Energy's** \$25 billion **Advanced Technology Vehicles Manufacturing Loan Program**, which **XP**, Tesla and other alternative-energy car companies have applied for. In their desperate attempt to secure a bailout, **Detroit's Big Three** have reportedly lobbied to grab that money, for the sake of developing their own alternative-energy **vehicles**. Tesla and others are vigorously pushing back. Southern California's **Fisker Automotive Inc.**, which makes plug-in hybrids, also wants a piece of the federal action. "It's a battle zone," says Redmond.

One possible setback, at least for Tesla, came last weekend with a stinging, widely circulated **New York Times** critique that slammed Tesla's technology as "woefully immature." The Times also wondered, perhaps more tellingly, why taxpayers should help fund Tesla's "don't-even-ask-expensive" roadster, which sells for \$109,000. The car **XP Vehicles** is developing, which will cost consumers between \$13,000 and \$15,000, may be in a sweeter political spot, but Redmond fears that if Tesla loses out, so could others in the industry.

And if his company loses the federal funding war? "We'll sit idle, wait for the economy to improve and VCs to kick back in." He might also be open to an acquisition. Maybe even by one of the industry's big wheels.

**We're No. 10!** "San Francisco has again been named as one of the top 10 cities to do business," Mayor **Gavin Newsom** delightfully announced this week. "This ranking speaks volumes about the strength of our economy and local businesses." Yes, but just barely. San Francisco came in 10th in a survey by business Web site **MarketWatch**, which looked at such factors as the number of **Fortune 1000** firms in the cities, along with job growth and unemployment rates. Numero uno, by a mile: **Minneapolis-St. Paul. Boston** comes in second, followed by **Denver; Washington; Richmond, Va.; Charlotte, N.C.; Columbus, Ohio; Nashville; and Dallas.**

**Steve Falk**, president and CEO of the **San Francisco Chamber of Commerce**, gives

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the ranking 1 1/2 thumbs up. Business follows talent, especially in a knowledge-based economy, which makes San Francisco strong, he said. Plus, the city is a favorite tourist destination. "But we are certainly not the friendliest in terms of cost of doing business," he said, citing payroll taxes, health care mandates, "and a public transit system that leaves a lot to be desired." Overall, No. 10 is about right, Falk said. But "we should be focused on fixing the negatives and strive for a top-three ranking. Why should the city that rates No. 1 with travelers settle for No. 10 in business?"

Well, at least we beat **L.A.** - and **New York**, which dropped off the top 10 list this year. To read the MarketWatch report go to [links.sfgate.com/ZFOP](http://links.sfgate.com/ZFOP).

**Waste not, want not:** Chronicle reader **Josh Fox** put it well. In a letter to the editor, he protested "appointing former (state) Sen. **Carole Migden** or any other unqualified individuals to the **California Integrated Waste Management Board**. It would be much better to leave any vacant board seats empty as a gesture toward fiscal prudence." Actually, Migden hasn't been appointed to the \$132,000-a-year spot yet. But termed-out Santa Cruz Assemblyman **John Laird** and Santa Monica state Sen. **Sheila Kuehl** have.

Still, the point is well taken. With all due respect to the Waste Management Board, appointments to such state boards and commissions are often little more than sinecures bestowed by governors or party leaders. In many instances, the fortunate failed or retiring politician does little more than show up for the occasional meeting. As for the Waste Management Board, one of six separate entities within the **California Environmental Protection Agency**, what is its mission? Helping to "promote reducing waste whenever possible, managing all materials to their highest and best use and protecting public health and safety and the environment," according to the board's Web site.

Again, with respect to this particular board, the reference to "reducing waste wherever possible" - especially in light of California's \$11.2 billion budget deficit - goes without further comment. If you missed Fox's letter, go to [links.sfgate.com/ZFOM](http://links.sfgate.com/ZFOM).

*Tips, feedback: E-mail [bottomline@sfnchronicle.com](mailto:bottomline@sfnchronicle.com)*

*This article appeared on page **D - 1** of the San Francisco Chronicle*

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tomsax 12/4/2008 10:03:15 PM

The NYT article is based on a false premise. Tesla Motors isn't asking for help with the Roadster, that work is done. I'm surprised you reprinted that specious connection without checking the facts. Tesla is asking for a part of the incentive program for automakers to develop more energy efficient vehicles. The loans Tesla applied for are for their OEM drivetrain business and for their second vehicle, the Model S. Tesla's goal is to bring the cost down and the production level up on subsequent vehicles to deliver affordable, energy efficient vehicles to the public. This is a perfect match for the federal incentive program.

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