

Clean Transit Enterprise 2022 Annual Report

Reporting Period encompasses January 1 - December 1, 2022

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 and further elaborated in the 2021 Colorado Transit Zero-Emission Vehicle Roadmap, 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 they are frequently powered by electricity.

Calendar Year 2022 Accomplishments

The initial year of activities for the CTE consisted primarily of administrative activities related to seating the Enterprise Board of Directors, electing officers, approving bylaws and articles of organization, setting a budget, drafting a 10-year plan and conducting a rulemaking to govern the CTE processes and fees.

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).

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

- Theresa Takushi: 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.

Election of 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.

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.

The CTE Board initiated the rulemaking process on February 22, 2022 to set the Clean Transit Retail Delivery Fee and to govern the process for awarding and overseeing grants, loans and rebates. In accordance with administrative procedures, the proposed rule was filed with the Secretary of State on February 25 and a public comment period was open from March 10 through April 7. A public hearing was held on April 12, 2022 and the Board adopted 2 CCR 607-1, Rules Governing Clean Transit Enterprise Processes and Fees on the same day. The final rule can be found online [here](#).

The CTE Board will work with staff of CDOT, the Colorado Department of Revenue (DOR) and other subject matter experts on how and when to adjust the retail delivery fee to account for inflation over time.

Ten Year Enterprise Plan

No later than June 1, 2022, the CTE was required to publish a 10 Year Plan that details how the Enterprise will execute its business purpose during state fiscal years 2022-2023 through 2031-2032 and estimates the amount of funding necessary to do so. As per statute, information regarding the implementation of the 10 Year Plan will be maintained and regularly updated in a public accountability dashboard that can be accessed via the CTE website.

To ensure transparency and accountability of the CTE, a 10 Year Plan was developed reflecting 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. The 10 Year Plan includes background information on the national and Colorado transit zero emission fleet, along with common barriers, anticipated timelines and costs to ZEV transition. 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.

The CTE Board intends for this 10 Year Plan to function as a living document which will be updated and refined over time to account for changes in ZEV technologies, developing vehicle markets, emerging industry best practices and the specific feedback and input of transit stakeholders - most importantly, the implementing transit agencies themselves. To this end, the CTE Board intends to review this plan at least every 2 years following its adoption in order to evaluate the need for updates. The CTE Board may adjust the regular review schedule in future years as more in-state experience and overall market predictability is gained.

The CTE 10 Year Plan was approved by the CTE Board at its May 25, 2022 meeting and is posted on the CTE Website [here](#).

Budget

The CTE did not have an operating budget or source of funding prior to August 2022 when CTE began receiving revenue from the Clean Transit Retail Delivery Fee. All FY21-22 CTE expenses were paid through a loan from the CDOT Transportation Commission (TC), which was approved by the TC in December of 2021 and by the CTE Board in February of 2022. Once CTE received fee revenue for the month of August 2022, the Transportation Commission Loan was repaid in full with interest per the terms of the loan agreement. The CTE spent \$13,735 of the \$74,350 loan in FY22. In October of 2022, the CTE Board voted to transfer the remaining balance of the loan proceeds to the 2023 Programmed Funds budget.

CLEAN TRANSIT ENTERPRISE FY21-22 (Loan from CDOT Transportation Commission)		
Expense Description	Quantity	FY22 Funding
Director	5.0% of 1.0 FTE	\$6,500
Office of Innovative Mobility (OIM) Chief	2.5% of 1.0 FTE	\$3,500
OIM Staff	50.0% of 1.0 FTE	\$37,500
Program Assistant	5.0% of 1.0 FTE	\$2,750
Division of Accounting & Finance (DAF) Staff	15.0% of 1.0 FTE	\$15,000
Policy Staff	2.5% of 1.0 FTE	\$2,500
Board Travel/Reimbursement	\$1,000 per meeting for 6 meetings	\$6,000
Meeting Expenses	\$100 per meeting for 6 meetings	\$600
TOTAL		\$74,350

The CTE Board established and approved its initial budget for FY 22-23 at the May 25, 2022 Board meeting. Elements of the annual budget 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 anticipate having dedicated staff members, but will leverage existing CDOT staff to support Enterprise work. Those positions are denoted in the budget table below.

FY23 CTE Budget

CTE LINE ITEM	FY2022-23
TOTAL REVENUES	\$ 8,280,329
Clean Transit Retail Delivery Fee	\$ 8,280,329
ADMINISTRATION & AGENCY OPERATIONS	\$ 626,628
Staff Salaries	\$ 411,900
Program Administrator	\$ 15,000
Board Secretary	\$ 5,500
DTR Director	\$ 6,500
DTR Staff	\$ 300,000
OIM Staff	\$ 37,500
Enterprise Controller/Accountant	\$ 15,000
DAF Budget Analyst	\$ 10,000
DAF Procurement Staff	\$ 20,000
OPGR Rules Coordinator	\$ 2,400
Attorney General's Office Fees	\$ 5,000
Office of State Audit - Annual Financial Audit	\$ 2,000
Professional Services	\$ 100,000
Language Translation Services	\$ 25,000
Administrative Expenses	\$ 6,600
Board/Staff Travel	\$ 5,000
Board Meeting Expenses	\$ 600
Miscellaneous	\$ 1,000
Loan Payments	\$ 76,128
CONTINGENCY RESERVE	\$ 828,033
Board Reserve Fund (10.00%)	\$ 828,033
PROGRAMMED FUNDS	\$ 6,883,239
Programmed Funds	\$ 6,825,668
Balance from Initial Loan Fund	\$ 57,571
TOTAL - CTE	\$ 8,337,900

Financial Status Report

Funding from the CTE will be a key enabler for assisting transit agencies with ZEV transition. The fees established in SB21-260 are on-going revenue streams and CDOT staff have estimated revenue amounts for the next ten years. The projections anticipate that the Clean Transit Retail Delivery Fee will result in \$8.2 million in revenue in the first full year of

implementation, growing to \$20.6 million by 2032. Anticipated fee revenue amounts for 2033 and beyond will be calculated in the future.

Clean Transit Retail Delivery Fee

FY 2022-23 to FY 2031-32

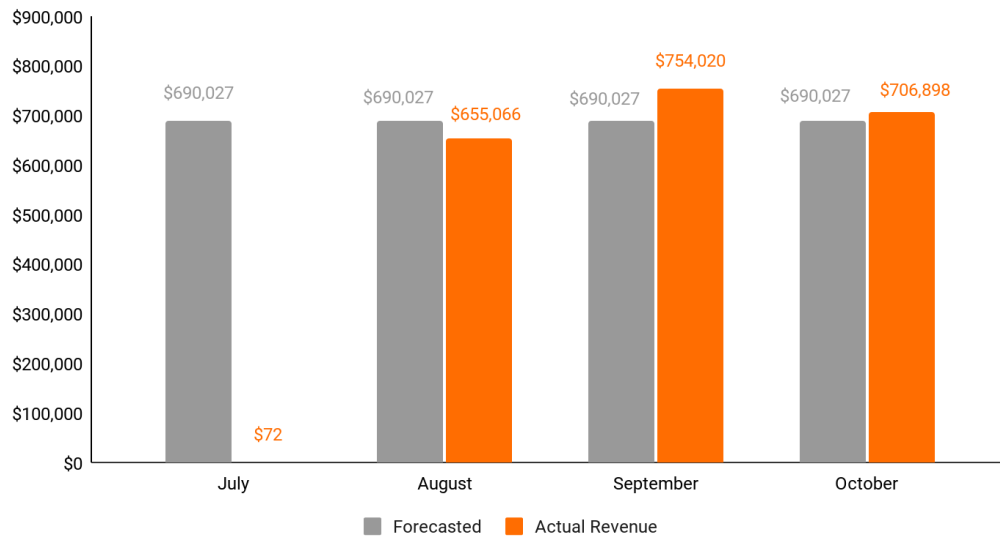
Fiscal Year	Estimated Rate Per Trip	Total
FY 2021-22	\$0.000	\$0
FY 2022-23	\$0.030	\$8,280,329
FY 2023-24	\$0.031	\$9,132,872
FY 2024-25	\$0.031	\$9,834,347
FY 2025-26	\$0.032	\$11,134,125
FY 2026-27	\$0.033	\$12,308,104
FY 2027-28	\$0.034	\$13,617,560
FY 2028-29	\$0.034	\$14,712,367
FY 2029-30	\$0.036	\$16,716,268
FY 2030-31	\$0.037	\$18,549,225
FY 2031-32	\$0.037	\$20,606,029
10-Year Total		\$134,891,225

A proposed spending plan for FY23-32 was developed as part of the CTE 10 Year Plan.

Clean Transit Enterprise 10-Year Plan - Proposed Spending Plan										
LINE ITEM	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31	FY2031-32
1 TOTAL REVENUES	\$ 8,280,329	\$ 9,132,872	\$ 9,834,347	\$ 11,134,125	\$ 12,308,104	\$ 13,617,560	\$ 14,712,367	\$ 16,716,268	\$ 18,549,225	\$ 20,606,029
2 Clean Transit Retail Delivery Fee	\$ 8,280,329	\$ 9,132,872	\$ 9,834,347	\$ 11,134,125	\$ 12,308,104	\$ 13,617,560	\$ 14,712,367	\$ 16,716,268	\$ 18,549,225	\$ 20,606,029
3 ADMINISTRATION & AGENCY OPERATIONS	\$ 626,628	\$ 560,917	\$ 575,838	\$ 591,281	\$ 607,265	\$ 623,808	\$ 640,930	\$ 658,652	\$ 676,994	\$ 695,977
4 Staff Salaries	\$ 411,900	\$ 426,317	\$ 441,238	\$ 456,681	\$ 472,665	\$ 489,208	\$ 506,330	\$ 524,052	\$ 542,394	\$ 561,377
5 Program Administrator	\$ 15,000	\$ 15,525	\$ 16,068	\$ 16,631	\$ 17,213	\$ 17,815	\$ 18,439	\$ 19,084	\$ 19,752	\$ 20,443
6 Board Secretary	\$ 5,500	\$ 5,693	\$ 5,892	\$ 6,098	\$ 6,311	\$ 6,532	\$ 6,761	\$ 6,998	\$ 7,242	\$ 7,496
7 DTR Director	\$ 6,500	\$ 6,728	\$ 6,963	\$ 7,207	\$ 7,459	\$ 7,720	\$ 7,990	\$ 8,270	\$ 8,559	\$ 8,859
8 DTR Staff	\$ 300,000	\$ 310,500	\$ 321,368	\$ 332,615	\$ 344,257	\$ 356,306	\$ 368,777	\$ 381,684	\$ 395,043	\$ 408,869
9 OIA Staff	\$ 37,500	\$ 38,813	\$ 40,171	\$ 41,577	\$ 43,032	\$ 44,538	\$ 46,097	\$ 47,710	\$ 49,380	\$ 51,109
10 Enterprise Controller/Accountant	\$ 15,000	\$ 15,525	\$ 16,068	\$ 16,631	\$ 17,213	\$ 17,815	\$ 18,439	\$ 19,084	\$ 19,752	\$ 20,443
11 DAF Budget Analyst	\$ 10,000	\$ 10,350	\$ 10,712	\$ 11,087	\$ 11,475	\$ 11,877	\$ 12,293	\$ 12,723	\$ 13,168	\$ 13,629
12 DAF Procurement Staff	\$ 20,000	\$ 20,700	\$ 21,425	\$ 22,174	\$ 22,950	\$ 23,754	\$ 24,585	\$ 25,446	\$ 26,336	\$ 27,258
13 OPR Rules Coordinator	\$ 2,400	\$ 2,484	\$ 2,571	\$ 2,661	\$ 2,754	\$ 2,850	\$ 2,950	\$ 3,053	\$ 3,160	\$ 3,271
14 Attorney General's Office Fees	\$ 5,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
15 Office of State Audit - Annual Financial Audit	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
16 Professional Services	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
17 Language Translation Services	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
18 Administrative Expenses	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600
19 Board/Staff Travel	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
20 Board Meeting Expenses	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
21 Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
22 Loan Payments	\$ 76,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23 CONTINGENCY RESERVE	\$ 828,033	\$ 913,287	\$ 983,435	\$ 1,113,413	\$ 1,230,810	\$ 1,361,756	\$ 1,471,237	\$ 1,671,627	\$ 1,854,923	\$ 2,060,603
24 Board Reserve Fund (10.00%)	\$ 828,033	\$ 913,287	\$ 983,435	\$ 1,113,413	\$ 1,230,810	\$ 1,361,756	\$ 1,471,237	\$ 1,671,627	\$ 1,854,923	\$ 2,060,603
25 PROGRAMMED FUNDS	\$ 6,825,668	\$ 7,658,668	\$ 8,275,075	\$ 9,429,432	\$ 10,470,029	\$ 11,631,996	\$ 12,600,200	\$ 14,385,989	\$ 16,017,309	\$ 17,849,449
26 Programmed Funds	\$ 6,825,668	\$ 7,658,668	\$ 8,275,075	\$ 9,429,432	\$ 10,470,029	\$ 11,631,996	\$ 12,600,200	\$ 14,385,989	\$ 16,017,309	\$ 17,849,449
27 TOTAL - CTE	\$ 8,280,329	\$ 9,132,872	\$ 9,834,347	\$ 11,134,125	\$ 12,308,104	\$ 13,617,560	\$ 14,712,367	\$ 16,716,268	\$ 18,549,225	\$ 20,606,029

As of October 31, 2022, the Clean Transit Retail Delivery Fee has collected \$2,116,056 in revenue to support the business purpose of the CTE.

Clean Transit Enterprise Retail Delivery Fee Forecasted to Actual



Upcoming Activities

Now that revenue from the Clean Transit Retail Delivery Fee has begun to flow into the enterprise, the CTE will be turning its attention to issuing the inaugural call for projects. The statewide transition to zero-emission transit vehicles will be a long and challenging process requiring commitment, partnership and resources from stakeholders across Colorado. The CTE was established to play a central role in this effort by helping to provide the funding support to transit agencies that was previously insufficient to achieve the state's goal of 1,000 transit ZEVs by 2030 and 100 percent transit ZEVs by 2050. As the Board, staff and stakeholders of the CTE move from creation and planning to implementation and scaling, it will be critical for this close partnership to be maintained and strengthened, and for more voices and partners to be added to the conversation. While the path will not be easy, success in this effort will lead to cleaner, healthier and more efficient mobility for Coloradans in the years to come.