



COLORADO

Department of Transportation

Nonattainment Area Air Pollution
Mitigation Enterprise

NAAPME 2024 Annual Report

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

Reporting Period: January 1, 2024 to December 31, 2024

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:

- 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:
 - 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:
 - 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 2024 Summary

“Community Clean Transportation Assistance Program (CCTAP)”

The Enterprise Board of Directors approved its first grant funding program in September 2024. [The Community Clean Transportation Assistance Program \(CCTAP\)](#) was officially authorized by the Enterprise on November 4, 2024, with \$17 million available to eligible entities for projects that will help reduce the environmental and health impacts of transportation in the Nonattainment Area.

The Enterprise is currently reaching out to planning agencies in this area about CCTAP, and responding to a growing number of emails for further information. A press release, webinar, FAQ document, technical assistance, and other information will also be made available to (including [resources in Spanish](#)).

CCTAP Application Timeline

- November 2024 through February 2025: Open period for questions, technical assistance, and identification of engineering review of proposed project.
- 5:00 p.m., Feb. 25, 2025: Deadline to Submit Draft Applications for Review
- March through April 2025: Technical review of applications review for project feasibility.
- 5:00 p.m., April 30, 2025: Deadline to Submit Final Applications.
- May 2025: Applications evaluated by Enterprise staff
- 4:30 p.m., June 26, 2025: Board of Directors review and award projects.
- No later than July 31, 2025: Award Notices Sent to Applicable Parties

Board Meetings

Throughout Calendar Year 2024, the Enterprise and its Board of Directors worked to build on the foundation of its 10-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 eleven times, with discussions ranging from decisions regarding funding programs for the Enterprise to administrative and budgetary actions.

January 2024

The Board of Directors meeting was held on January 25th, with informational presentations and discussion on the following topics:

- Local Match Requirements for the CDOT Multimodal Transportation Options Fund (MMOF);
- Approval of Proposal for NAAPME Program Evaluation Criteria; and
- Accessibility and Translation of NAAPME Materials.

February 2024

The Board of Directors meeting was held on February 22nd, with informational presentations and discussion on the following topics:

- Adoption of the NAAPME FY 2024-25 Budget;
- Adoption of Rideshare and Retail Delivery Fee adjustments for FY 2024-25;
- Enterprise Financing Strategies; and
- Allocation of NAAPME Program Funds.

March 2024

The Board of Directors meeting was held on March 28th, with informational presentations and discussion on the following topics:

- Colorado General Assembly - Legislative Session Update;
- Board Chair and Vice-Chair Elections; and
- Allocation of NAAPME Program Funds.

April 2024

The Board of Directors meeting was held on April 25th, with informational presentations and discussion on the following topics:

- Board Policy Regarding Fiscal Management; and
- Allocation of NAAPME Program Funds.

May 2024

The Board of Directors meeting was held on May 23rd, with informational presentations and discussion on the following topics:

- Board Policy Regarding Fiscal Management; and
- Allocation of NAAPME Program Funds.

June 2024

The Board of Directors meeting was held on June 27th, with informational presentations and discussion on the following topics:

- Approved Board Policy Regarding Financial Management;
- Approved Enterprise Spending Plan;
- Approved revised NAAPME 10-Year Plan; and
- Allocation of NAAPME Program Funds.

July 2024

The Board of Directors meeting was held on July 25th, with informational presentations and discussion on the following topics:

- Large Projects Grant Program Discussion; and
- Allocation of NAAPME Program Funds.

August 2024

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

- Annual Open Records Training; and
- Allocation of NAAPME Program Funds.

September 2024

The Board of Directors meeting was held on September 25th, when they approved a Small Grant Funding Program and directed NAAPME Staff to create a Notice of Funding Opportunity (NOFO) for it.

October 2024

The Board of Directors meeting was held on October 31st, with informational presentations and discussion on the following topics:

- Review of draft Fiscal Year 2025 Budget;
- Update on NOFO Progress for Small Grant Funding Opportunity.

December 2024

The Board of Directors meeting was held on December 5th, with informational presentations and discussion on the following topics:

- Review and approve the Enterprises' Calendar Year 2024 Annual Report.
- Review and approve Fiscal Year 2025 Budget Reconciliation

Enterprise Budget

Fiscal Year 2023-24

Colorado's State fiscal Year 2023-24 concluded on June 30, 2024. 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. Enterprise expenses totaled \$38,756. The Enterprise allocated \$200,000 to the Board contingency fund for the fiscal year, which was not used. These funds, and unused administrative expenses (\$330,682) were added to the roll-forward of funds allocated to Enterprise funded programs (\$19,444,258).

Fiscal Year 2024-25

The Board of Directors adopted the Fiscal Year 2024-25 Budget in February 2024, allocating \$30.33 million in anticipated revenue for the fiscal year. This amount represents the total funds available for the Enterprise to invest in its initiatives during Fiscal Year 2024-25. As the Board advances its decisions regarding the Enterprise's program of projects, it is expected that funds will be allocated to specific initiatives, including the CCTAP program and the broader grant program with a primary focus on supporting Bus Rapid Transit (BRT) projects, all aligned with its business purpose. Table 1 presents the estimated breakdown by revenue allocation category for the fiscal year.

Table 1 - NAAPME Fiscal Year 2024-25 Budget Overview

Budget Line Item	Total Estimated Revenues	Total Estimated Expenditures	Total Estimated Allocations
Total Estimated Revenues	\$30,325,919		
Total Programmed & Project Support Services		\$25,870,000	
Total Administrative & Operating Activities		\$181,000	
Total Debt Service		\$0	
Total Board Contingency Reserve			\$200,000
Total Revenues	<u>\$30,325,919</u>		
Total Expenditures		<u>\$26,051,000</u>	
Unbudgeted Revenues	<u>\$4,274,919</u>		

Staff provided a budget amendment to the approved fiscal year 2024-25 budget, which the Board approved in December 2024. This amendment reconciled the discrepancies from estimated revenue collection and remaining funds from fiscal year 2023-24 to actuals from that year.

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 2024-25, 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 23 ¼ Cents to 24 Cents;
- Increased Air Pollution per Ride fee for Carshare / Zero Emission Vehicle (ZEV) Rideshare rides from 12 Cents to 12 ¾ Cents; and
- Increased Air Pollution Mitigation Retail Delivery fee from 73/100 of one cent to 75/100 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 Air Pollution Mitigation Retail Delivery fee established by statute are ongoing revenue streams for the Enterprise. Along with fee adjustments approved by the Board in February 2024, the Board reviewed and approved an updated revenue estimate for fiscal year 2024-25 through fiscal year 2026-27. 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
Air Pollution Mitigation Retail Delivery Fee	\$2.7 Million	\$3.0 Million	\$3.4 Million
Air Pollution Mitigation Per Ride Fee	\$8.4 Million	\$10.4 Million	\$12.7 Million
Totals	\$11.1 Million	\$13.4 Million	\$16.1 Million

Upcoming Activities

The Nonattainment Enterprise expects to spend most of its efforts in Winter-Spring 2025 on administration of the Community Clean Transportation Assistance Program. This will include reaching out to eligible communities in the Nonattainment Area, answering technical questions about the grant and eligibility, and begin the process of accepting grant applications. It is anticipated that the Board of Directors will make grant awards for this funding opportunity in June of 2025. Enterprise staff will then update publicly available information regarding the status of funding through its public dashboard regarding funding decisions and statuses of projects.

The Enterprise will also work with other parts of CDOT on how best to establish and administer a larger grant program for entities wishing to expand BRT programs throughout the Nonattainment Area. This will include final budgetary allocation for a program, establishment of eligibility criteria and how to evaluate applications, and other administrative efforts related to this with advice and confirmation from the Board of Directors. Establishment of a program for this effort is anticipated to be completed by the end of fiscal year 2025.

While this is not an exhaustive list of all the potential activities for calendar year 2025, it should be an exciting and busy year for the Nonattainment Area Air Pollution Mitigation Enterprise, which looks forward to beginning helping communities throughout the Denver Metro and North Front Range areas of Colorado.