

## Record of Categorical Exclusion for

Aptera [REDACTED] All-Electric and Hybrid Electric Vehicles

Aptera Motors, Inc.

### Description of Proposed Action:

The Department of Energy's (DOE's) proposed action is to issue a loan to Aptera Motors Inc., (Aptera) to develop, manufacture and assemble [REDACTED] as plug-in all-electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs). Assembly of these [REDACTED] Aptera vehicles would take place in an existing industrial-use building sited within an established industrial park. Aptera has applied for a loan in response to the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program that was established pursuant to Section 136 of the Energy Independence and Security Act of 2007, as amended, which provides for loans to eligible automobile manufacturers and component suppliers for projects that reequip, expand, and establish manufacturing facilities in the United States to produce light-duty vehicles and components that provide meaningful improvement in fuel economy, and for engineering integration costs associated with such projects.

The Aptera [REDACTED] EV [REDACTED] model) or PHEV [REDACTED] model) vehicles would employ composite body construction and at a curb weight around [REDACTED] pounds, would be significantly lighter than equivalent electric vehicles. Coupled with an aerodynamically optimized design and electric drive systems powered by high-power lithium ion cells produced by A123 Systems, Aptera estimates that its [REDACTED] and [REDACTED] vehicles would achieve [REDACTED] and [REDACTED] miles per gallon equivalent respectively.

Aptera's proposed manufacturing and assembly facility would be located in Grand Rapids, Michigan in a 590,000 square foot industrial building at [REDACTED], built in 1967. The building is on a 20-acre site within an established 206-acre industrial park used for commercial and manufacturing operations. The building comprises 544,000 square feet of warehouse space, 26,000 square feet of office space and 20,000 square feet of office/flexible space. Its previous use was for [REDACTED] manufacturing [REDACTED]. It is in near "move-in" condition and would require little modification in order to be suitable for Aptera's intended use. The facility includes 41 loading docks and an interior loaded rail line. External modifications would be limited to reactivation of a rail spur to the building and restriping of parking and docking areas. Internal modifications would comprise of upgrading electrical circuits, building secured internal storage areas, and upgrading existing office areas. Aptera proposes to use the DOE loan to procure the building, install equipment and establish manufacturing capability to produce the [REDACTED] electric vehicles and start production in [REDACTED].

Aptera would produce a structural [REDACTED] vehicle [REDACTED] body. Its manufacture would involve successive cutting, kitting, molding and bonding steps. A simplified assembly line process would be undertaken: body/ chassis/ trim/ final assembly. Sub assemblies would be built up adjacent to the assembly line and fed to respective stations. Assembly operations at the facility would consist almost entirely of joining vehicle components fabricated off-site by component suppliers. The site is in close proximity to key suppliers, particularly motor, battery and gearbox

suppliers. Aptera plans to begin manufacture of about [REDACTED] vehicles per year starting in [REDACTED], and expects to reach a peak production volume of approximately [REDACTED] vehicles per year in [REDACTED].

Aptera estimates that any hazardous air pollutant emissions would be well below major source limits at projected maximum production rates and well below Permit to Install limits established by the Michigan Department of Natural Resources and Environment. Small quantities of solid or hazardous wastes would be handled and disposed, or reclaimed, or sold in accordance with applicable regulations. A 3,300 gallon above ground gasoline storage tank would be installed for fueling production [REDACTED] vehicles. Approximately 50 to 75 tractor trailers will enter and leave the facility per day; such traffic levels would be consistent with the historic use of the commercial business park. No industrial process water will be generated or disposed from the site.

The project will generate approximately [REDACTED] full-time positions during the operations phase many of whom would be drawn from the pool of unemployed workers in the Grand Rapids area. The construction phase would require approximately [REDACTED] full-time workers.

Aptera also plans to establish a headquarters office in an existing facility in Carlsbad, California. The 10-year old facility is located within a commercial business park at [REDACTED]. The previously vacant office building will be used by Aptera for administrative operations, research and development, and engineering integration activities. The facility is approximately 50,000 square feet; 30,000 square feet of office space and approximately 20,000 square feet of warehouse space. No manufacturing operations will take place at the headquarters facility. The building will house approximately [REDACTED] Aptera employees, all of whom will likely live in the surrounding San Diego County communities. In addition to approximately [REDACTED] full-time positions ([REDACTED] existing and [REDACTED] new), Aptera anticipates that it will employ approximately [REDACTED] to [REDACTED] temporary, full-time construction workers to renovate the new headquarters office space. As of December, 2010, San Diego County had an unemployment rate of 10.1% according to the U.S. Department of Labor Bureau of Labor Statistics and, as such, Aptera is confident that it will be able to hire all required workers from the existing labor pool within San Diego County.

Aptera does not anticipate that any external construction activity will be required at the headquarters facility other than a ramp (above surface grade) to an existing dock door and replacing the front entry doors with a larger set of doors. Internal improvements will be limited to those typically associated with renovating, such as removing some interior walls to reconfigure existing office space. Aptera does not anticipate that it will be required to obtain any environmental authorizations to renovate the existing internal office space. If a San Diego County or other local building permit is required to support the internal renovation of the office space, Aptera will apply for and obtain any such building permit.

Once the headquarters office is operational, Aptera will have a research and development area within the office where Aptera will complete limited testing, validation and other related development and engineering integration work. For that purpose, Aptera will use extremely small quantities of certain resins, bonding agents and other composite materials that contain hazardous constituents (total quantities equivalent to those that would be involved in the assembly/manufacture of fewer than 20 vehicles per year) that fall below permitting and site registration thresholds. Based on its consultations with the San Diego Air Pollution Control District, Aptera does not anticipate that any type of air permit authorization or registration will be required to operate its headquarters office. Standard office waste material, such as

paper and paper products will be subject to corporate recycling programs to minimize the total quantity of waste created.

**Number and Title of Categorical Exclusion:**

The actions that would be taken pursuant to the ATVM loan for the Aptera [REDACTED] electric vehicles at the Grand Rapids, MI manufacturing facility, and the Carlsbad, CA headquarters and engineering integration facility are consistent with and are covered by categorical exclusion B1.31 for the retooling and reequipping of the proposed manufacturing facility, and B5.1 for renovating the headquarters and engineering integration facility. The full text of the categorical exclusions is as follows:

B1.31, as provided in 10 CFR § 1021, Appendix B to Subpart D, Relocation of machinery and equipment, such as analytical laboratory apparatus, electronic hardware, maintenance equipment, and health and safety equipment, including minor construction necessary for removal and installation, where uses of the relocated items will be similar to their former uses and consistent with the general missions of the receiving structure.

B5.1, as provided in 10 CFR § 1021, Appendix B to Subpart D, applies to actions to conserve energy, demonstrate potential energy conservation, and promote energy efficiency that do not increase the indoor concentrations of potentially harmful substances. These actions may involve financial and technical assistance to individuals (such as builders, owners, consultants, designers), organizations (such as utilities), and state and local governments. Covered actions include, but are not limited to: programmed lowering of thermostat settings, placement of timers on hot water heaters, installation of solar hot water systems, installation of efficient lighting, improvements in generator efficiency and appliance efficiency ratings, development of energy-efficient manufacturing or industrial practices, and small-scale conservation and renewable energy research and development and pilot projects. The actions could involve building renovations or new structures in commercial, residential, agricultural, or industrial sectors. These actions do not include rulemakings, standard-settings or proposed DOE legislation.

**Regulatory Requirements defined in 10 CFR § 1021.410 (b):**

The proposed ATVM loan and related actions described above were subjected to an environmental due diligence review by ATVM staff to ensure they are consistent with the specific categories of actions (categorical exclusions) contained in Appendix B of 10 CFR Part 1021 and the conditions for applying categorical exclusions specified in Section 410 of Part 1021. To ensure that the requirements of Appendix B were met, the original Aptera Motors Inc., ATVM application submitted February 4, 2010, and supplemental environmental reports submitted on April 5, 2011, were reviewed. In addition to the environmental documentation reviewed, ATVM staff participated in conference calls and email exchanges with Aptera staff to ensure a full understanding of the scope of the activities being proposed. A site visit by ATVM environmental compliance staff to the proposed manufacturing facility in Grand Rapids was also conducted on June 2, 2011. The results of the environmental due diligence review produced the following findings:

- The proposed loan project does not threaten a violation of applicable statutory, regulatory or permit requirements for environmental, safety and health, including DOE and /or Executive Orders;
- The proposed loan project does not require siting, construction, or major expansion of waste storage, disposal, recovery, or treatment facilities;
- The proposed loan project does not disturb hazardous substance, pollutants, contaminants or CERCLA-excluded petroleum and natural gas products that pre-exist in the environment such that there would be uncontrolled or unpermitted releases;
- The proposed action is not a connected action as set forth in 40 CFR § 1508.25(a)(1)); and
- The proposed action is not part of a DOE proposal for which an EIS is being prepared and therefore a categorical exclusion is not precluded by 40 CFR § 1506.1 or 10 CFR § 1021.211.

The environmental due diligence review also determined that the proposed project associated with the ATVM loan does not adversely affect any environmentally sensitive resources, including the following:

- Property of historic, archaeological, or architectural significance designated by Federal, state, or local governments or property eligible for listing on the National Register of Historic Places;
- Federally-listed threatened or endangered species or their habitat (including critical habitat), Federally-proposed or candidate species or their habitat, or state-listed endangered species or their habitat;
- Wetlands regulated under the Clean Water Act (33 U.S.C. 1344) and floodplains; or
- Special sources of water (such as sole source aquifers, wellhead protection areas, and other water sources that are vital in a region.

The Comment section below is provided for any necessary clarifications concerning the findings listed above. Signature by Aptera's designated representative in the Corporate Validation section is an indication of Aptera's concurrence with the findings and determinations presented above.

**Comment:** \_\_\_\_\_  
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**Corporate Validation:**

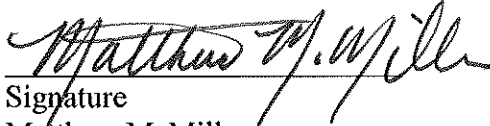
Name and Title (Print): Laura J. Marion

Date: June 15, 2011

Signature: 

**Determination:**

Based on my review of information conveyed to me and in my possession concerning the proposed action, as NEPA Compliance Officer (as prescribed by DOE Order 451.1B), I have determined that the proposed loan and associated actions involve no extraordinary circumstances (10 CFR 1021.410(b)) and fit within the specified categories of actions in Appendix B of 10 CFR 1021 described above, and are hereby categorically excluded from further review under the National Environmental Policy Act (42 USC 4321, as amended).



Signature  
Matthew McMillen  
NEPA Compliance Officer  
Loan Programs Office

6-20-11  
Date