



COLORADO

Department of Transportation

Clean Transit Enterprise

Clean Transit Enterprise (CTE) 2023 Annual Report

Pursuant to C.R.S. § 43-4-1203 (10)(a)(IV)

Reporting Period encompasses January 1 - December 31, 2023

Background

In 2021, the Clean Transit Enterprise (CTE) was established within the Colorado Department of Transportation (CDOT) to support public transit electrification planning efforts, facility upgrades, fleet vehicle replacements and the purchase and installation of electric vehicle (EV) charging and fueling infrastructure. Created by Colorado Senate Bill 21-260 (SB 21-260), the Enterprise imposes a Clean Transit Retail Delivery Fee to fund its operations and has the power to issue grants, loans and rebates to support the electrification of public transit in Colorado.

The primary business purpose of the CTE is to “reduce and mitigate the adverse environmental and health impacts of air pollution and greenhouse gas emissions produced by motor vehicles used to make retail deliveries by supporting the replacement of existing gasoline and diesel transit vehicles with electric motor vehicles, including motor vehicles that originally were powered exclusively by internal combustion engines but have been converted into electric motor vehicles; providing the associated charging infrastructure for electric transit fleet motor vehicles; supporting facility modifications that allow for the safe operation and maintenance of electric transit motor vehicles; and funding planning studies that enable transit agencies to plan for transit vehicle electrification” (CRS 43-4-1203). The statute defines electric motor vehicles to include battery electric, plug-in hybrid electric and hydrogen fuel cell electric vehicles. It also allows for funding of compressed natural gas vehicles fueled by at least 90 percent recovered methane in circumstances where an electric vehicle is not practically available.

Public transit electrification projects funded by the CTE will help the state reach its targets of 1,000 zero-emission transit vehicles (ZEVs) on Colorado roads by 2030 and a 100% zero-emission transit fleet by 2050. These targets, which were established by the 2020 Colorado EV Plan, further elaborated in the 2021 Colorado Transit Zero-Emission Vehicle Roadmap, and recommitted to in the 2023 Colorado EV Plan, apply to rubber-tired, conventionally fueled transit buses, cutaways, vans, minivans and automobiles. They do not apply to commuter rail, light rail and gondola systems, as these modes are frequently powered by electricity already.

To ensure transparency and accountability of the CTE, a 10 Year Plan was approved by the CTE Board at its May 25, 2022 meeting and is posted on the CTE Website [here](#). The plan reflects the vision and expertise of the CTE Board, along with valuable input from Colorado’s transit agency partners, transit advocates, public stakeholders and staff from CDOT’s Office of Innovative Mobility and Division of Transit and Rail. It details the estimated financial resources and expenditures for FY2023-2032 and describes the CTE funding strategy. The 10 Year Plan also provides detailed information on the four categories of funding programs - planning, facility modification, vehicle acquisition and charging/fueling infrastructure programs. No changes to the existing CTE Ten Year Plan were made in 2023.

Board of Directors

All of the powers of the CTE, as described in Section 43-4-1203, et seq., C.R.S., and as otherwise provided by law, are vested in the CTE Board. The CTE Board manages the

business and affairs of the Enterprise and consists of nine members determined pursuant to the composition and qualifications outlined in Section 43-4-1203(2)(a)(I), C.R.S.

The Governor appointed six members on September 29, 2021. One of the Governor's initial appointees, Deya Zevala of Westminster, was originally appointed for a term expiring September 28, 2024 to represent a transportation-focused organization that serves an environmental justice community, but was unable to complete her term. She was subsequently replaced by Dawn Block of La Junta on February 18, 2022. All Board members received the approval of the Senate Transportation and Energy Committee on March 15, 2022 and confirmation from the Colorado Senate on March 21, 2022. The remaining three members were designated by the heads of the state agencies - CDOT, Colorado Department of Public Health and Environment (CDPHE) and Colorado Energy Office (CEO). In November 2023, Erik Sabina replaced Theresa Takushi as the designated representative for the Colorado Department of Transportation.

For terms expiring 9/28/2024

- Matt Frommer (Denver): Member with an expertise in zero-emissions transportation, motor vehicle fleets or utilities
- Bonnie Trowbridge (Berthoud): Member representing a public advocacy group that has transit or comprehensive transit expertise
- Dawn Block (La Junta): Member representing a transportation-focused organization that services an environmental justice community

For terms expiring 9/28/2025

- Mark Garcia (Pagosa Springs): Member of the Transportation Commission and have statewide transportation expertise
- Cris Jones (Boulder): Member representing an urban area, having transit expertise
- David Averill (Telluride): Member representing a rural area having transit expertise

State Agency Appointments

- Erik Sabina: Colorado Department of Transportation designee
- Kelly Blynn: Colorado Energy Office designee
- Richard Coffin: Colorado Department of Public Health and Environment designee

Articles of Organization and Bylaws

The CTE Articles of Organization and Bylaws were approved by the Board on February 22, 2022. The Articles of Organization cover the name, authority, purpose, TABOR exemption, enterprise board, officers, powers, revenues and expenditures and process for amendments to the Articles of Organization. The Bylaws cover the Board composition, duties and responsibilities; Meetings of the Board; Open Meetings and Open Records; Officers and Staff; Fiscal Year and Budget; Amendment Process and other Miscellaneous provisions. No modification of the existing CTE Articles of Organization and Bylaws occurred in 2023.

Board Officers

The CTE Board, using the directions provided in the Bylaw and Articles of Organization, elected officers at the February 22, 2022 Board Meeting. Matt Frommer was elected Chair and David Averill was elected Co-Chair. In addition, the Board approved Kay Kelly, Chief of Innovative Mobility at CDOT, as the CTE Program Administrator and Deseri Scott, Program Assistant in the Office of Innovative Mobility at CDOT, as the CTE Secretary at the July 13, 2022 Board Meeting. No change in the officers of the CTE Board occurred in 2023.

Calendar Year 2023 Accomplishments

The second year of activities for the CTE consisted of a mix of ongoing administrative activities, refining the details of CTE grant programs and policies, and the preparation, release, and award of the CTE's first notice of funding availability in the Planning category. Looking ahead to 2024, the CTE is preparing to issue its first call for projects in the Vehicles, Charging/Fueling Infrastructure, and Facilities grant categories and establishing its public reporting dashboard to track and report on the number, location, amount, and status of awarded projects statewide.

Rulemaking

SB 21-260 established several new fees on the delivery of items that are subject to the state sales tax, including the retail delivery fee, a portion of which funds the activities of the CTE. The CTE was required by CRS 43-4-1203 (6)(g) to conduct a rulemaking in accordance with the administrative procedures act "to promulgate rules to set the amount of the clean transit retail delivery fee at or below the maximum amount authorized in this section and to govern the process by which the enterprise accepts applications for, awards, and oversees grants, loans and rebates...". CRS 43-4-1203 (7)(b) initially set the rate at \$0.03 per delivery, which is the maximum amount established by SB 21-260, although the fee may be adjusted for inflation in future years.

Following up on the Clean Transit Retail Delivery Fee rulemaking that was completed in 2022, in March 2023 the CTE Board approved an adjustment of the fee from \$0.03 to \$0.0311 for FY23-24 to account for inflation. In 2024, the CTE Board will work with staff of CDOT, the Colorado Department of Revenue (DOR) and other subject matter experts on whether further inflationary adjustments to the fee are merited for FY24-25.

Grant Program Development

In early 2023, the Board and staff of the Clean Transit Enterprise continued the ongoing effort started in 2022 to define funding program elements and procedures in advance of the anticipated release of the first CTE calls for projects. During the January board meeting, the topics of Match Requirements and the CTE's Equity Approach were discussed, as well as potential Data Reporting Requirements that would apply to any projects funded under future

CTE programs. At the March board meeting the Board finalized all remaining decision items ahead of the first DTR call for projects that would include CTE funding. While it is anticipated that the Board and staff of the CTE will continue to refine and adjust Enterprise grant policies and procedures in the future, the CTE Board has clearly established its expectations for program design, application review and selection, and monitoring and evaluation procedures that staff should follow in implementing the initial grant rounds.

Grant Awards

In May, the Clean Transit Enterprise released its first round of funding in the Planning category as part of the CDOT Division of Transit & Rail's (DTR's) Administration and Operating, Mobility Management, and Planning Call for Projects. A total of five applications were submitted. Following the scoring committee review and subsequent approval by the Board of Directors at the October 10, 2023 meeting, four Zero-Emission Transition Planning grants totaling \$297,000 were awarded to agencies around the state in October.

CTE Planning Grant Awards

Agency	CTE Grant Amount	Local Match	Total Project Cost
City of Pueblo	\$99,000	\$11,000	\$110,000
Larandon Hall Society for Exceptional Children and Adults	\$90,000	\$10,000	\$100,000
Neighbor to Neighbor Volunteers (Chaffee Shuttle)	\$40,500	\$4,500	\$45,000
Via Mobility	\$67,500	\$7,500	\$75,000
Total	\$297,000	\$33,000	\$330,000

The first call for projects for the Vehicles, Charging/Fueling, and Facilities categories is expected to be released as part of DTR's Capital Call for Projects in January 2024.

Budget

The CTE Board established and approved its initial budget for FY 22-23 at the May 25, 2022 Board meeting and the initial FY23-24 budget at the March 7, 2023 Board meeting. Both budgets were subsequently revised at the August 8, 2023 board meeting to reflect revenue changes associated with SB23-143 which provided an exemption from the Retail Delivery Fee for businesses below a certain level of revenue, which was burdensome to track for the Department of Revenue.

Elements of the annual budgets include Administrative and Agency Operations to support day-to-day operations of the enterprise, Contingency Reserve to handle unexpected expenses that are outside the range of the usual budget, and Programmed Funds that will be made available in the form of grants, loans, rebates and revenue bonds to transit agencies to support zero emission vehicle transition. The CTE does not have dedicated staff members, but leverages existing CDOT staff to support Enterprise work.

CTE Budget

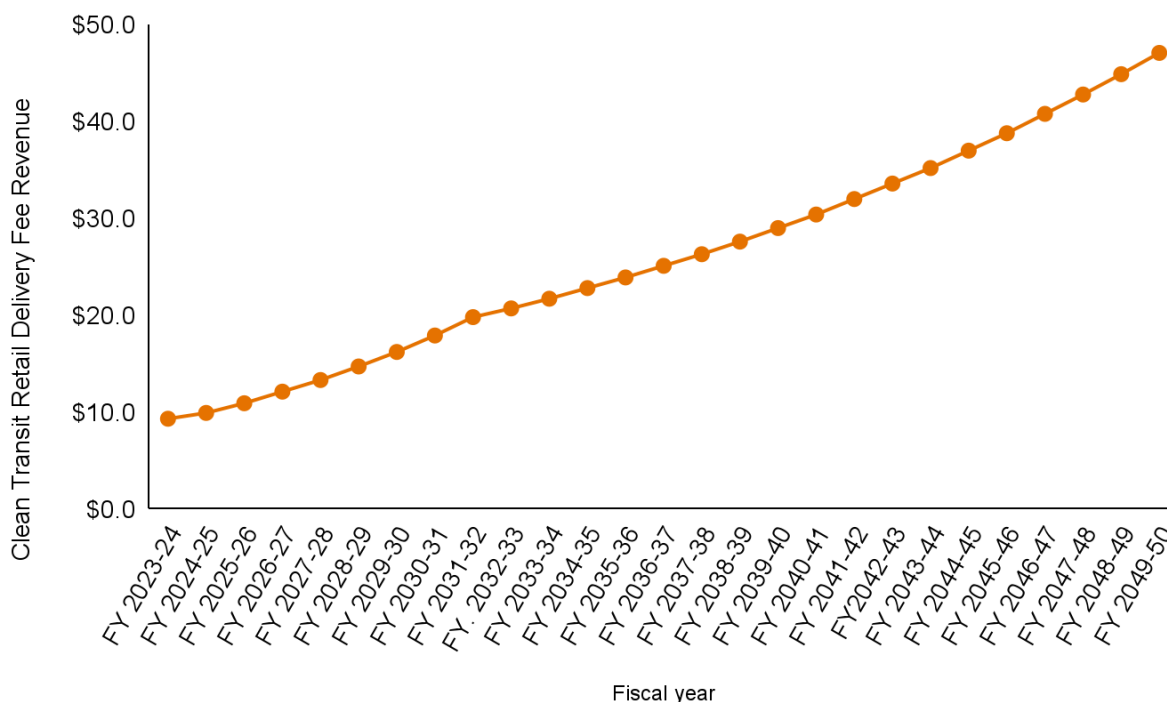
LINE ITEM	FY2022-23	FY2023-24
TOTAL REVENUES	\$ 8,246,309	\$ 8,982,450
Clean Transit Retail Delivery Fee	\$ 8,246,309	\$ 8,982,450
ADMINISTRATION & AGENCY OPERATIONS	\$ 592,608	\$ 410,495
Staff Salaries	\$ 377,880	\$ 275,895
Attorney General's Office Fees	\$ 5,000	\$ 1,000
Office of State Audit - Annual Financial Audit	\$ 2,000	\$ 2,000
Professional Services	\$ 126,000	\$ 100,000
Language Translation Services	\$ -	\$ 25,000
Administrative Expenses	\$ 5,600	\$ 6,600
Board/Staff Travel	\$ 5,000	\$ 5,000
Board Meeting Expenses	\$ 600	\$ 600
Supplies/Registration Fees/Etc.	\$ -	\$ 1,000
Loan Payments	\$ 76,128	\$ -
CONTINGENCY RESERVE	\$ 828,033	\$ 913,287
Board Reserve Fund (10.00%)	\$ 828,033	\$ 913,287
PROGRAMMED FUNDS	\$ 6,825,668	\$ 7,658,668
Programmed Funds	\$ 6,825,668	\$ 7,658,668
TOTAL - CTE	\$ 8,246,309	\$ 8,982,450

Financial Status Report

Funding from the CTE will be a key enabler for assisting transit agencies with ZEV transition. The fees established in SB 21-260 are on-going revenue streams and CDOT staff have estimated revenue amounts through 2050. The Clean Transit Retail Delivery Fee resulted in \$9.3 million in revenue in the first full year of implementation. As of October 31, 2023, the Clean Transit Retail Delivery Fee has collected \$12.4 million in revenue to support the business

purpose of the CTE. The table below outlines CDOT's current revenue forecast for the Clean Transit Retail Delivery Fee through FY 2049-2050.

Clean Transit Retail Delivery Fee Forecast (millions)



Upcoming Activities

In 2024, the activities of the CTE will focus on moving into the contracting and implementation phase for the initial round of Planning grants awarded in fall 2023 while working through the program design, advertisement, application review, and selection of the first set of capital grants in the Vehicle, Charging/Fueling Infrastructure, and Facilities grant categories. CTE staff will also work to develop, review with the Board, and publish a public accountability dashboard as required by SB21-260 to report on and track CTE grant awards. Following the completion of the first round of grant awards in each category the Board may also consider refinements to existing programs and policies based on applicant demand, changing market conditions, and stakeholder feedback.