

The Clean Transit Enterprise Board Meeting took place on Monday, January 31st, 2022. These meetings were held in a virtual format only, in an abundance of caution due to the COVID-19 pandemic.

The documents are considered to be in draft form and for information only until final action is taken by the Clean Transit Enterprise Board.

Clean Transit Enterprise Board Meeting Monday, February 22nd, 2022, 2:00pm – 4:30

Call to Order, Roll Call:

Board Members: Matt Frommer – SWEEP, Bonnie Trowbridge – Drive Clean Colorado, Mark Garcia – TC District 8, David Averill – Executive Director for San Miguel Authority Regional Transportation, Kelly Blynn - CEO, Richard Coffin – CDPHE Air Pollution Control Division

Kay Kelly – CDOT, Herman Stockinger – CDOT, Jennifer Uebelher – CDOT, Amber Blake – CDOT, Michael King – CDOT, Sari Weichbrodt – CDOT

Board Elections (Kay Kelly)

Purpose: Elect the CTE Chairperson and Vice-Chairperson.

Action: Motion by Mark Garcia to approve Matt Frommer as Chairperson and David Averill as Vice-Chairperson, seconded by Bonnie Trowbridge. Passed unanimously.

Discussion:

- The governor's office appointed Dawn Block from the La Junta Office of Transportation as a CTE board member replacing Deya Zevala.
- Election of Officers:
 1. Chairperson: Matt Frommer has volunteered for the role of Chairperson.
 2. Vice-Chairperson: David Averill volunteered for the role of Vice-Chairperson.

Action Agenda

Purpose: To approve action items (minutes, Articles of Organization, Bylaws, Transportation Commission Loan) included in the board packet.

Action:

- A. Approval of Minutes January 31, 2022 CTE Board Meeting: Motion by Bonnie Trowbridge to approve January 31, 2022 CTE Board Meeting minutes, seconded by David Averill. Passed unanimously.
- B. Clean Transit Enterprise Board Articles of Organization: Motion by Mark Garcia to approve the Clean Transit Enterprise Board Articles of Organization, seconded by Kelly Blynn. Passed unanimously.
- C. Clean Transit Enterprise Board Bylaws. Motion by Matt Frommer to approve the Clean Transit Enterprise Board Bylaws, seconded by Bonnie Trowbridge. Passed unanimously.
- D. Approval of Transportation Commission Loan for Clean Transit Enterprise Start-up Costs: Motion by David Averill to approve the Start-Up Loan Agreement between the CDOT Transportation Commission and the CTE Board in the amount of \$73,500, seconded by Matt Frommer. Passed unanimously. Mark Garcia abstained from this vote because of his position on the Transportation Commission.

Discussion:

- Mark Garcia: Has the CDOT attorney looked at the articles of organization?
- Kay Kelly: Yes, Kathy Young has reviewed the Articles of Organization. The Attorney General's Office has also reviewed the Bylaws.

Federal & State Transit Funding Landscape (Amber Blake)

Purpose: Review of transit funding sources for 2022-2023, including: pass-through Federal Transit Administration (FTA) funding, other federal funding sources with transit eligibility, state transit, and state enterprise funding sources.

Action: No approval action was requested.

Discussion:

- Two types of funding: Discretionary funding are made through a competitive process and are subject to annual appropriations. Formula program funding consists of set amounts that are distributed annually and are guaranteed.
- Federal Funding
 1. FTA 5304 Statewide and Non-Metropolitan Planning: \$0.5 M for FY23 administered by Division of Transit and Rail (DTR) and awarded as pass through grants via an annual call for projects. Eligible projects include development of transportation plans/program, plan, design, evaluate, or conduct technical studies related to public transportation. Planning projects may not exceed 80% federal funding.
 2. 5310 Enhanced Mobility for Seniors and Individuals with Disabilities: \$2.8 M in federal funding forecasted for FY23, administered by DTR and awarded as pass through grants via an annual call for projects. Eligible projects include capital, operating and mobility management. Capital costs and mobility management may not exceed 80% federal funding; operating costs may not exceed 50% federal funding.
 3. 5311 Rural Area Formula Program to support public transportation in rural areas with less than 50,000 people. \$17.6 M forecasted in federal funding and administered by DTR and awarded as pass through grants via an annual call for projects. 5311 programs include operating & admin and capital (fleet, facilities, equipment). 5311(b)(3) is the Rural Transit Assistance Program (RTAP). 5311(f) is the intercity bus (Bustang, Outrider) program. The federal share is 80% for capital projects, 50% for operating assistance, and 80% for American with Disabilities (ADA) non-fixed route paratransit service.
 4. FTA 5339 to maintain a state of good repair. \$6.5 M in federal funding forecasted for FY23 and administered by DTR and awarded as pass through grants via an annual call for projects. This program is to replace, rehabilitate, and purchase buses and related equipment, construct bus-related facilities including technological changes and modify low or no emission vehicles and facilities.
 5. Surface Transportation Block Grants (STBG) and Risk/Resiliency Formula Program are “Strategic” sources of funding for the CDOT Pipeline of Projects 10-year plan.
 6. Transportation Alternatives (TA) for non-motorized projects and environmental mitigation such as first and last mile connections. \$18.5 M in federal funding forecasted for FY23. 59% of this program is allocated to CDOT regions based on population. The remaining funding is allocated based on 45% VMT, 40% lane miles, and 15% truck VMT.
 7. Congestion Mitigation and Air Quality (CMAQ) to support activities with air quality benefits. \$46M in federal funding forecasted for FY23. Most of these funds are distributed to ozone nonattainment areas (DRCOG, NFRMPO, UFR TRP) on the basis of 75% population and 25% VMT.
 8. PROTECT Formula & Discretion Program provides formula and grant funding for resilience improvements. \$19 M in federal finding forecasted for FY23. Formula funding for highway and transit projects. Competitive grant funding covers highway, transit, intercity rail, resilience planning & improvement plans, evacuation planning and preparation.
 9. Carbon Reduction Program to support the reduction of transportation emissions. \$16.8 M in federal funding forecasted for FY23. New funding program from the IJA requiring 65% of the funding to be obligated based on population. Transit system improvements are included – it is unclear if this is for operations.
- State Funding
 1. SB 267 strategic funding from the state legislature for capital projects. \$500M/ year on average over four years FY19-22. 25% of funding must be spent in rural areas. 10% minimum to transit projects.

2. SB 260, the Multimodal Transportation & Mitigation Options Fund (MMOF) to promote complete and integrated multimodal systems. Total \$17.4 M forecasted for FY23; \$2.6 M (15%) allocated to CDOT, \$14.9M (85%) to local entities administered by CDOT. Transit projects, including operating, are eligible.
 3. FASTER to improve roadway safety, repair deteriorating bridges, support and expand transit. \$85M forecasted for FY23 for state transportation, \$23M allocated to cities, \$28M allocated to counties.
 4. Volkswagen Settlement program to mitigate NOx by replacing older diesel transit vehicles with zero emission options. \$5M forecasted for FY23 administered by DTR and allocated through an annual call for projects. Funding is available to replace diesel-fueled vehicles with zero emission vehicles and for charging/fueling infrastructure to support zero-emission vehicles.
- CDOT Enterprise Funding
 1. SB 260 Non-Attainment Enterprise was created to mitigate transportation-related emission in ozone nonattainment areas. Total fee revenue for FY23 is \$7.1M from air pollution mitigation fee on retail deliveries and rides, revenue will ramp up over time. This funding is eligible for projects that reduce traffic, including demand management projects.
 2. SB 260 Clean Transit Enterprise to support public transit electrification planning efforts, facility upgrades, fleet motor vehicle replacement, construction and development of electric charging and fueling infrastructure. \$8.3M is forecasted for FY23.
 - Mark Garcia: How do these funds play into the CTE annual budget?
 - Amber Blake: The Transportation Commission's resolution for FASTER funding goes through FY23. The FY24 budget will be reviewed in FY23 depending on where we are with regional services. The FTA funds do not come to the Transportation Commission, unless there is a distribution methodology in a format that is not a call for projects. The strategic funds for the 10-year pipeline all go to the Transportation Commission for project approval, these are included in the CTEs budgeting process. At the CTE next board meeting we can make a relationship table with Jeff Sudmeier's team on how these funds relate to the CTEs budget.
 - Kay Kelly: This presentation is intended to be a landscape overview of funding sources for different transit projects.
 - Mark Garcia: When do we start to work on the CTE budget?
 - Kay Kelly: The CTE has \$134M over 10 years, the funds ramp up over time; we project about \$8.3M the first fiscal year. The Colorado Department of Revenue will start collecting the fee on July 1, 2022. It should be available in September to the CTE to start issuing funds.
 - Mike King: We have about \$30M allocated from the state's Volkswagen Settlement for transit projects. To date we have awarded about \$21M, leaving about \$9M unawarded. This was a one-time allocation.
 - Kay Kelly: There are two other electrification focused enterprises in SB 260, the Community Access Enterprise and the Clean Fleet Enterprise.
 - Mark Garcia: How are we communicating with the other enterprises to prevent redundant programs and overlap?
 - Kay Kelly: The fees for each enterprise are set for the first year by the legislature. We will have to communicate with the other enterprises going forward. The Clean Fleet Enterprise will not be funding transit vehicles, they might fund school buses or airport shuttles, but all FTA entities are in CTE. We should communicate with Community Access Enterprise regarding charging infrastructure. We anticipate the majority of charging infrastructure for transit agencies will be in depots or at facilities where it is dedicated for transit use.

Transit ZEV Roadmap and 10-Year Plan (Mike King)

Purpose: Overview of pre-existing planning activities completed by the state in 2021 to provide context for CTE 10-Year Plan development.

Action: Continue to flesh out the 10-Year Plan outline and outreach avenues including standing transit meetings and public outreach.

Discussion: No approval action was requested.

- HB 19-1261 set statewide GHG reduction targets: 26% by 2025, 50% by 2030, and 90% by 2050 (from a 2005 baseline). Transportation is the largest sector, contributing 21% of GHG. The Colorado GHG Pollution Reduction Roadmap developed strategies and pathways to reach these targets. We are currently on a trajectory to achieving approximately half the level of emission reductions to meet the 2025 and 2030 goals.
- Colorado's Electric Vehicle Plan 2020 https://energyoffice.colorado.gov/sites/energyoffice/files/2020-07/colorado_ev_plan_2020_-_final.pdf established a state target of 940,000 registered ZEVS by 2030 is largely focused on the passenger vehicle market.
- The Clean Truck Strategy targets emission reductions from medium- and heavy-duty vehicles.
- The goal of the Transit Zero Emission Vehicle Roadmap <https://www.codot.gov/about/committees/trac/Agendas-and-Minutes/2021/march-12-2021-meeting/05-transit-zev-roadmap-presentation-for-trac.pdf> is to develop a reasonable pathway for achieving Colorado's target of 1,000 transit ZEVs by 2030 and a 100% ZEV fleet by 2050.
 1. Colorado ZEV Environment (as of 2021): there are 3,301 total transit vehicles in Colorado; 100 are ZEV transit buses (deployed or on-order), 170 light rail train cars, 66 commuter rail cars, and 27 Renewable Natural Gas (RNG) transit buses. 9 transit agencies are currently operating ZEVS and 10 transit agencies that have or will complete a ZEV transition plan in the near future.
 2. The Transit ZEV Roadmap financial model is intended to provide an estimate of what it would take to meet the ZEV transition targets, not to determine the overall cost benefit of the transition (social cost of carbon, public health benefits, etc.). Transitioning the Colorado fleet to ZEVs is projected to cost \$230M to \$285M (30-45%) more than maintaining the existing fleet. The majority of the incremental cost is for electric vehicle charging infrastructure, rather than the vehicles themselves. Assuming the cost difference between zero emission buses and regular buses continues to decrease year over year - eventually the cost difference will be zero. No natural growth in the number of state transit vehicles was included in this model.
 3. The ZEV Transit Roadmap includes recommendations on policy, planning & technical support, information sharing & research, funding, and education & training that will support the transition to ZEVs across Colorado.
- Kay Kelly: We will send the link to the Transit ZEV Roadmap out with the next board packet and will post a link on the CTE website.
- Matt Frommer: Regarding the functionality of ZE buses, are they a 1:1 replacement for diesel buses?
- Michael King: In general, 1:1 replacement has worked for some of our mountain communities that have been early adopters. In urban areas where the buses run long blocks of service for 12 hours a day, not every route is achievable with a ZEV.
- Dave Averill: I concur, the ZEV bus replacement study for SMART concluded that ZEV buses were feasible for some routes but not for the entire system (due to terrain, weather, and conservative modeling). We are optimistic as the technology and battery capacity increases.
- Michael King: The financial model can be adjusted for each individual vehicle type. In order to make a model that could work for the entire state it was necessary to simplify certain decision points.
- Matt Frommer: Are you assuming the same number of vehicles in 2030 or anticipating an increase? The GHG rules cost benefit analysis compliance scenario assumes we will need a 70% increase in transit vehicles, about 400 new buses or other transit vehicles.
- Michael King: We assumed that the overall number of transit vehicles in the state would remain unchanged, but vehicles can be added to the model. You can adjust the dollar cost for each bus to account for a different replacement ratio.
- Kelly Blynn: For the agencies, does the model provide information about projected maintenance and fuel costs?
- Michael King: No, this model does not address the operation costs, savings, or social benefits. NREL also has a modeling tool that agencies can use to address operational costs. This model should be used to see if the 2030 target achievable is and what level of funding is needed to achieve it.

- SB 260 details the CTEs 10-Year Plan. The 10-Year Plan should include how this enterprise will execute its business purpose and estimates what funding is needed. This proposed draft of the CTEs 10-Year Plan includes portions that are already well developed in the Transit ZEV Roadmap. The proposed draft also includes information from the CDOT Division of Accounting & Finance, the Department of Revenue, and SB 260 itself. The board may choose to focus its time and energy on big picture policy decisions (including but not limited to funding mechanisms & category prioritizations, project prioritization, match levels, scrapping requirements, and/or replacement ratios) that determine how and who interacts with the CTE grant programs in the future.
- Mark Garcia: What is the timeline for a draft outline?
- Kay Kelly: The draft outline is before you, the 10-Year Plan must be published by June 1st. By presenting this high-level outline to the board we would like to know which sections the board would like to spend more time on over the next three months.
- Matt Frommer: What is the process for soliciting feedback from RTD?
- Michael King: We have existing stakeholder engagement with all of the transit agencies in the state including RTD. While developing the 10-Year Plan we will engage with all those agencies regularly. In addition to the standing meetings, we will invite transit agencies to participate in CTE meetings and comment on our discussions.
- Kay Kelly: The 81 state transit agencies meet monthly. CASTA also has regular meetings. The Transit and Rail Advisory Committee meets bi-monthly. We have been working to get placeholders on all those meetings for CTE for the next several months to engage stakeholders. We will also hold a public meeting to get public input as a matter of course.
- David Frommer: I would like a better understanding of the fleet mix and technology available to better inform how we prioritize projects.
- Kay Kelly: Some of that information is included in the Transit ZEV Roadmap.
- Amber Blake: We can pull our current transit asset management plan for the state, but it will not include what RTD has or the larger 5307 agencies. We have that information for anyone that is a subrecipient.
- Michael King: The fleet mix by vehicle type and fuel type is included in the roadmap. Of the 3,100 vehicles, 851 are cutaways, 1,296 are full size buses, 125 are articulated buses, etc.
- Kelly Blynn: I would like more discussion of strategy on the potential funding match sources.
- Michael King: Since these funds are state funds, they can be used to match some of the federal grant programs. This board can develop a strategy on how to maximize or incentivize that impact.

Rulemaking (Herman Stockinger)

Purpose: Open the CTE rules, required for the CTE to set the fee and establish the grant process.

Action: Mark Garcia moves to authorize CDOT staff to open the Clean Transit Enterprise Rules and appoint a CDOT staff member to serve as the hearing officer to preside over the Rulemaking Hearing and process, seconded by David Averill. Passed unanimously on February 22, 2022.

Discussion:

- Rules must be authorized in statute: 43-4-1203(6)(g) to set the clean transit retail delivery fee and establish the award and grant process. 43-4-1203(7)(b) the clean transit retail delivery fee is a maximum of \$0.03.
- Rule parts:
 - 1.0 Statement of Basis and Purpose and Statutory Authority
 - 2.0 Definitions
 - 3.0 Fees: fee is effective July 1, 2022, in conjunction with the Department of Revenue the fee will be adjusted with inflation, the CTE must notify the Department of Revenue by March 15 with fee changes.
 - 4.0 Process of awarding and overseeing grants, loans, and rebates: grants selection will be competitive. The CTE process will be part of the annual CDOT DTR call for projects. Grant criteria will be established by the CTE and published no fewer than 60 days before the grant deadline.

Grants will be scored based on the business purpose of this enterprise. Grants will be approved by the CTE and overseen by CDOT DTR staff.

5.0 Declaratory Orders

- Timeline: February 22nd enterprise opens rules. CDOT staff will file the rule with the secretary of state. April 4th CDOT staff will conduct a public hearing per the Administrative Procedure. Board will adopt the Rule on April 12. Effective date: as early as May 31.
- CTE board members are invited to the Rulemaking Hearing but are not required to attend.
- Mark Garcia: Are the grant criteria in section 4.15 in any priority?
- Herman Stockinger: They are not in priority order. When we ask the CTE agreement on the process to put the call out, we can have a conversation with Kay on what that looks like.
- Rick Coffin: How involved will the CTE board be in the grant review process? In Section 4.14, will CDOT staff make up the review panel?
- Herman Stockinger: The rule does not specify that.
- Kay Kelly: Typically, a panel made up of subject matter experts on the topic being reviewed will evaluate applications. The panel will put forth a list of applicants recommended for awards to the CTE board. CTE board will make the final selection.
- Mark Garcia: We had a lot of input on the GHG rule at transportation commission level, are you anticipating that level of participation with CTE rulemaking?
- Herman Stockinger: We are not anticipating any controversy, there is not a lot of flexibility to divert from the statutes.
- Mark Garcia: Has there been any feedback from retailers?
- Herman Stockinger: We have not had any feedback from retailers yet. We will include them in stakeholder outreach when the rules have been published.
- Sari Weichbrodt: We are monitoring the comments from the two non-CDOT enterprises with retail delivery fees. We will be doing our own stakeholder outreach to retailers.
- Mark Garcia: Do you know of any other states that are using retail fees for GHG reduction programs?
- Herman Stockinger: there might be other states that are taking this approach, we are not sure.

Wrap Up and Next Steps

Purpose: Summary of important dates, board meeting packets, and meeting minutes will be posted on the CTE website <https://www.codot.gov/programs/innovativemobility/cte>.

Action: Please submit any agenda items for CTEs next board meeting to Kay Kelly

Discussion:

- March 15th – CTE Board Confirmation Hearings
- March 29th – CTE Board Meeting
- April 4th – CTE Rulemaking Hearing
- April 12th – CTE Board Meeting
- May 25th – CTE Board Meeting
- June 1st – Deadline to post CTSs 10-year plan

Questions and Board Discussion

- No further discussion.

Meeting Adjourned at: 3:53