



Envoy Technologies Inc.’s Planned Service Offering for California Air Resources Board (CARB) Clean Mobility Options (CMO) Program

I. Introduction

Enclosed is Envoy’s turn-key solution that we are planning to offer through **CARB CMO program**. CARB CMO will open on **October 20th, 2020**, with funding available on a first-come-first-served basis. CMO will pay down substantial to all construction and operational costs for innovative mobility systems, such as Envoy’s all-electric car sharing services, for a 36-month pilot period. To explore market transformation opportunities, the program also requires an investment plan that spans five years in total, or two years unfunded by CARB CMO. **Figure 1** provides snapshot of the 5-year program.

Figure 1. Mobility Project Voucher Agreement Timeline

Voucher Agreement Execution Date	Voucher Agreement Term (5 years)					
	Planning and Construction Period	Operation Launch Date	Project Operation Period (minimum 4 years)			
	Up to 1 year		Year 1	Year 2	Year 3	Year 4
	Voucher Funding Term (reimbursement period) (3 years)					

Meeting this 5-year requirement, Envoy has designed a program offering that covers this period, (pilot period of 36 months, followed by market-driven period of 24 months).

II. The 5-Year Plan

Envoy is prepared to implement a plan that we have been designing specifically for CARB CMO. We welcome further discussion on our plan with eligible project partners,¹ and are actively reaching out to discuss our ideas. We envision participating either as a sub-contractor, or that our services as outlined will be selected after funding awards. Above all, we are highly confident that our approach builds from Envoy's core strengths and experiences.

A few highlights from our proposed plan:

- **Revenue sharing.** Revenue sharing will be a chief offering to our partners in CARB CMO. This revenue sharing will bolster market-driven activities and increase stakeholder value. As an example, through a 50/50 revenue split, through each \$9.00 per hour transaction (a typical fare), Envoy will receive \$4.50, and project partners will receive \$4.50. This transaction of revenue sharing immediately builds market-driven activities that can be leveraged to build sustainability into the program from the beginning of pilot.

¹ **Eligible Lead Applicants:** a) Public agency. For example, City, County, Metropolitan Planning Organization, Council of Government, local or regional transit agency, local air quality management district, air pollution control district, public school district; b) California Native American Tribe. A Federally Recognized Tribe in California listed on the most recent notice of the Federal Register and other non-federally recognized California tribal governments, including those listed on the California Tribal Consultation List maintained by the California Native American Heritage Commission; or c) Non-profit organization. The non-profit organization that has been incorporated for at least one year prior to the time of voucher application submittal and with at least one full-time staff person based in California. Note: Sub-applicants are entities other than the lead applicant who enter into a partnership with other eligible organizations to apply for voucher funds. Sub-applicants may include but are not limited to organizations that provide clean mobility services, EVSE and other related infrastructure, community outreach services, and technical assistance. Sub-applicants may be public, private, or non-profit organizations. A single entity may participate as sub-applicant in multiple applications.

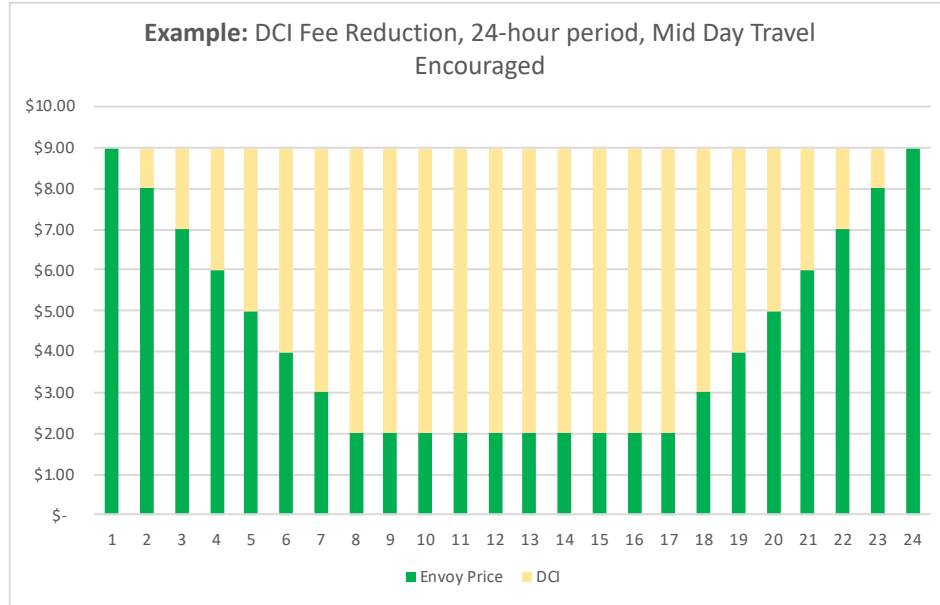
- **Garnering Resources.** The 36-month pilot period will serve as a resource “garnering” period for our project partners, who will then use revenue accrued to purchase Envoy services post-pilot period, in years 4 and 5. Envoy envisions that the lion’s share of the funds garnered by partners via 50/50 revenue split will be set aside to help sustain market-driven transactions, including the future purchase of Envoy’s mobility services and mobility wallets.
- **Mobility Wallets.** Many community members will not pay \$9.00 per hour (or 15 center per minute), and a reduced fee will be offered. Envoy recognizes that a central focus of CARB CMO is to support efforts that financially “meet each community member where they are.” As such, at minimum, 10% of all projects (e.g., approx. \$100,000 for a \$1 million project), will be set aside to pay down a portion of the \$9.00 fee for the customer through “**direct community incentives**” (or DCIs). We intend on negotiating specific DCI structures and will tailor DCIs to each partnership.

What is a DCI? Put simply, DCIs are price subsidies that pay down part of the cost to use the Envoy, during a set time interval. DCIs can be simple, or as seen in **Figure 2**, can be dynamic. In **Figure 2**, DCIs have been set in a manner that encourages or discourages behavior (here, pricing encourages mid-day travel).² The customer using this vehicle during 8AM to 5AM would be charged \$2.00 in these time slots, with the remaining \$7.00 being subsidized by the pilot’s DCI set aside. The customer only “sees” and pays the amount detailed in green, the remainder in yellow is provided by the DCI (drawn down from the mobility wallet).

² Envoy has the ability to create “simple” (e.g., per day rates) to “complex” (e.g., per hour or minute) DCIs. Moreover, Envoy can align DCIs with the intention to align with state transportation electrification and energy strategies, and envisions DCIs as a tool that will ultimately align with utility-scale interests.

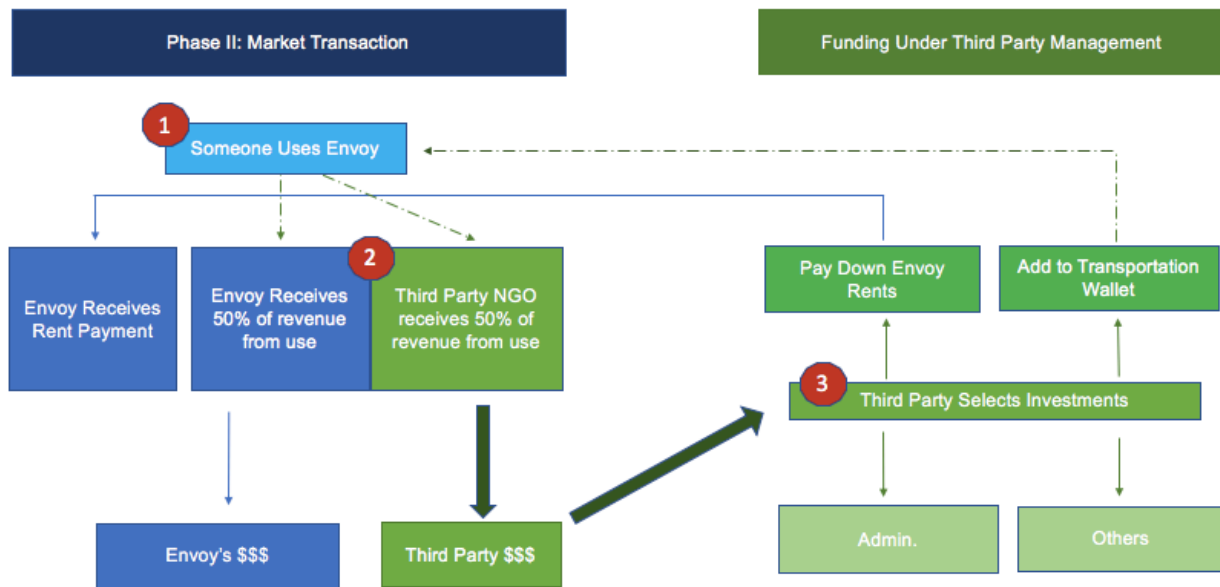
Envoy has developed a robust DCI methodology, and tested it with community members.

Figure 2: Mid-Day DCI



- **Cash Flow Management.** Post-pilot period, as market transactions begin, Envoy will work with partners to implement cash flow strategies to maximize the success of reinvested funds. The general strawman of this arrangement is shared in **Figure 3**, which highlights the cash flow exchange between Envoy and the third-party partner. As shown in **Figure 3**, the use of Envoy triggers the 50/50 revenue split (see step 1 and 2). In step 3, the third party selects areas to invest for its garnered revenue, in activities such as payment towards monthly Envoy rental costs, added funding into transportation wallet/DCIs, and others. This process creates a funding management that reinvests garnered funds into areas that sustain the program into years 4 and 5.

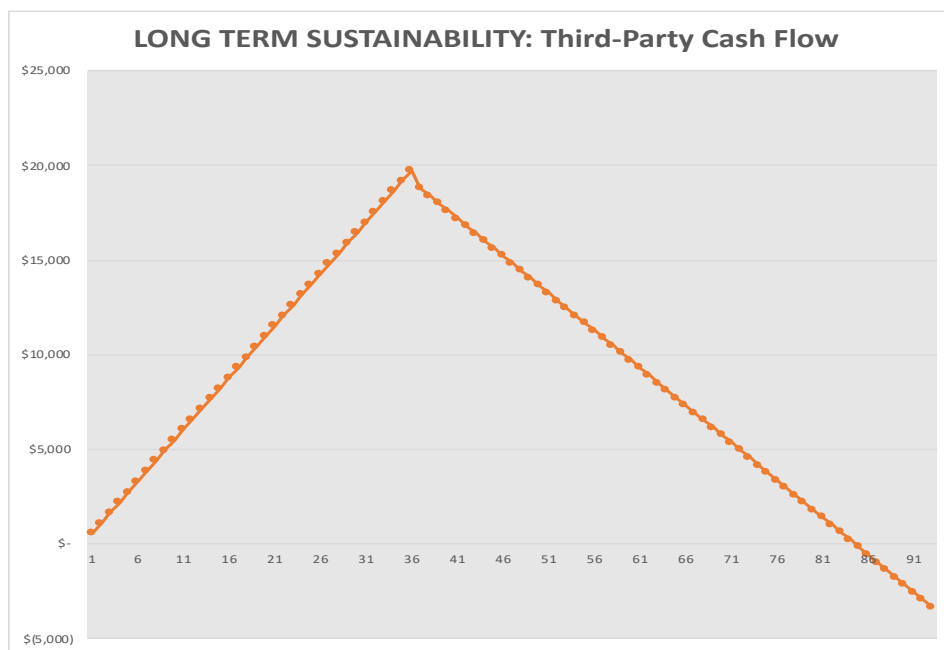
Figure 3: Cash Flow Management Post-Pilot Period, Envoy and non-profit partner



III. From Pilot to Market

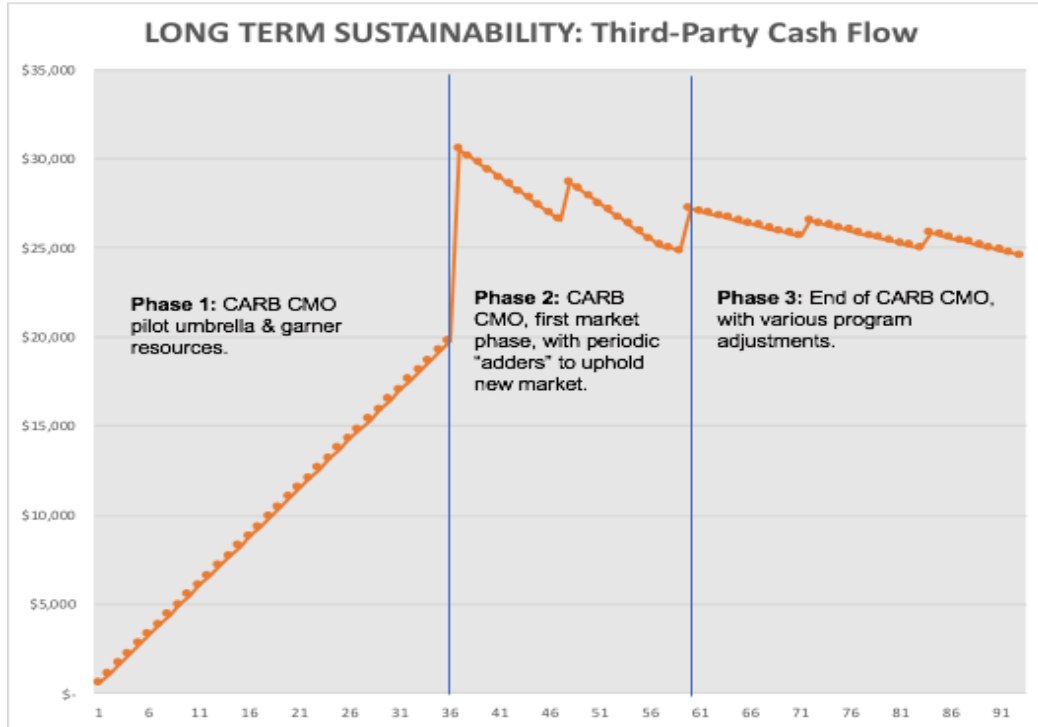
This proposed strategy (e.g., 50/50 rev share, DCIs, cash flow management) has been validated by Envoy’s internal team. Per vehicle, our findings are that at approximately 4 hours of use per day, an initial coffer of approximately **\$19,500** is generated by the end of the 36-month pilot. At minimum, at a cost of \$850 per month post pilot, the program could be sustained—unused—for up to 22 months total (a little under the 5 year mark). However, noting the market transaction, with reinvestment of these funds into program offerings (e.g., rental and incentives), coupled with continued use, even under conservative measures and generic modeling—the program can have sustained operation for at minimum 86 months (or more than 7 years total). **Figure 4** illustrates this revenue trajectory and burn rate (which begins after the first 36 months).

Figure 4: Long Term Sustainability Model, Generic



That said, Envoy's has designed a more complex financial modeling plan that brings in additional factors, including policy and regulatory considerations, incentive adjustments, granular transaction strategies, and other arrangements. As depicted in **Figure 5**, Envoy anticipates various adjustments that can be made to the financial arrangement between stakeholders that can achieve a self-sustained market and long-term partnership opportunities. In addition, Envoy anticipates that each project can attract attention from future stakeholders, such as the utility or other investors, once further energy implications of each mobility project are realized.

Figure 5: Long Term Sustainability Model, Complex



IV. Costs

Envoy's pricing will be consistent with the CARB CMO implementation manual and guidelines, which will support the following:

- **EV Charger Construction:** Envoy will lead the design, permitting, and build of the EV chargers in this program. Per port, CARB CMO allocates approximately \$26,000 for this purpose (e.g., dual port = \$52,000). Envoy will also set networking and management terms consistent with 36 months of energy delivery and networking fees to each EV charger, all as a bundled portion of the pilot;
- **All-Electric Vehicles:** Envoy will deploy as few (minimum of 2) or as many vehicles as possible (up to the CARB CMO ceiling of \$1 million per project).

Envoy will manage and lease vehicles (at \$650.00 to \$850.00 per month, including \$3,000.00 in down payment), which aligns with CARB CMO guidelines for new and used vehicles;

- **Marketing, Education & Outreach:** To bolster awareness of the program offering, Envoy's in-house ME&O experts will prepare and implement a marketing plan that maximizes use of services. This ME&O will be tailored and "right sized" proportionate to the number of Envoys deployed. CARB CMO budget guidelines commits no less than \$25,000 and up to 30% of a project's total budget for this purpose;
- **Operations & Maintenance:** Envoy's package will include all bundled services needed to provide customers with walk-up access to the shared vehicles (e.g., insurance, operations, maintenance, others). Some of these costs will be reimbursed directly through the project voucher;
- **DCIs:** Envoy estimates that approx. 10% of each project will be dedicated to these incentives, which will be managed by Envoy. These DCIs will directly reduce fees for riders, and will be deducted from the CARB CMO operational budget;
- **Data & Analytics:** These projects will collect and report deliverables back to CARB and other agencies, and more broadly present the opportunity for rich qualitative and quantitative data gathering specific to stakeholder needs. As such, Envoy's offering will be fortified with data and research collection that will embolden substantial learning opportunities from this program. Through this service, Envoy will provide monthly or bimonthly reporting on vehicle utilization, which would ensure that stakeholders are updated on project key performance indicators essentially in real-time. In addition, through robust sampling and

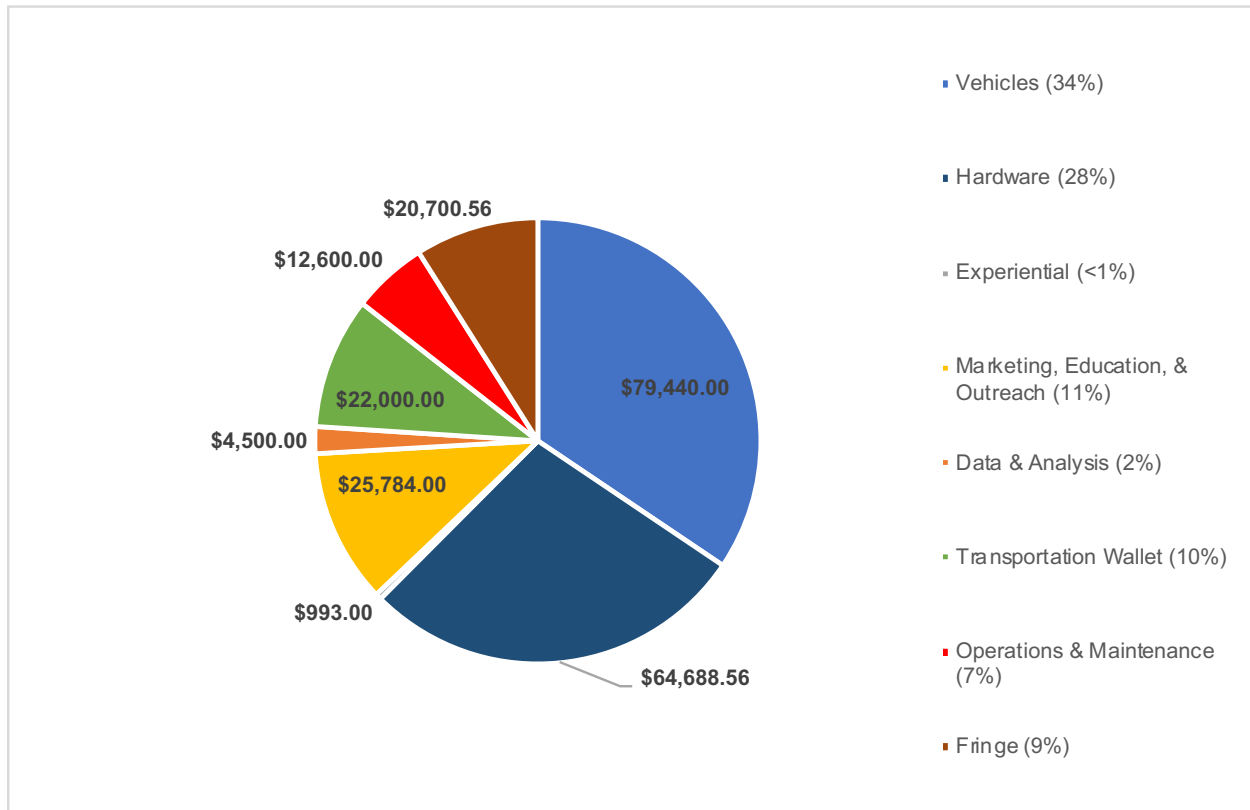
customer surveys, details on the customer and community member experience will be gathered and shared (in anonymized and aggregated form). A sample of the types of data that Envoy will collect and report from this program can be provided upon further request;

- **Administration.** Envoy will provide turn-key administration services under the program, minimizing cumbersome managerial processes. This will allow program participants to focus on ensuring use of services; and
- **Others.** Each project will be unique, and as such Envoy will be prepared to design turn-key and tailored support for our project partners. Moreover, cost savings may occur, and Envoy would welcome the opportunity to reallocate funding when such cost savings is realized, in a manner focused on post-pilot success.

The following pie chart outlines Envoy's anticipated cost per 2 units, which will change as economies of scale are gained from larger projects. Note, as seen in the two blue areas, the lion's share of costs (i.e., more than 60%) focus on the deployment of vehicles and account for EV charger construction costs.

Recognizing CARB CMO as a partnership-building opportunity, Envoy also anticipates the opportunity for different aspects of the project to be undertaken by other stakeholders (e.g., marketing, education, and outreach, community engagement, others). Estimates for program services would be refined accordingly.

Figure 6: Pie Chart of Envoy project Costs for CARB CMO



As shared in **Figure 7**, providing our turn-key solution, we anticipate that between 10 to 14 Envoys can be deployed for the 36-month period per \$1 million (depending heavily on MUD construction costs). We welcome the opportunity to explore detailed pricing strategies consistent with specific project needs and intend on refining our construction estimates once further project details are realized.

Figure 7: Table of Envoy Project Cost estimates per vehicle, for CARB CMO

Lower construction costs

Project Area	2 Envoy	4 Envoy	6 Envoy	8 Envoy	10 Envoy	12 Envoy	14 Envoy
Vehicles (39%)	\$ 79,440	\$ 158,880	\$ 238,320	\$ 317,760	\$ 397,200	\$ 476,640	\$ 556,080
Hardware (19%)	\$ 36,189	\$ 68,877	\$ 102,566	\$ 136,254	\$ 174,943	\$ 209,631	\$ 244,320
Experiential (<1%)	\$ 993	\$ 1,986	\$ 2,979	\$ 3,972	\$ 4,965	\$ 5,958	\$ 6,951
Marketing, Education, & Outreach (14%)	\$ 25,784	\$ 27,073	\$ 29,781	\$ 32,759	\$ 36,034	\$ 39,638	\$ 43,602
Data & Analysis (2%)	\$ 4,500	\$ 4,950	\$ 5,445	\$ 5,990	\$ 6,588	\$ 7,247	\$ 7,972
Transportation Wallet (10%)	\$ 19,000	\$ 32,000	\$ 46,000	\$ 60,000	\$ 75,000	\$ 89,000	\$ 95,000
Operations & Maintenance (7%)	\$ 12,600	\$ 17,100	\$ 21,600	\$ 26,100	\$ 30,600	\$ 35,100	\$ 39,600
Fringe (9%)	\$ 17,851	\$ 28,393	\$ 39,735	\$ 51,077	\$ 62,919	\$ 74,361	\$ 85,803
Total	\$ 196,356	\$ 339,259	\$ 486,425	\$ 633,911	\$ 788,250	\$ 937,576	\$ 1,079,328

Higher construction costs

Project Area	Cost for 2 Envoy (Min)	4 Envoy	6 Envoy	8 Envoy	10 Envoy	12 Envoy	14 Envoy
Vehicles (34%)	\$ 79,440.00	\$ 158,880.00	\$ 238,320.00	\$ 317,760.00	\$ 397,200.00	\$ 476,640.00	\$ 556,080.00
Hardware (28%)	\$ 64,688.56	\$ 127,877.12	\$ 191,065.68	\$ 254,254.24	\$ 317,442.80	\$ 380,631.36	\$ 443,819.92
Experiential (<1%)	\$ 993.00	\$ 1,986.00	\$ 2,979.00	\$ 3,972.00	\$ 4,965.00	\$ 5,958.00	\$ 6,951.00
Marketing, Education, & Outreach (11%)	\$ 25,784.00	\$ 28,362.40	\$ 29,780.52	\$ 32,758.57	\$ 36,034.43	\$ 39,637.87	\$ 43,601.66
Data & Analysis (2%)	\$ 4,500.00	\$ 4,500.00	\$ 4,725.00	\$ 4,961.25	\$ 5,209.31	\$ 5,469.78	\$ 5,743.27
Transportation Wallet (10%)	\$ 22,000.00	\$ 40,000.00	\$ 59,000.00	\$ 77,000.00	\$ 95,000.00	\$ 110,000.00	\$ 115,500.00
Operations & Maintenance (7%)	\$ 12,600.00	\$ 17,100.00	\$ 17,955.00	\$ 18,852.75	\$ 19,795.39	\$ 20,785.16	\$ 21,824.41
Fringe (9%)	\$ 20,700.56	\$ 35,892.71	\$ 50,784.87	\$ 65,677.02	\$ 80,569.18	\$ 95,461.34	\$ 110,353.49
Total	\$ 230,706.12	\$ 414,598.23	\$ 594,610.07	\$ 775,235.84	\$ 956,216.11	\$ 1,134,583.50	\$ 1,303,873.75

V. Conclusion

Thank you for review of this offering. We are excited to further explore Envoy as your mobility service provider in CARB CMO and are on standby to further discuss paths of synergy. Our strategy will focus on:

- Rapidly deploying EV car sharing in MUDs and affordable housing, with a focus on LIC and DAC households;
- A zero-cost pilot period that maximizes learnings;
- Immediate project revenue sharing and market-driven transactions;
- Focus on a “pull” strategy and demand by property and stakeholders;
- Use of mobility wallets and other incentives;

- Opportunities for dynamic incentives;
- Partnership building opportunities with third-party, non-profit partners;
- Energy-specific strategies;
- A voucher based, turn-key solution;
- Refined data capturing methodology;
- Opportunities to enter future market-driven partnerships with successful properties.

To further chat, you can contact us through our project liaisons, or drop us a line in our general mailbox:

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