



**COLORADO**

**Department of Transportation**

Nonattainment Area Air Pollution  
Mitigation Enterprise

# Nonattainment Area Air Pollution Mitigation Enterprise (NAAPME)

## 2023 Annual Report

Pursuant to C.R.S. § 43-4-1303 (10)(a)(IV)

Reporting Period Encompasses January 1, 2023 to December 31, 2023

## Background

The Nonattainment Area Air Pollution Mitigation Enterprise (NAAPME, or the Enterprise) was established within the Colorado Department of Transportation (CDOT) to support projects that mitigate the environmental and health impacts of increased air pollution from motor vehicles in nonattainment areas of Colorado. Created by Colorado Senate Bill 21-260 (SB 21-260), “Sustainability of the Transportation System,” the Enterprise imposes an Air Pollution Retail Delivery Fee and an Air Pollution per Ride Fee to fund programs and projects that fulfill its business purpose.

The primary business purpose of the NAAPME is to “mitigate the environmental and health impacts of increased air pollution from motor vehicle emissions in nonattainment areas that results from the rapid and continuing growth in retail deliveries made by motor vehicles and in prearranged rides provided by transportation network companies by providing funding for eligible projects that reduce traffic, including demand management projects that encourage alternatives to driving alone or that directly reduce air pollution, such as retrofitting of construction equipment, construction of roadside vegetation barriers, and planting trees along medians.”

Nonattainment areas in Colorado are designated areas from the U.S. Environmental Protection Agency (EPA) that do not meet ambient air pollution standards. Ozone is the only identified pollutant in which parts of Colorado are currently in nonattainment for these standards. Currently Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, a portion of Larimer, and Weld Counties are in the designated ozone nonattainment area within the state.

Projects funded by the Enterprise look towards reducing the impact of air pollution from ozone in the current nonattainment areas of Colorado. The Enterprise has identified three focus areas in which projects can support this objective, as outlined in its [10-Year Plan](#):

- **Sustainably reduce traffic congestion**

Projects that provide alternatives to single occupancy travel including transit services, active transportation alternatives, and carpool alternatives, as well as roadway operations improvements that sustainably reduce congestion, such as traffic incident management.

Examples Include:

- Expanding interregional transit services (e.g., Bustang);
- Development and expansion of bus rapid transit services;
- **Mobility Hubs:** destinations for transit services that connect interregional and local services, including first and last miles services, electric vehicle charging, and bike parking;
- New and expanded sidewalks and bike paths; and
- New and expanded vanpool, carpool, and other services for commuter travel.

- **Reduce the environmental and health impacts of transportation**  
Reducing impacts from the construction and ongoing operation of transportation projects. Examples include:
  - Reduce the impact of large highway construction projects;
  - Retrofitting construction equipment for highway projects;
  - Air quality monitoring for larger highway construction projects; and
  - Roadside vegetation barriers.
- **Improve neighborhood connectivity for communities adjacent to highways**  
Fund mitigation measures that help reconnect communities and provide multimodal options to move along and across large urban corridors. Examples include:
  - More sidewalks and bike paths along major corridors and local roads;
  - Safer bike and pedestrian connectivity along busy urban streets; and
  - Projects that reduce traffic speeds along busy urban streets.

## Calendar Year 2023 Summary

Throughout calendar year 2023, the Enterprise and its Board of Directors worked to build on the foundation of its ten-year Plan, expanding on those concepts and learning more about needs with stakeholders throughout the ozone nonattainment area. Throughout the year, the Board of Directors met nine times, with discussions ranging from decisions regarding funding programs for the Enterprise to administrative and budgetary actions.

### January 2023

The Board of Directors meeting was held on January 26th, with informational presentations and discussion on two topics:

- Presentation on the Central 70 Tolling Equity Program by the Colorado Transportation Investment Office.
- A presentation from the North Front Range Metropolitan Planning Organization (NFRMPO) on regional transit corridors, helping provide context with the specific transit needs in the north front range part of the nonattainment area.

### February 2023

The Board of Directors meeting was held on February 23rd, and the Board approved recommendations for new levels for the Air Pollution per Ride fee and the Air Pollution Mitigation Retail Delivery fee, as well as final adoption of the enterprise Budget for Fiscal Year 2024 (see the “Enterprise Budget” section for details).

## May 2023

The Board of Directors meeting was held on May 25th (both in-person at CDOT Headquarters and online), with informational presentations and discussion on the following topics:

- “Air Quality Issues and Perspectives” from the Regional Air Quality Council (RAQC).
- The Board began initial discussions on potential funding programs for the enterprise, with additional emphasis on Sidewalks & Bike Paths and Bus Rapid Transit (BRT).
- The needs in regards to translation services for alternative language options for enterprise documents as well as potential compliance with accessibility standards.

## June 2023

The Board of Directors meeting was held on June 29th, with informational presentations and discussion on the following topics:

- Appointment of Suzanna Alvarado as new Board Secretary.
- Required annual “Open Meetings Training” with the Colorado Attorney General’s office.
- Determine meeting cadence for FY2024.

## July 2023

The Board of Directors meeting was held on July 27th. In continuation of the initial discussion that occurred at the May Board of Directors meeting, the Board continued to discuss how enterprise funds are programmed to fit the business purpose and needs outlined in the ten-year plan, with an emphasis on determining

## August 2023

The Board of Directors meeting was held on August 24th, and the Board approved a Budget Amendment for FY2024. Additionally, the Board moved into an executive session pursuant to Section 24-6-402 (3) (a) (II) of the Colorado Revised Statutes for the purpose of receiving legal advice from counsel.

## September 2023

The Board of Directors meeting was held on September 28th (in-person at CDOT Headquarters and online), with informational presentations and discussion on the following topics:

- Bus Rapid Transit from CDOT Region 1 and Denver Regional Council of Governments (DRCOG).
- Continuation of the “Enterprise Program Funding” discussion, with additional emphasis on eligibility, evaluation criteria, and other CDOT funding programs.

## October 2023

The Board of Directors meeting was held on October 26th, with informational presentations and discussion on the following topics:

- NAAPME and CDOT Accounting & Finance staff presented a NAAPME FY 2024-25 Budget for initial consideration.
- The Colorado Department of Public Health and Environment (CDPHE) presented its “EnviroScreen” tool to help determine Disproportionately Impacted Communities (DICs) throughout Colorado and the ozone nonattainment area.
- NAAPME Staff continued its “Enterprise Program Funding” discussion, with additional emphasis on final details before presenting a proposal to the Board.

## November 2023

The Board of Directors meeting was held on November 30th, with informational presentations and discussion on the following topics:

- NAAPME Staff presented a draft 2023 Annual Report for Board approval.
- The North Front Range Metropolitan Planning Organization (NFRMPO) presented on “Transit in the North Front Range.”
- NAAPME Staff presented a Public Accountability Dashboard (required by SB21-260) for initial consideration by the Board.
- NAAPME Staff continued its “Enterprise Program Funding” discussion, incorporating comments from the previous Board of Directors meeting.

# Enterprise Budget

## Fiscal Year 2022-23

Colorado's State fiscal Year 2022-23 concluded on June 30, 2023, the first full fiscal year the Nonattainment Enterprise was in operation. Most expenditures for this fiscal year were administrative to continue to support the establishment of the Enterprise and identify funding programs in line with the objectives outlined in statute and the Enterprise's 10-Year Plan. The Enterprise paid off the loan from the Colorado Department of Transportation to cover establishment expenses with fee revenue collected during the fiscal year. Enterprise expenses totaled \$103,662, with \$75,557 used for debt service towards the loan approved by the Colorado Transportation Commission for startup expenses, and \$28,368 used for Enterprise administration and salary compensation. The Enterprise allocated \$200,000 to the Board contingency fund for the fiscal year, which was not used. These funds, in addition to the remaining portion of the loan proceeds (\$14,539) and unused administrative expenses. (\$199,282) were added to the roll-forward of funds allocated to Enterprise funded programs (\$8,738,897).

## Fiscal Year 2023-24

The Board of Directors adopted the Fiscal Year 2023-24 Budget in February 2023, apportioning \$9.2 million dollars in expected revenue for the fiscal year. The Enterprise anticipates having \$15.9 million available to invest in fiscal year 2023-24. As the Board continues to develop the Enterprise’s program of projects, it is anticipated that funds will start being allocated to specific programs that fit within its business purpose. Table 1 presents the estimated breakdown by revenue allocation category for the fiscal year.

Table 1 - Fiscal Year 2023-24 Final Allocation Plan

Revenue Allocation Category	Estimated Rollforward from FY 2022-2023	FY 2023-24 Final Allocation Plan	FY 2023-24 Total Available Budget
Program Funds	\$6,821,090	\$8,753,972	\$15,575,062
Administration & Agency Ops.	\$104,640	\$192,798	\$297,438
Debt Service	\$0	\$0	\$0
Contingency Reserve	\$0	\$200,000	\$200,000
<b>Totals</b>	<b>\$6,925,730</b>	<b>\$9,146,770</b>	<b>\$16,072,500</b>

Early in calendar year 2024, staff will provide a budget amendment to the approved fiscal year 2023-24 budget that will reconcile the discrepancies from estimated revenue collection and remaining funds from fiscal year 2022-23 to actuals from that year, and then post a revised version of the approved budget.

## Fee Levels for the Air Pollution Per Ride Fee and Air Pollution Mitigation Retail Delivery Fee

In accordance with Colorado Revised Statutes § 43-4-1303(7)(c)(I) & (II), the Board is able to adjust the fee levels for both the Air Pollution per Ride fee and the Air Pollution Mitigation Retail Delivery fee. The NAAPME Board adopted new fee levels for fiscal year 2023-24, based on recommendations from the Colorado Department of Revenue and Enterprise, specifically:

- Increased Air Pollution per Ride fee for Non-Carshare and Gasoline Powered Vehicles from 22 ½ Cents to 23 ¼ Cents;
- Increased Air Pollution per Ride fee for Carshare/ZEV Rideshare rides from 11 ¼ Cents to 12 Cents; and
- Increased Air Pollution Mitigation Retail Delivery fee from 7/10 of one cent to 73/100 of one cent.

The revised fee levels were reported to the Colorado Department of Revenue ahead of the statutory deadline of March 15th.

## Financial Status Report

The Air Pollution per Ride fee and the Air Pollution Mitigation Retail Delivery fee established by statute are ongoing revenue streams for the Enterprise. The Colorado General Assembly passed and Governor Polis signed [SB23-143 - Retail Delivery Fees](#), exempting smaller qualified businesses from collection of the retail delivery fee, in addition to other provisions. Along with the fee adjustments approved by the Board in February 2023 (detailed in the “Enterprise Budget” section of this report), the Board reviewed and approved an updated revenue estimate for fiscal year 2023-24 through fiscal year 2027-28. Table 2 details the estimated revenue collection by fee for these years, replacing original estimates from previously.

Table 2 - Estimated Future Revenue Collection by Fiscal Year and Source

Revenue Sources	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28
Air Pollution Mitigation Retail Delivery Fee	\$2,308,478	\$2,550,107	\$2,812,952	\$3,102,741
Air Pollution Mitigation Per Ride Fee	\$8,338,066	\$10,170,251	\$12,364,329	\$15,004,277
<b>Totals</b>	<b>\$10,646,544</b>	<b>\$12,720,358</b>	<b>\$15,177,281</b>	<b>\$18,107,018</b>

Additionally, fee collection during fiscal year 2022-23 outpaced original estimates. Collections were 21% higher than anticipated, with an additional \$1,525,082 of revenue collected from both fees. The additional fee collection will be incorporated into programmatic funds, as outlined in the Enterprise’s 10-Year Plan. Table 3 details the collection of both fees per quarter as compared to the estimate.

Table 3 - Original Revenue Collection Estimate vs. Actual - Fiscal Year 2022-23

Revenue Sources	FY23 Quarter 1	FY23 Quarter 2	FY23 Quarter 3	FY23 Quarter 4	FY23 Total
Air Pollution Mitigation Retail Delivery Fee	\$328,812	\$530,177	\$545,638	\$774,847	\$2,179,474
Air Pollution Mitigation Per Ride Fee	\$0	\$1,556,049	\$1,569,570	\$3,345,214	\$6,470,834
<b>Total Actual NAAPME Revenue</b>	<b>\$328,812</b>	<b>\$2,086,226</b>	<b>\$2,115,208</b>	<b>\$4,120,061</b>	<b>\$8,650,308</b>
Revenue Collection Estimate	\$1,781,307	\$1,781,307	\$1,781,306	\$1,781,306	\$7,125,226
<b>Difference</b>	<b>(\$1,452,495)</b>	<b>\$304,919</b>	<b>\$333,902</b>	<b>\$2,338,755</b>	<b>\$1,525,082</b>

## Upcoming Activities

The Board of Directors and Enterprise staff continue to identify areas of opportunity that it can support and meet its business purpose and the funding focus areas identified in its 10-Year Plan. With the information provided to the Board of Directors through each of this year's board meetings, it is anticipated that an overall eligibility and evaluation criteria for specific project selection will be adopted by the Board and incorporated into the 10-Year Plan. Additionally, the Enterprise anticipates establishing specific funding programs, along with funding over the next ten years, to begin to distribute funds to eligible projects through an established evaluation process.

In addition to adopting the fiscal year 2024-25 budget, the Enterprise plans to address requirements outlined in [HB21-1110 - Colorado Laws For Persons With Disabilities](#), ensuring that all reports and documentation from the Enterprise is accessible to all citizens within the nonattainment area and other interested parties. This effort will include language accessibility for major documents as well. The Board will also hold elections for Chair and Vice-Chair of the Board of Directors in April 2024 for the next two-year term.

While this is not an exhaustive list of all the potential activities for calendar year 2024, it is expected to be an exciting and busy year for the Nonattainment Area Air Pollution Mitigation Enterprise, which looks forward to beginning helping communities throughout Colorado's Northern and Central Front Range.