



City of Sandy

Agenda

City Council Meeting

Meeting Date: Monday, August 1, 2022

Meeting Time: 6:00 PM

Page

1. MEETING FORMAT NOTICE

This meeting will be conducted in a hybrid in-person / online format. The Council will be present in-person in the Council Chambers and members of the public are welcome to attend in-person as well. Members of the public also have the choice to view and participate in the meeting online via Zoom.

To attend the meeting in-person

Come to Sandy City Hall (lower parking lot entrance).
39250 Pioneer Blvd., Sandy, OR 97055

To attend the meeting online via Zoom

Please use this link: <https://us02web.zoom.us/j/89800312364>

Or by phone: (253) 215-8782; Meeting ID: 89800312364

Please also note the public comment signup process below.

2. CITY COUNCIL WORK SESSION - 6:00 PM

2.1. Implementation Strategies to Increase Parks SDC's and Fee-in-Lieu

4 - 48

[Implementation Strategies to Increase Parks SDC's and Fee-in-Lieu - Pdf](#)

3. CITY COUNCIL REGULAR MEETING - 7:00 PM

4. PLEDGE OF ALLEGIANCE

5. ROLL CALL

6. CHANGES TO THE AGENDA

7. PUBLIC COMMENT

NOTE: the Council will take comments on the proposed prohibition of psilocybin-related businesses during a public hearing later in the agenda.

The Council welcomes your comments on other matters at this time.

If you are attending the meeting in-person

Please submit your comment signup form to the City Recorder before the regular meeting begins at 7:00 p.m. Forms are available on the table next to the Council Chambers door.

If you are attending the meeting via Zoom

Please complete the [online comment signup webform](#) by 3:00 p.m. on the day of the meeting.

The Mayor will call on each person when it is their turn to speak for up to three minutes.

8. RESPONSE TO PREVIOUS PUBLIC COMMENTS

9. CONSENT AGENDA

- 9.1. **City Council Minutes** 49 - 54
[City Council - 18 Jul 2022 - Minutes - Pdf](#)
- 9.2. **Authorization of TriMet Subrecipient Agreement** 55 - 98
[Authorization of Tri-County Metropolitan Transportation District of Oregon \(TriMet\) Subrecipient Agreement - Pdf](#)

10. OLD BUSINESS

- 10.1. **PUBLIC HEARING: Prohibition of Psilocybin-Related Businesses in Sandy** 99 - 116
Ordinance 2022-18
Resolution 2022-19
[Prohibition of Psilocybin-Related Businesses in Sandy - Pdf](#)

11. NEW BUSINESS

12. REPORT FROM THE CITY MANAGER

13. COMMITTEE /COUNCIL REPORTS

14. STAFF UPDATES

- 14.1. [Monthly Reports](#)

15. ADJOURN



Staff Report

Meeting Date: August 1, 2022
From Rochelle Anderholm-Parsch, Parks and Recreation Director
SUBJECT: Implementation Strategies to Increase Parks SDC's and Fee-in-Lieu

PURPOSE / OBJECTIVE:

1. Review implementation strategies to increase Parks SDC's and FIL, and consider the Parks and Trails Advisory Board's implementation recommendation.
2. Whether to adjust Parks System Development Charges.
3. Whether to adjust payment in lieu of parkland dedication fees (FIL).

BACKGROUND / CONTEXT:

Since September 2021, the City along with the FCS Group have worked towards updating the Parks System Development Charge and Fee in Lieu. FCS completed their work and analysis in April of 2022. Below is a table summarizing the SDC and fee-in-lieu maximum allowable rates. To note, the SDC fee calculations include the incorporation of a reimbursement fee.

		SDC	Fee-in-Lieu	Total
Calculated Maximum Fee per Resident		\$ 11,478	\$ 5,911	\$ 17,389
Fee Schedule:	Residents per Dwelling Unit			
Single-family Dwelling Unit	2.73	\$ 31,333	\$ 16,135	\$ 47,468
Multi-family Dwelling Unit	2.02	23,231	11,963	\$ 35,195
Mobile home Dwelling Unit	2.20	25,237	12,996	\$ 38,234

Meeting Dates and Notifications:

- **September 2021**, contracted with ESA and FCS to commence the work to update the Parks SDC and FIL rates.
- **April 2022**, FCS completed the SDC and FIL analysis.
- [May 5, 2022](#), Parks and Trails Advisory Board meeting where the FCS Group provided the final results of the Parks SDC and Fee in Lieu methodology update.
- [June 6, 2022](#), City Council meeting. FCS presented the final results of the Parks SDC and Fee in Lieu methodology update.

- **June 8, 2022**, Notification. Pursuant to ORS 223.304, the city mailed letters to those who requested notification prior to adoption of the updated Parks SDC methodology.
- **July 6, 2022**, methodology published. The final draft methodology was published on the [City's website](#) for public review 60 days prior to the first hearing.
- **July 13, 2022**, Parks and Trails Advisory Board reviewed 4 implementation plans and recommended their preferred approach to incrementally raise Parks SDC's, and the fee for fee-in-lieu of parkland dedication.
- **Sept. 6, 2022**, Council Public Hearing. Staff's intent is to bring to Council an ordinance to adopt the SDC and FIL updated methodology.

KEY CONSIDERATIONS / ANALYSIS:

On [July 13, 2022](#), the Parks Board reviewed 4 implementation strategies as presented by FCS Group. The first series of options illustrated a phased-in approach reaching the maximum allowable charge over 5, 10, and 15 years. Option 4 was to raise the SDC to a midpoint in relation to comparable cities, and raise the FIL to the maximum allowable rate. A detailed illustration of all 4 options is located in the July 13, 2022 slide deck attached in this agenda packet.

After much deliberation the Parks Board recommends the following:

- To raise the Parks System Development Charges from \$3,717 to \$7,435, thereafter, incrementally raise SDC's up to \$20,000 over a 5 year period. Recommendation includes an annual increase based on the ENR Construction Index. Thereafter, reevaluate parks SDC's every 5-years and adjust fees based on comparisons as it is anticipated that other cities will be updating and increasing their SDC's.
- To raise the payment in lieu of Parkland Dedication (FIL) to the calculated maximum allowable cost per resident / cost per acre

Underscored analysis includes the fact that the City of Sandy has not raised its Parks SDC since 2016. In 2016, the Parks SDC was \$2,311 SFR. Resolution 2016-08 imposed a SDC for trails and increased the amount by \$1,406, resulting in today's SDC rate of \$3,717. If the Parks SDC's had realized a very conservative estimated annual increase of 4% based on the ENR Construction Cost Index, today's Parks SDC would be approximately \$4,703.

Further consideration was given to the understanding that the maximum allowable SDCs and FIL fees are significantly higher than Sandy's current rates. However, discussion centered around how Sandy's Parks SDC rates are low compared to surrounding areas that assess SDC fees. For instance, Lake Oswego's SDC for a

single-family dwelling is \$15,672. On the other hand, the lowest pulled comparable is the City of Molalla at \$2,643, putting Sandy second to lowest SDC out of 10 comparisons.

Updated FIL data was determined as follows. The FCS Group used assessor data to determine a more recent cost per acre based on the cost of undeveloped, platted land. The data revealed the average price per acre to be \$869,242. Current cost per acre for Fee-in-Lieu of parkland dedication is low at \$241,000. Because of this, there are limited incentives for developers to dedicate parkland, instead they are more inclined to pay FIL. This wide gap in the current cost per acre, as compared to the assessed cost, results in a discrepancy in the funds the department has available to purchase future parkland.

FCS's table above breaks down FIL into fee-per-resident. Current fee-per-resident is \$1,639, and FCS's calculated maximum allowable fee-in-lieu per resident is \$5,911.

Below is an example calculating FIL cost per acre.

Current cost per acre:

- 40 lots x 3 single-family dwelling x 0.0068 targeted acres per resident = 0.816 acres for dedication x \$241,000 cost per acre = **\$196,656 FIL**

Updated FIL cost per acre:

- 40 lots x 3 single-family dwelling x 0.0068 targeted acres per resident = 0.816 acres for dedication x \$869,242 cost per acre = **\$709,301 FIL**

Here is an example, working backwards, using the same numbers as above to demonstrate how FIL cost per resident was calculated.

Current FIL per resident:

- \$196,656 FIL / 40 lots = \$4,916.40 / 3 single-family dwelling unit = \$1,639

Updated FIL per resident:

- \$709,301 FIL / 40 lots = \$17,733 / 3 single-family dwelling unit = \$5,911

RECOMMENDATION:

Staff recommends raising Parks SDC's and FIL fees to support the Parks and Recreation Department in meeting the goals as listed in the Parks and Trails Master Plan, and in keeping with the pace of growth that the City of Sandy is experiencing.

LIST OF ATTACHMENTS/EXHIBITS:

- Attachment A: Parks System Development Charge and Fee-In-Lieu Update (Published Draft Report)

- Attachment B: July 13, 2022, FCS slide deck presented during the Parks and Trails Advisory Board Meeting
- Attachment C: Aug. 1, 2022, FCS slide deck presented during Council Work Session

City of Sandy

PARKS SYSTEM DEVELOPMENT CHARGE AND FEE- IN-LIEU UPDATE

Draft Report
July 7, 2022

Washington
7525 166th Avenue NE, Ste. D215
Redmond, WA 98052
425.867.1802

Oregon
5335 Meadows Road, Ste 330
Lake Oswego, OR 97035
503.841.6543

Colorado
PO Box 19114
Boulder, CO 80301-9998
719.284.9168

www.fcsgroup.com

This entire report is made of readily recyclable materials, including the bronze wire binding and the front and back cover, which are made from post-consumer recycled plastic bottles.



FCS GROUP
Solutions-Oriented Consulting

TABLE OF CONTENTS

Table of Contents	ii
Section I. Introduction	1
I.A. Project	1
I.B. Policy	1
Section II. SDC Analysis	3
II.A. Growth	3
II.B. Improvement Fee	4
II.C. Reimbursement Fee	10
II.D. Calculated SDC.....	11
Section III. Fee-in-Lieu Analysis.....	14
III.A. Land Dedication Requirement.....	14
III.B. Land Acquisition Costs.....	14
III.C. Calculated Fee-in-Lieu.....	14
Section IV. Implementation.....	15
IV.A. Fee-in-Lieu Changes	15
IV.B. Indexing	15
Exhibits	
Table 1 – Eligibility under the Current Level of Service	5
Table 2 - Eligibility under the Future Level of Service	6
Table 3 – Expansion List (Acres of Parkland)	7
Table 4 – Expansion List (Miles of Trail)	8
Table 5 – Infill List	9
Table 6 – Improvement Fee Cost Basis	10
Table 7 – Reimbursement Fee Cost Basis	11
Table 8 – Adjustments to Improvement Fee Cost Bases	12
Table 9 – Calculated SDC	12
Table 10 – Parks SDC per SFR Comparison	13
Table 11 – Fee-in-Lieu Calculation	14
Table 12 – Fee-in-Lieu Calculation with City’s Current Occupancy Estimates	15

Section I. INTRODUCTION

This section describes the project scope and policy context upon which the body of this report is based.

I.A. PROJECT

The City of Sandy (City) imposes a system development charge (SDC) to provide partial funding for the capital needs of its parks system. The current SDC is charged only to residential developments based on the number of dwelling units (DUs). The rate is currently \$3,717 for a single-family residence.

In addition, at the City's discretion, the City may charge developers a fee in lieu of land dedication for parkland (fee-in-lieu). The fee-in-lieu is calculated by multiplying the average cost of land in the City by the number of acres required for land dedication. The City currently expects developers to dedicate 0.0068 acres per resident expected in the development, and the City's codified cost per acre is \$241,000.

In 2022, the City engaged FCS GROUP to update the City's parks SDC based on their 2022 parks master plan, and to update the fee-in-lieu based on more recent land acquisition cost estimates and level-of-service calculations.

I.B. POLICY

SDCs are enabled by state statutes, authorized by local ordinance, and constrained by the United States Constitution.

I.B.1. State Statutes

Oregon Revised Statutes (ORS) 223.297 to 223.314 enable local governments to establish SDCs, which are one-time fees on development that are paid at the time of development or redevelopment that creates additional demand for park facilities. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future users -- growth.

ORS 223.299 defines two types of SDC:

- A reimbursement fee that is designed to recover "costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists"

- An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or that do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).

In addition to the reimbursement and improvement fees, ORS 223.307(5) states, in part, that “system development charge revenues may be expended on the costs of complying” with state statutes concerning SDCs, including “the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.”

I.B.2. Local Ordinance

Chapter 15.28 of the Sandy Municipal Code authorizes and governs the imposition and expenditure of parks SDCs in Sandy. Chapter 17.86 authorizes and governs the imposition of the fee-in-lieu. The City will need to modify its code to allow for the proposed changes to the fee-in-lieu, as discussed in Section IV.A of this report.

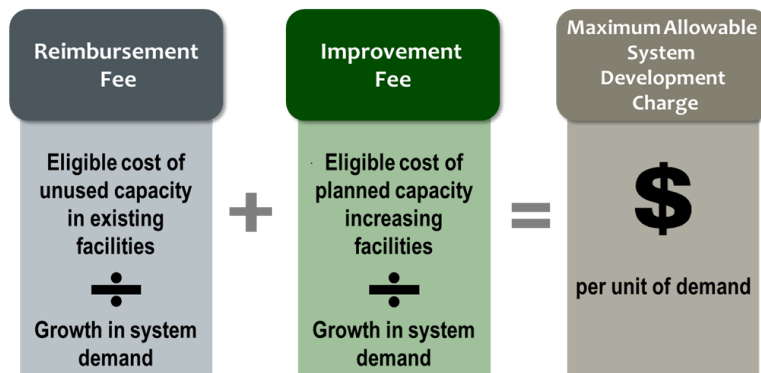
I.B.3. United States Constitution

The United States Supreme Court has determined that SDCs, impact fees, or other exactions that comply with state and/or local law may still violate the United States Constitution if they are not proportionate to the impact of the development. The SDCs calculated in this report are designed to meet all constitutional and statutory requirements.

Section II. SDC ANALYSIS

This section provides the detailed calculations of the maximum allowable parks SDC.

In general, SDCs are calculated by adding a reimbursement fee component (if applicable) and an improvement fee component—both with potential adjustments. Each component is calculated by dividing the eligible cost by growth in units of demand. The unit of demand becomes the basis of the charge. Below is an illustration of this calculation:



II.A. GROWTH

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the SDC calculations.

II.A.1. Unit of Measurement

A good unit of measurement allows an agency to quantify the incremental demand of development or redevelopment that creates additional demand for park facilities. A great unit of measurement allows an agency to distinguish different levels of demand added by different kinds of development or redevelopment.

For parks SDCs, demand that can be attributed to individual developments is usually measured in the number of people who will occupy a development. We use data from the U. S. Census Bureau to estimate the number of residents for different kinds of dwelling units.

II.A.2. Growth in Demand

The current (2020) population, representing demand for parks facilities, is 12,612 residents. During the forecast period from 2020 to 2035, the population is expected to grow by 6,488 residents to a total of 19,100 residents (based on the 2022 Parks and Trails Master Plan). Therefore, 6,488 residents will be the denominator for the SDC calculations later in this report.

II.B. IMPROVEMENT FEE

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth (denominator) above, we will focus here on the improvement fee cost basis (numerator).

II.B.1. Eligibility

A project's eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users.

For parks SDCs, eligibility is often determined by a level-of-service analysis that quantifies the park facilities that are needed for growth (and are therefore eligible to be included in an improvement fee cost basis). Park facilities can be measured by sorting them into categories such as neighborhood, community, or mini parks, or by considering their respective units of measurement. Further, in either approach, the current or future level of service may be targeted. These two separate choices create four distinct and equally defensible ways of calculating the eligibility percentage of each project.

Each method will be examined in the sections below.

II.B.1.a Current Level of Service (By Category and Unit of Measurement)

Determining SDC eligibility for parks projects using the current level of service requires determining the quantity of parks facilities needed to maintain the current level of service. Any projects that add facilities in excess of that quantity are ineligible.

The City has seven relevant parks categories for determining its level of service by category. These are shown in the upper panel of the first column in Table 1. Each category receives its own level of service. Using mini parks as an example, the City currently has 3.87 acres of mini parks. Using the 2020 population discussed above, this implies that there is 0.31 acres of mini parks per 1,000 residents. The parks project list, when completed, will add 1.00 acres of mini parks. Based on the 2035 population and the current level of service, 1.99 additional acres of mini parks are needed. So, all the City's mini park projects are eligible for inclusion in the improvement fee cost basis.

The same line of reasoning is used to develop the eligibility percentages for other parks categories. Calculating eligibility using level of service by unit of measurement also follows the same approach. The eligibility percentage for each parks category or unit of measurement is shown in the last column of Table 1.

Table 1 – Eligibility under the Current Level of Service

	Units	2020 Quantity	2020 Units per 1,000 Residents	Change in Quantity	Additional Needed to Maintain LoS	Eligibility
By category:						
Mini Park	Acres	3.87	0.31	1.00	1.99	100.00%
Neighborhood Park	Acres	16.89	1.34	22.40	8.69	38.79%
Community Park	Acres	11.07	0.88	46.25	5.69	12.31%
Natural & Open Space	Acres	224.64	17.81	0.00	115.56	0.00%
Undeveloped Park	Acres	22.26	1.76	-18.15	11.45	0.00%
Special Use Area	Number	4.00	0.32	0.00	2.06	0.00%
Trail	Miles	9.96	0.79	24.01	5.12	21.34%
By Unit of Measurement:						
Acres of Parks and Natural Areas	Acres	278.73	22.10	51.50	143.39	100.00%
Number of Special Use Sites	Number	4.00	0.32	0.00	2.06	0.00%
Miles of Trails	Miles	9.96	0.79	24.01	5.12	21.34%

Source: 2021 Parks and Trails Master Plan, Section 4 (2020 quantity); previous tables

II.B.1.b Future Level of Service (By Category and Unit of Measurement)

To determine SDC eligibility using the future level of service, the proposed additional quantity of parks facilities is added to the current quantity of parks facilities. Using the future population, a future level of service is then calculated. Then, that level of service is compared to the current parks system to determine if any deficiencies exist. Only the portions of parks projects that do not cure existing deficiencies are considered eligible for the improvement fee cost basis under this method.

As in the previous section, calculating SDC eligibility based on future level of service can be done both when measuring parks facilities by category and when measuring by unit of measurement. Table 2 below outlines both methods using the future level of service. Using neighborhood parks as an example, the City currently has 16.89 acres of neighborhood parks. The parks project list, when completed, will add 22.40 acres of neighborhood parks. This results in a future level of service of 2.06 acres of neighborhood parks per 1,000 residents in 2035. If that level of service was applied to the 2020 population, a minimum of 25.94 acres would be needed. However, there are currently 16.89 acres of neighborhood parks. Thus, 9.05 acres must be added to the parks system to cure the deficiency in the parks system. So, only the remaining 13.35 acres added by the project list, or 59.58 percent of neighborhood parks projects, are eligible for inclusion in the improvement fee cost basis under this method.

The same approach is used to develop the eligibility percentages for other parks categories. Further, calculating eligibility using level of service by unit of measurement follows the same logic. The eligibility percentage for each parks category or unit of measurement is shown in the “Eligibility” column of Table 2 below.

When calculating an SDC based on the future level of service, it is possible that there may be park facilities eligible for inclusion in a reimbursement fee. This occurs when the future level of service for a parks category or unit of measurement is lower than the current level of service. If this is this case, then it follows that the parks system has available capacity in its parks facilities. The final



column of Table 2, “Reimbursable Quantity,” shows the reimbursable quantity of parks facilities by category and unit of measurement.

Table 2 - Eligibility under the Future Level of Service

	Units	2020 Quantity	2020 Units per 1,000 Residents	Change in Quantity	2035 Units per 1,000 Residents	2020 Minimum Quantity	2020 Eligibility	Reimbursable Quantity
By category:								
Mini Park	Acres	3.87	0.31	1.00	0.25	3.22	100.00%	0.65
Neighborhood Park	Acres	16.89	1.34	22.40	2.06	25.94	59.58%	-
Community Park	Acres	11.07	0.88	46.25	3.00	37.85	42.10%	-
Natural & Open Space	Acres	224.64	17.81	0.00	11.76	148.33	0.00%	76.31
Undeveloped Park	Acres	22.26	1.76	-18.15	0.22	2.71	0.00%	19.55
Special Use Area	Number	4.00	0.32	0.00	0.21	2.64	0.00%	1.36
Trail	Miles	9.96	0.79	24.01	1.78	22.43	48.06%	-
By Unit of Measurement:								
Acres of Parks and Natural Areas	Acres	278.73	22.10	51.50	17.29	218.06	100.00%	60.67
Number of Special Use Sites	Number	4.00	0.32	0.00	0.21	2.64	0.00%	1.36
Miles of Trails	Miles	9.96	0.79	24.01	1.78	22.43	48.06%	-

Source: 2021 Parks and Trails Master Plan, Section 4 (2020 quantity); previous tables

II.B.2. Expansion Projects

The first of the City’s two project lists includes projects that will expand the inventory of the parks system and are therefore subject to the eligibility calculations described above. These projects are listed in Tables 3 and 4 below.

Table 3 lists all expansion projects that add acres of parkland to the parks system, and includes the acres added by each project. The last column of this table also shows the acres absorbed from other park categories (in this case, for the “Undeveloped Park” category).

Table 4 lists all expansion projects that add miles of trails to the parks system. Note that some trails projects are also considered to be part of the City’s transportation system, but that the costs listed in Table 4 are only those costs allocated to the parks system.

Table 3 – Expansion List (Acres of Parkland)

Park Name	Park Type	Tier	Timing	Total Cost	Acres Added	Acres
						Absorbed
Deer Point Park	Neighborhood Park	Tier 1	0-5 years	\$ 1,442,800	1.41	1.41
Champion Way Park	Neighborhood Park	Tier 1	0-5 years	998,700	0.99	0.99
Ponder Lane Park	Neighborhood Park	Tier 1	0-5 years	1,848,000	2.00	2.00
Deer Point Expansion	Neighborhood Park	Tier 1	0-5 years	1,700,000	2.00	-
Sunset	Neighborhood Park	Tier 1	0-5 years	1,700,000	2.00	-
Community North	Community Park	Tier 1	0-5 years	5,900,000	10.00	-
Tickle Creek Expansion - West	Natural & Open Space	Tier 1	0-5 years	-	-	-
Jarl Road	Neighborhood Park	Tier 2	5-10 years	1,700,000	2.00	-
Jewelberry NE	Neighborhood Park	Tier 2	5-10 years	1,700,000	2.00	-
Vista Loop	Neighborhood Park	Tier 2	5-10 years	1,700,000	2.00	-
Community East	Community Park	Tier 2	5-10 years	6,900,000	12.50	-
Tickle Creek Expansion - Central	Natural & Open Space	Tier 2	5-10 years	-	-	-
Tickle Creek Expansion - East	Natural & Open Space	Tier 2	5-10 years	-	-	-
Orient	Mini Park	Tier 3	10-15 years	490,000	0.50	-
Colorado East	Mini Park	Tier 3	10-15 years	490,000	0.50	-
Kelso 362nd	Neighborhood Park	Tier 3	10-15 years	1,700,000	2.00	-
Gunderson Road West	Neighborhood Park	Tier 3	10-15 years	1,700,000	2.00	-
Barlow Trail	Neighborhood Park	Tier 3	10-15 years	1,700,000	2.00	-
Trubel	Neighborhood Park	Tier 3	10-15 years	1,700,000	2.00	-
Vista Loop SW	Neighborhood Park	Tier 3	10-15 years	-	-	-
Community South	Community Park	Tier 3	10-15 years	5,900,000	10.00	-
Ruben	Natural & Open Space	Tier 3	10-15 years	-	-	-
Sandy Community Campus - Phases 1-4	Community Park		0-15 years	9,950,200	13.75	13.75
Total				\$ 49,219,700	69.65	18.15

Source: Environmental Science Associates, City staff.

Table 4 – Expansion List (Miles of Trail)

Trail Name	Tier	Timing	Total Cost	
			System	Miles Added
Kelso to Powerline	Tier 1	0-5 years	\$ 185,800	0.80
Sunflower to Powerline	Tier 1	0-5 years	32,500	0.06
Olson to Powerline	Tier 1	0-5 years	81,300	0.15
Sandy Bluff Park to 362nd	Tier 1	0-5 years	198,100	0.29
Sandy Bluff Park Pond Loop Trail	Tier 1	0-5 years	143,500	0.21
Bell Street to Sandy Bluff Park	Tier 1	0-5 years	191,300	0.28
Kate Schmidt to Bell Street	Tier 1	0-5 years	82,000	0.12
SHS Trail Easement 1	Tier 1	0-5 years	259,600	0.38
Meeker to Safeway	Tier 1	0-5 years	32,500	0.06
Community Campus to Sandy River Trail	Tier 1	0-5 years	23,700	0.59
Park Street to Community Campus	Tier 1	0-5 years	2,000	0.05
Tickle Creek Reroutes	Tier 1	0-5 years	93,750	0.26
Sunset Street to Tickle Creek	Tier 1	0-5 years	12,800	0.32
Sunset Street to Nettie Connett Drive	Tier 1	0-5 years	103,000	0.19
Bluff Road to Sandy Heights	Tier 1	0-5 years	11,600	0.29
Tupper Park to Gerilyn Court	Tier 1	0-5 years	32,500	0.06
Tickle Creek Extension East to Dubarko Underpass	Tier 1	0-5 years	125,000	0.26
Tickle Creek to Deer Point Park	Tier 1	0-5 years	432,000	0.80
Tickle Creek Extension Dubarko East to Jacoby	Tier 1	0-5 years	400,000	0.42
Alleyway to Tickle Creek Trail Connector	Tier 1	0-5 years	37,500	0.07
Bornstedt Park	Tier 1	0-5 years	78,000	0.14
Highway 211 Parkway	Tier 1	0-5 years	406,250	0.57
Cascadia to Tickle Creek	Tier 1	0-5 years	30,200	0.13
Slagle Loop to Jonsrud Viewpoint	Tier 2	5-10 years	38,500	0.96
Sandy River Lower Loop	Tier 2	5-10 years	13,300	0.33
Sandy River North Loop	Tier 2	5-10 years	10,400	0.26
Park Street to Sandy River Trail	Tier 2	5-10 years	6,400	0.16
Fir Drive to Community Campus	Tier 2	5-10 years	20,100	0.50
Tickle Creek Extension within UGR 2	Tier 2	5-10 years	380,900	1.64
Champion Way to Tickle Creek	Tier 2	5-10 years	4,400	0.11
Barnum to Tickle Creek	Tier 2	5-10 years	6,800	0.17
Salmon Creek Park to Barnum Road	Tier 2	5-10 years	92,200	0.17
Tickle Creek to Highway 211	Tier 2	5-10 years	69,700	0.30
Sandy Heights to Meinig Connection	Tier 2	5-10 years	11,500	0.29
Tickle Creek Jacoby Rd to Meadows Ave extension	Tier 2	5-10 years	172,600	0.74
Orient to Bluff Road 4,5	Tier 3	10-15 years	-	1.70
Kelso to 362nd	Tier 3	10-15 years	255,500	1.10
Orient to 362nd 2 (Bell Street Extension)	Tier 3	10-15 years	675,000	0.59
Vista Loop to Longstreet Lane	Tier 3	10-15 years	303,600	0.56
Orient to Tickle Creek	Tier 3	10-15 years	88,300	0.38
Tickle Creek to Colorado & Rachel	Tier 3	10-15 years	227,600	0.98
Bornstedt Road to Trubel Road	Tier 3	10-15 years	495,400	0.73
Village South to Trubel Road	Tier 3	10-15 years	623,600	0.91
Jacoby West to Village South	Tier 3	10-15 years	373,100	0.55
Cascadia to Jacoby West	Tier 3	10-15 years	102,300	
Old Barlow Trail	Tier 3	10-15 years	151,700	0.28
Barlow Trail to Tickle Creek	Tier 3	10-15 years	13,900	0.06
Barlow Trail to Market	Tier 3	10-15 years	25,600	0.11
Tickle Creek Connector Sewer Easement 4	Tier 3	10-15 years	914,000	3.94
Tickle Creek Bridge at Market	Tier 3	10-15 years	500,000	-
Total			\$ 8,571,300	24.01

Source: Email from Tracy Johnson, 2/2/2022

II.B.3. Infill Projects

The second of the City’s two project lists includes projects that will not expand the inventory of the parks system by adding acres but that will nevertheless add capacity for future users by adding amenities. As shown in Table 5 below, this project list has a total cost of \$4.0 million. Each project is assigned one of two eligibility percentages: zero percent if the project is for repair or replacement of existing assets, and 33.97 percent if the project adds new amenities. That 33.97 percent represents the share of total users made up of new users in 2035, and assigning a project that percent recognizes that existing and future users are expected to share new amenities in existing parks proportionately. The total eligible cost of the infill list is \$1.1 million.

Table 5 – Infill List

	Tier	Timing	Total Cost	Eligibility	Eligible Cost
Sandy Bluff Park	Tier 1	0-5 years	\$ 250,000	33.97%	\$ 84,921
Meinig Memorial Park	Tier 1	0-5 years	100,000	0.00%	-
Sandy River Park - Phase 1	Tier 1	0-5 years	800,000	33.97%	271,749
Bornstedt Park - Phase 2	Tier 2	5-10 years	652,000	33.97%	221,475
Tupper Park	Tier 2	5-10 years	750,000	33.97%	254,764
Meinig Memorial Park	Tier 2	5-10 years	273,200	33.97%	92,802
Sandy River Park - Phase 2	Tier 2	5-10 years	650,000	33.97%	220,796
Meinig Memorial Park	Tier 3	10-15 years	500,000	0.00%	-
Sandy River Park Addition	Tier 3	10-15 years	-	33.97%	-
Total			\$ 3,975,200		\$ 1,146,508

Source: Environmental Science Associates, City staff.

II.B.4. Calculated Improvement Fee Cost Basis

After determining the costs dedicated to expanding capacity on each of the two lists (expansion and infill), the improvement fee cost basis is calculated by multiplying those costs by their respective eligibility percentages. As discussed above, eligibility for capacity-expanding costs on the expansion list were determined through level-of-service calculations. Projects on the infill list were assigned the growth share percentage if they added amenities to existing parks and assigned zero percent if they were for repair or replacement.

As shown in Table 6 below, the total improvement fee cost basis ranges from \$15.1 million under the current level of service by category, up to \$54.5 million under the future level of service by unit of measurement.

Table 6 – Improvement Fee Cost Basis

	Cost	Current LoS		Future LoS	
		Eligibility	Eligible Cost	Eligibility	Eligible Cost
By Category					
Mini Park	\$ 980,000	100%	\$ 980,000	100%	\$ 980,000
Neighborhood Park	19,589,500	39%	7,598,570	60%	11,671,719
Community Park	28,650,200	12%	3,527,690	42%	12,061,452
Natural & Open Space	-	0%	-	0%	-
Undeveloped Park	-	0%	-	0%	-
Special Use Area	-	0%	-	0%	-
Trail	8,571,300	21%	1,829,024	48%	4,119,280
Expansion Projects Total	\$ 57,791,000		\$ 13,935,284		\$ 28,832,451
Infill Projects	3,975,200		1,146,508		1,146,508
Total	\$ 61,766,200		\$ 15,081,792		\$ 29,978,959
By Unit of Measurement					
Acres of Parks and Natural Areas	\$ 49,219,700	100%	\$ 49,219,700	100%	\$ 49,219,700
Number of Special Use Sites	-	0%	-	0%	-
Miles of Trails	8,571,300	21%	1,829,024	48%	4,119,280
Expansion Projects Total	\$ 57,791,000		\$ 51,048,724		\$ 53,338,980
Infill Projects	3,975,200		1,146,508		1,146,508
Total	\$ 61,766,200		\$ 52,195,232		\$ 54,485,488

Source: Previous tables.

II.C. REIMBURSEMENT FEE

A reimbursement fee is the eligible cost of the park facilities available for future users per unit of growth that such facilities will serve. Since growth was calculated in Section II.A, we will focus on the eligible cost of the park facilities available for future users. That is, we will focus on the cost of reimbursable park facilities.

II.C.1. Reimbursable Park Facilities

Reimbursable park facilities are those existing facilities which are not required to meet the City’s level of service and thus are available to future users. As discussed in Section II.B.1, an excess of park facilities only exists when the future level of service is currently being exceeded. When calculating the number of reimbursable facilities by category, there are 0.65 reimbursable acres of mini parks, 76.31 reimbursable acres of natural and open space, 19.55 reimbursable acres of undeveloped parks, and 1.36 reimbursable special use areas. When calculating the number of reimbursable facilities by unit of measurement, there are 60.67 reimbursable acres of parks and natural areas, and 1.36 reimbursable special use areas. There is no amount of reimbursable trails in either calculation.

II.C.2. Calculated Reimbursement Fee Cost Basis

The reimbursement fee cost basis is the product of the reimbursable quantity of park facilities and the eligible cost of those facilities. To calculate the eligible cost of reimbursable park facilities, several

approaches may be taken as long as they reflect the actual costs borne by the parks system for those parks facilities.

For this analysis, a unit cost of development per park category and generalized park acre is used for calculating the reimbursable costs for the City’s parks and natural areas. For special use sites, the unit cost is simply the average cost per site. These unit costs are adjusted downwards to account for inflation using a relevant index and the acre-weighted age of each park category. These discounted unit costs are then multiplied by the reimbursable quantity of park facilities in each category to get the reimbursable costs of each category.

The unit cost of development for each unit of measurement were based on the 2022 Parks and Trails Master Plan and is shown in the third column of Table 7 below. The unit costs adjusted for inflation are shown in the sixth column. Column 7 shows the reimbursable quantity by unit per category. The outside funding percentage is shown in Column 8. The final reimbursable cost must be reduced by that percentage. Finally, the total reimbursable cost is shown in the last column. As shown, the total reimbursable cost of parks facilities is \$578,569 when calculating by category, and \$21.1 million when calculating by unit of measurement.

Table 7 – Reimbursement Fee Cost Basis

	Units	2020 Development Cost per Unit	Weighted Average Age	Inflation Adjustment Factor	Estimated Original Cost per Unit	Reimbursable Quantity	Outside Funding Percentage	Total Reimbursable Cost
By Category:								
Mini Park	Acres	\$ 980,000	14.57	64.94%	\$ 636,417	0.65	100.00%	\$ -
Natural & Open Space	Acres	-	19.36	55.31%	-	76.31	0.00%	-
Undeveloped Park	Acres	-	4.64	87.51%	-	19.55	No data	-
Special Use Area	Number	824,665	21.75	51.63%	425,812	1.36	0.00%	578,569
	Total							\$ 578,569
By Unit of Measurement:								
Acres of Parks and Natural Areas	Acres	\$ 706,672	19.83	54.26%	\$ 383,423	60.67	11.59%	\$ 20,567,588
Number of Special Use Sites	Number	824,665	21.75	51.63%	425,812	1.36	0.00%	578,569
	Total							\$ 21,146,157

Source: Environmental Science Associates (2020 cost per unit); Engineering News-Record (inflation adjustment factor); previous tables (reimbursable quantity)

II.D. CALCULATED SDC

This section combines the eligible costs from the two project lists and applies adjustments for fund balance and compliance costs. The result is a total SDC per resident. We then use data from the Census Bureau to estimate the number of residents per dwelling unit and calculate SDCs for residential dwelling units.

II.D.1. Adjustments

The City estimates that it has \$1,223,401 in its improvement fee fund balance as of June 30, 2020. Unspent improvement fee revenue represents projects that remain unbuilt. Because these projects remain on the project list and are part of the improvement fee cost basis, it is reasonable to reduce this cost basis by the amount of revenue already received for those projects that remain on the list.

Table 8 – Adjustments to Improvement Fee Cost Bases

	Current by Category	Future by Category	Current by Unit	Future by Unit
Unadjusted Improvement Fee Cost Basis	\$ 15,081,792	\$ 29,978,959	\$ 52,195,232	\$ 54,485,488
Estimated Improvement Fee Fund Balance	(1,223,401)	(1,223,401)	(1,223,401)	(1,223,401)
Improvement Fee Cost Basis	\$ 13,858,391	\$ 28,755,558	\$ 50,971,831	\$ 53,262,087

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report also includes compliance costs as a separate cost basis. This cost basis is calculated based on the cost of the SDC methodology, once every five years for the full 15 years of the planning horizon.

II.D.2. Calculated SDC

Table 9 below is a complete schedule of parks SDCs showing the improvement fee, reimbursement fee, and compliance fee per resident and by land use for all methods of calculating the eligible cost of the expansion list.

Table 9 – Calculated SDC

	Current by Category	Future by Category	Current by Unit	Future by Unit
Cost Basis:				
Improvement Fee	\$ 13,858,391	\$ 28,755,558	\$ 50,971,831	\$ 53,262,087
Reimbursement Fee	-	578,569	-	21,146,157
Compliance Costs	62,430	62,430	62,430	62,430
Total Cost Basis	\$ 13,920,821	\$ 29,396,557	\$ 51,034,261	\$ 74,470,674
Growth in Residents	6,488	6,488	6,488	6,488
Improvement Fee per Resident	\$ 2,136	\$ 4,432	\$ 7,856	\$ 8,209
Reimbursement Fee per Resident	-	89	-	3,259
Compliance Fee per Resident	10	10	10	10
Total SDC per Resident	\$ 2,146	\$ 4,531	\$ 7,866	\$ 11,478
Fee Schedule:				
Single-family dwelling unit	\$ 5,857	\$ 12,368	\$ 21,472	\$ 31,333
Multi-family dwelling unit	4,343	9,170	15,920	23,231
Mobile home dwelling unit	4,718	9,962	17,295	25,237

Source: 2015-2019 American Community Survey 5-Year Estimates, Tables B25024 and B25033
(residents per dwelling unit)

As shown above, the maximum allowable charge is \$11,478 per resident under the future level of service by unit of measurement. The resulting SDC is \$31,333 for a single-family dwelling unit based on an estimated 2.73 residents per dwelling unit, \$23,231 for a multi-family dwelling unit based on an estimated 2.02 residents per dwelling unit, and \$25,237 for a mobile home dwelling unit based on an estimated 2.20 residents per dwelling unit.

II.D.3. Comparison

This section provides comparisons for the City’s current and proposed SDCs against those of comparable jurisdictions. As shown in Table 10, if SDCs are implemented as proposed, the City will have a higher parks SDC than all comparable cities in this survey.

Table 10 – Parks SDC per SFR Comparison

	Parks SDC per SFR	
Sandy (Maximum)	\$	31,333
Lake Oswego		15,672
Tigard		10,345
Sherwood		8,998
Happy Valley		8,515
Canby		6,025
Hubbard		4,558
Eugene		4,246
Milwaukie		3,985
Sandy (Current)		3,717
Molalla		2,643

Source: Survey by FCS GROUP, as of 4/26/2022

Section III. FEE-IN-LIEU ANALYSIS

This section provides the detailed calculations of an updated fee in lieu of parkland dedication. The City will need to update its municipal code to accommodate the calculation.

III.A. LAND DEDICATION REQUIREMENT

The City currently requires developers to dedicate 0.0068 acres per resident added by a new development to give the City enough parkland to reach its goals for the park system. This is based on its existing inventory and on data from the 2022 Parks and Trails Master Plan.

III.B. LAND ACQUISITION COSTS

The City currently uses \$241,000 as its estimate for the cost of an acre of land in its fee-in-lieu calculation. However, FCS GROUP used assessor data to determine a more recent cost per acre based on the cost of undeveloped, platted land. That data revealed the average price per acre to be \$869,242.

III.C. CALCULATED FEE-IN-LIEU

Based on the previous sections, the fee-in-lieu calculation is summarized in Table 11 below. As shown, the calculated fee-in-lieu per resident is \$5,911, and the fee-in-lieu per dwelling unit ranges from \$11,963 up to \$16,135.

Table 11 – Fee-in-Lieu Calculation

Current cost per acre		\$869,242
Targeted acres per resident		0.0068
Calculated Fee-in-Lieu per resident		\$5,911
Fee Schedule:	<u>Residents per Dwelling Unit</u>	
Single-family dwelling unit	2.73	\$16,135
Multi-family dwelling unit	2.02	\$11,963
Mobile home dwelling unit	2.20	\$12,996

The table above uses data from the Census Bureau to calculate the number of residents per dwelling unit. Those calculations were also used to calculate the SDC per dwelling unit.

The City may choose instead to use its current occupancy assumptions, as described in Sandy Municipal Code Sec. 17.86.10. Under those assumptions, the fee-in-lieu ranges from \$8,866 for a congregate multi-family dwelling unit, up to \$17,733 for a single-family dwelling unit.

Table 12 – Fee-in-Lieu Calculation with City’s Current Occupancy Estimates

Current cost per acre		\$869,242
Targeted acres per resident		0.0068
Calculated Fee-in-Lieu per resident		\$5,911
Fee Schedule:	Residents per Dwelling Unit	
Single-family dwelling unit	3.00	\$17,733
Multi-family dwelling unit	2.00	\$11,822
Mobile home dwelling unit	2.00	\$11,822
Congregate multi-family dwelling unit	1.50	\$8,866

Section IV. IMPLEMENTATION

This section addresses practical aspects of implementing SDCs and an updated fee-in-lieu.

IV.A. FEE-IN-LIEU CHANGES

The City determined to keep its existing occupancy estimates when calculating the fee-in-lieu for a new development, so no adjustment is needed to match the occupancy estimates shown in Tables 9 and 11.

IV.B. INDEXING

ORS 223.304 allows for the periodic indexing of SDCs for inflation, as long as the index used is:

- (A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three;
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.

In accordance with Oregon statutes, we recommend that the City use the *Engineering News-Record* (ENR) Construction Cost Index (CCI) 20-City Average as the basis for adjusting SDCs annually.

City of Sandy Parks SDC and Fee-in-Lieu Implementation

John Ghilarducci and
Zech Hazel

July 13, 2022



Summary of Calculations

		SDC	Fee-in-Lieu	Total
Calculated Maximum Fee per Resident		\$ 11,478	\$ 5,911	\$ 17,389
Fee Schedule:	<u>Residents per Dwelling Unit</u>			
Single-family Dwelling Unit	2.73	\$ 31,333	\$ 16,135	\$ 47,468
Multi-family Dwelling Unit	2.02	23,231	11,963	\$ 35,195
Mobile home Dwelling Unit	2.20	25,237	12,996	\$ 38,234



SDC Comparison

	Parks SDC per SFR	
Sandy (Maximum)	\$ 31,333	
Lake Oswego	15,672	
Tigard	10,345	
Sherwood	8,998	
Happy Valley	8,515	
Canby	6,025	
Hubbard	4,558	
Eugene	4,246	
Milwaukie	3,985	
Sandy (Current)	3,717	
Molalla	2,643	

Source: Survey by FCS GROUP, as of 4/26/2022

- **The average SDC of jurisdictions above (excluding Sandy) is \$7,221**



Phase-In Example

- **Some communities prefer to phase in their SDCs over time**
 - » They can simultaneously index their SDC to account for inflation
- **Example from Hermiston:**

SDC Implementation Schedule	Future SDCs Effective				
	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
Water SDC per MCE	\$ 294.00	\$ 314.00	\$ 326.00	\$ 337.00	\$ 347.11
Sewer SDC per MCE	251.00	285.00	311.00	336.00	346.08
Parks SDC per resident	178.76	204.58	224.44	244.31	251.64
Transportation SDC per PM peak hour vehicle trip end	100.00	206.00	315.00	428.00	440.84

SDC Implementation Schedule	Future SDCs Effective				
	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031
Water SDC per MCE	\$ 357.52	\$ 368.25	\$ 379.30	\$ 390.68	\$ 402.40
Sewer SDC per MCE	356.46	367.16	378.17	389.52	401.20
Parks SDC per resident	259.18	266.96	274.97	283.22	291.71
Transportation SDC per PM peak hour vehicle trip end	454.07	467.69	481.72	496.17	511.05



Phase-In Options

- Phase in over 5 years
- Phase in over 10 years
- Phase in over 15 years
- **Set SDC to average of comparable communities, immediate implementation of full fee-in-lieu**



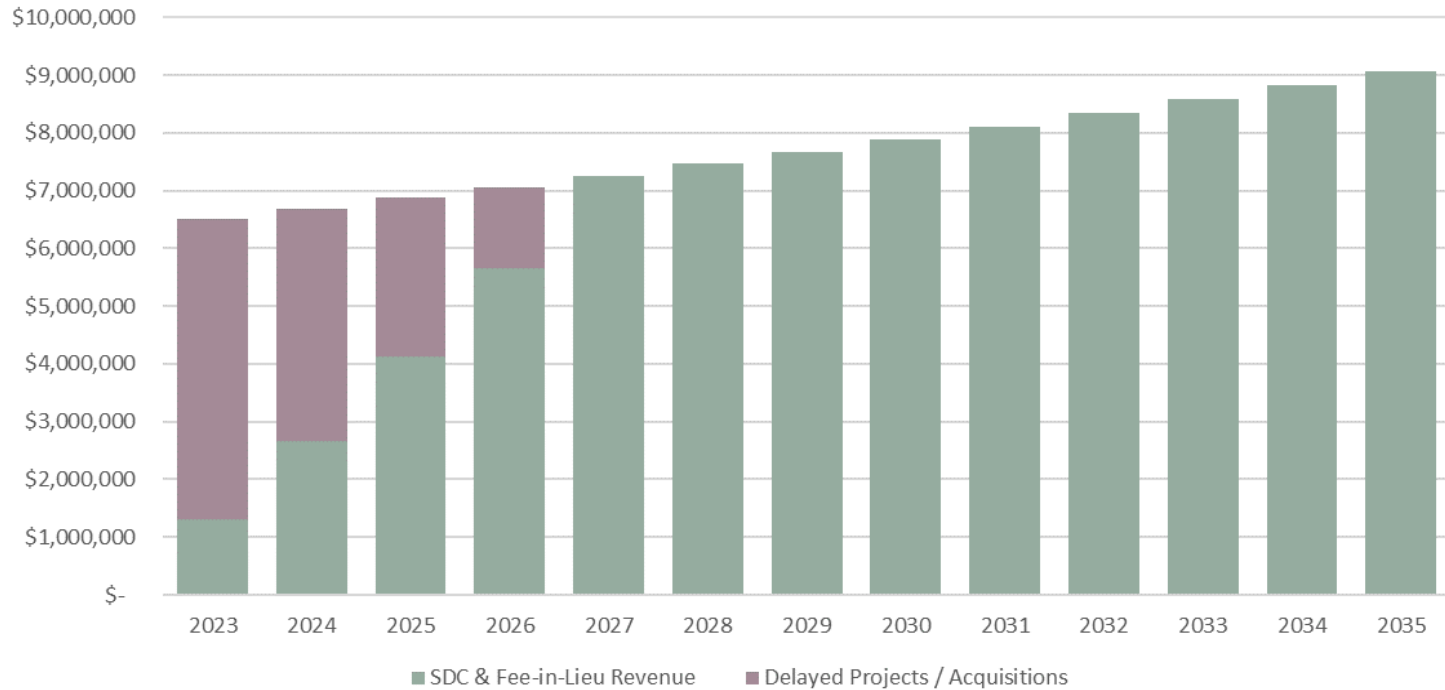
5-Year Phase-In

	SDC per SFR	Fee-in-Lieu per SFR
2023	\$ 6,267	\$ 3,227
2024	12,533	6,454
2025	18,800	9,681
2026	25,066	12,908
2027	31,333	16,135

- **SDC increases by \$6,267 per year**
- **Fee-in-Lieu Increases by \$3,227 per year**



5-Year Phase-In



- **\$8.8 million in delayed projects - 50% of Tier 1 projects**
- **\$4.5 million in delayed acquisitions**



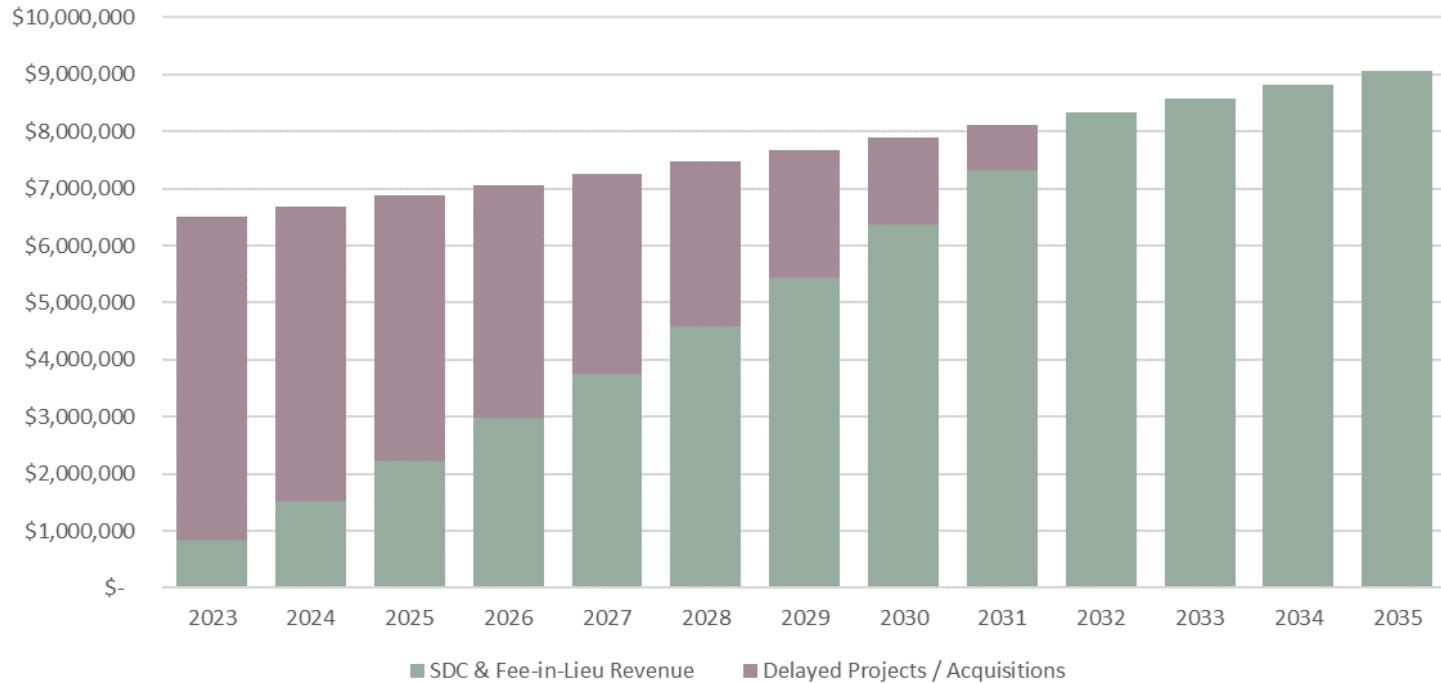
10-Year Phase-In

	SDC per SFR		Fee-in-Lieu per SFR	
2023	\$	3,133	\$	3,109
2024		6,267		4,556
2025		9,400		6,004
2026		12,533		7,451
2027		15,666		8,898
2028		18,800		10,346
2029		21,933		11,793
2030		25,066		13,241
2031		28,200		14,688
2032		31,332		16,135

- **SDC increases by \$3,068 per year**
- **Fee-in-Lieu Increases by \$1,447 per year**



10-Year Phase-In



- **\$20.8 million in delayed projects - 62% of Tier 1 and 2 projects**
- **\$9.6 million in delayed acquisitions**



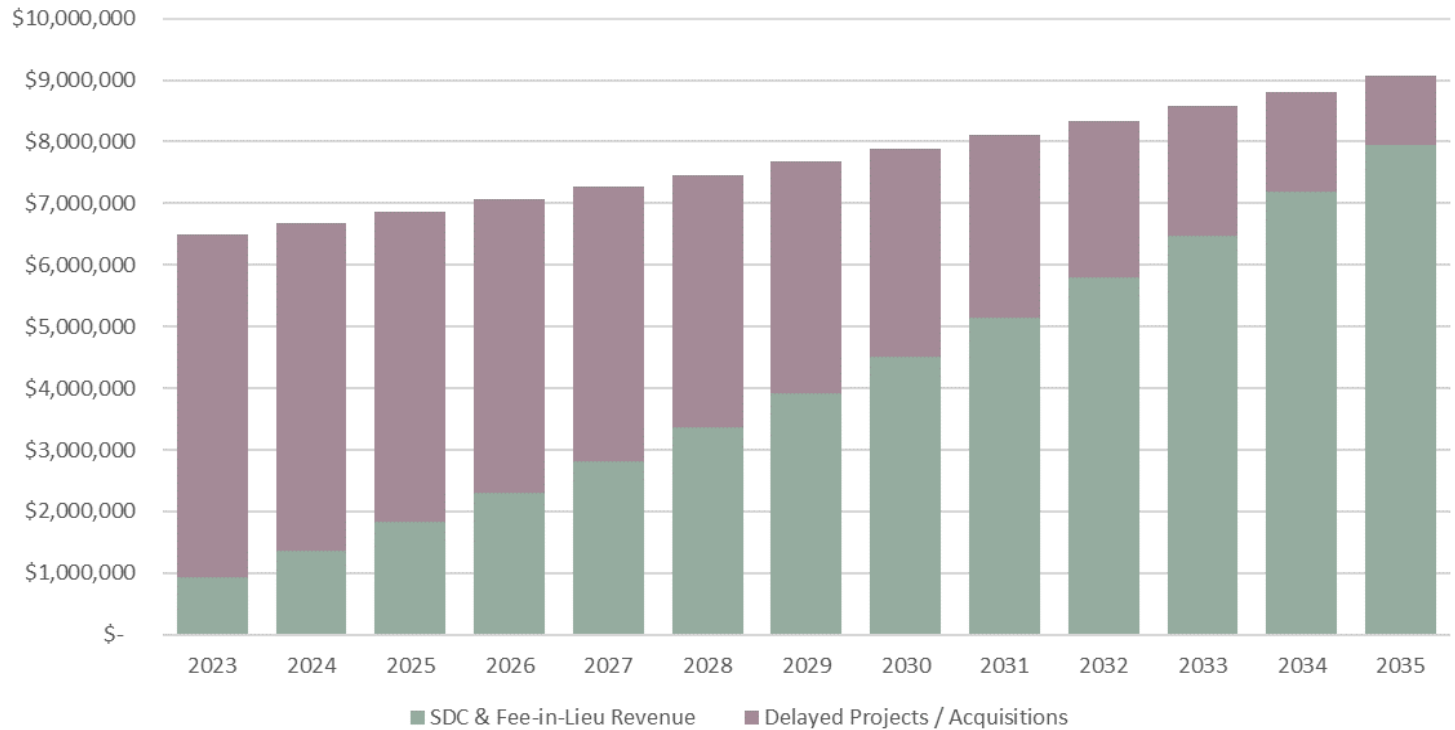
15-Year Phase-In

	SDC per SFR		Fee-in-Lieu per SFR	
2023	\$	3,717	\$	3,109
2024		5,690		4,039
2025		7,662		4,970
2026		9,635		5,900
2027		11,607		6,831
2028		13,580		7,761
2029		15,552		8,692
2030		17,525		9,622
2031		19,498		10,553
2032		21,470		11,483
2033		23,443		12,413
2034		25,415		13,344
2035		27,388		14,274
2036		29,360		15,205
2037		31,333		16,135

- **SDC increases by \$1,973 per year**
- **Fee-in-Lieu Increases by \$930 per year**



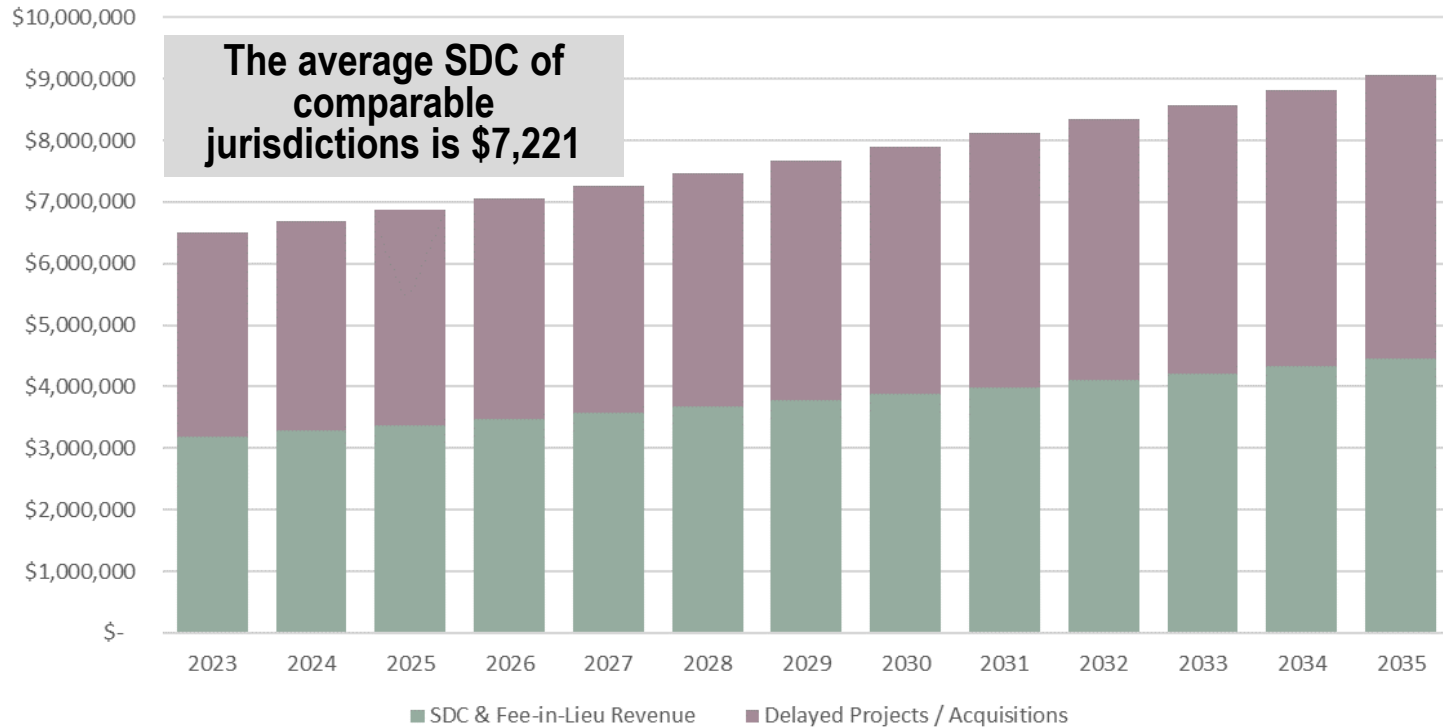
15-Year Phase-In



- **\$31.7 million in delayed projects - 51% of all projects**
- **\$15.1 million in delayed acquisitions**



Set to Average of Comparable Communities



- **\$50.9 million in delayed projects - 83% of all projects**
- **No delayed acquisitions (fee-in-lieu set to maximum immediately)**



SDCs with Inflation (Example)

- The City should increase its SDC annually based on changes in the ENR-CCI 20-City Average
- For illustration only, the table to the right shows how the SDCs might increase with inflation
 - » The table assumes that the SDC escalates by about 3% each year

	5-year Phase-in	10-year Phase-in	15-year Phase-in	Set to Average SDC
2023	\$ 6,453	\$ 3,827	\$ 3,827	\$ 7,435
2024	13,289	7,195	6,033	7,656
2025	20,526	10,759	8,366	7,884
2026	28,181	14,528	10,832	8,118
2027	36,274	18,512	13,438	8,359
2028	37,352	22,720	16,188	8,608
2029	38,461	27,162	19,091	8,864
2030	39,604	31,848	22,151	9,127
2031	40,781	36,788	25,377	9,398
2032	41,993	41,993	28,775	9,677
2033	43,241	43,241	32,352	9,965
2034	44,526	44,526	36,117	10,261
2035	45,849	45,849	40,076	10,566
2036	47,212	47,212	44,240	10,880
2037	48,615	48,615	48,615	11,203

Thank you! Questions?

John Ghilarducci – Principal
(425) 336-1865
johng@fcsgroup.com

www.fcsgroup.com



City of Sandy Parks SDC and Fee-in-Lieu Implementation



John Ghilarducci and
Zech Hazel

August 1, 2022



Summary of Calculations












- Current parks SDC is \$3,717 per single-family dwelling unit
- Current fee-in-lieu is \$4,916 per single-family dwelling unit

		SDC	Fee-in-Lieu	Total
Calculated Maximum Fee per Resident	\$	11,478	\$ 5,911	\$ 17,389
Fee Schedule:	Residents per Dwelling Unit			
Single-family Dwelling Unit	2.73	\$ 31,333	\$ 16,135	\$ 47,468
Multi-family Dwelling Unit	2.02	23,231	11,963	\$ 35,195
Mobile home Dwelling Unit	2.20	25,237	12,996	\$ 38,234

- SDC methodology (including both a reimbursement and improvement fee) can be adopted separately from an implementation plan
- The City may choose to use its current occupancy assumptions rather than what's displayed on this table



SDC Comparison

	Parks SDC per SFR	
Sandy (Maximum)	\$ 31,333	
Lake Oswego	15,672	
Tigard	10,345	
Sherwood	8,998	
Happy Valley	8,515	
Canby	6,025	
Hubbard	4,558	
Eugene	4,246	
Milwaukie	3,985	
Sandy (Current)	3,717	
Molalla	2,643	

Source: Survey by FCS GROUP, as of 4/26/2022

- The average SDC of jurisdictions above (excluding Sandy) is \$7,221
- Cities may be going through their own SDC updates



Common Implementation Strategies

- **Adopt the maximum SDC**
- **Adopt less than the maximum SDC**
 - » Adopt less than the maximum of either the improvement or reimbursement fees
- **Phase in any increases over time**
 - » SDCs can also, simultaneously, be indexed to inflation



SDC Phase-In Options Presented to PTAB

- Phase in over 5 years
- Phase in over 10 years
- Phase in over 15 years
- Set SDC to average of comparable communities, immediate implementation of full fee-in-lieu



SDC Phase-In Options Presented to PTAB

	5-year Phase-in	10-year Phase-in	15-year Phase-in	Set to Average SDC
2023	\$ 6,267	\$ 3,717	\$ 3,717	\$ 7,221
2024	12,533	6,785	5,690	7,221
2025	18,800	9,854	7,662	7,221
2026	25,066	12,922	9,635	7,221
2027	31,333	15,991	11,607	7,221
2028	31,333	19,059	13,580	7,221
2029	31,333	22,128	15,552	7,221
2030	31,333	25,196	17,525	7,221
2031	31,333	28,265	19,498	7,221
2032	31,333	31,333	21,470	7,221
2033	31,333	31,333	23,443	7,221
2034	31,333	31,333	25,415	7,221
2035	31,333	31,333	27,388	7,221
2036	31,333	31,333	29,360	7,221
2037	31,333	31,333	31,333	7,221

- **Note – SDCs are un-escalated in this example, but could be indexed to inflation**



PTAB Recommendation: SDC Phase-In

	Implementation			
	Date		SDC per SFR	Annual Increase
	Existing	\$	3,717	\$ -
2023	1/1/2023		7,435	3,718
2024	7/1/2023		10,576	3,141
2025	7/1/2024		13,718	3,141
2026	7/1/2025		16,859	3,141
2027	7/1/2026		20,000	3,141

- **SDCs can also be indexed to inflation during and after the phase-in period**



PTAB Recommendation: Fee-in-Lieu

- **Immediate adoption of maximum fee-in-lieu of \$5,911 per resident**

Current cost per acre		\$869,242
Targeted acres per resident		0.0068
Calculated Fee-in-Lieu per resident		\$5,911
Fee Schedule:	Residents per Dwelling Unit	
Single-family dwelling unit	2.73	\$16,135
Multi-family dwelling unit	2.02	\$11,963
Mobile home dwelling unit	2.20	\$12,996

- **The City may choose to use its current occupancy assumptions rather than what's displayed on this table**

Thank you! Questions?

John Ghilarducci – Principal
(425) 336-1865
johng@fcsgroup.com

www.fcsgroup.com





MINUTES
City Council Meeting
Monday, July 18, 2022 7:00 PM

COUNCIL PRESENT: Stan Pulliam, Mayor; Richard Sheldon, Councilor; Kathleen Walker, Councilor; Carl Exner, Councilor; and Don Hokanson, Councilor

COUNCIL ABSENT: Jeremy Pietzold, Council President and Laurie Smallwood, Councilor

STAFF PRESENT: Jordan Wheeler, City Manager; Jeff Aprati, City Recorder; Jenny Coker, Public Works Director; Tyler Deems, Deputy City Manager / Finance Director; and Ernie Roberts, Police Chief

MEDIA PRESENT: Sandy Post

1. CITY COUNCIL REGULAR MEETING

2. Pledge of Allegiance

3. Roll Call

4. Changes to the Agenda

5. Public Comment
(none)

6. Response to Previous Public Comments

The **City Manager** provided a response to comments from June 21st regarding the Council's decision to reconsider its previous direction and instead construct a pipeline to purchase treated drinking water from Bull Run into the future. He expressed understanding of the concerns raised, but explained that given all the circumstances involved, purchasing Bull Run water continues to be the best option for the city at this point.

7. Consent Agenda

7.1. City Council Minutes
June 21, 2022

Moved by Carl Exner, seconded by Don Hokanson

Adopt the Consent Agenda

CARRIED. 5-0

Ayes: Stan Pulliam, Richard Sheldon, Kathleen Walker, Carl Exner, and Don Hokanson

Absent: Jeremy Pietzold and Laurie Smallwood

8. Ordinances

8.1. PUBLIC HEARING: Sandy Municipal Code Chapter 10 Amendments - RV

Parking

Ordinance 2022-17

Staff Report - 0598

The **City Manager** summarized the staff report, which was included in the agenda packet.

Council discussion ensued on the following topics:

- Whether RV parking should be allowed in front of multifamily buildings
- The need to clarify the definition of an RV, and to have more precise definitions generally
- The difference between a utility trailer and a travel trailer
- The City's complaint-driven approach to code enforcement, and whether this approach is always appropriate
- Whether printed permits would be used, or electronic-only

Public Testimony

(none)

Further Council discussion ensued on the following topics:

- Concern about an overly-discretionary enforcement approach
- Advantages of printed permits that can be placed in a window
- Concern about the limited number of annual permits
- Concern about prohibiting sleeping in RVs
- Whether boats should be included in the program as well
- The need to consider the number of axels for each RV, not the number of wheels
- Support for allowing RV parking should be allowed in front of multifamily buildings
- The importance of finding a strategy for addressing problems with RVs without unduly impacting residents

- Whether a permit should be necessary for parking an RV for less than 4 hours
- Whether additional, shorter duration permits should be available after the annual maximum has been reached
- Concern about moving RVs every 72 hours to avoid enforcement actions
- Concern for impacts on road safety and traffic
- Note that permit programs give police officers a lawful reason to contact individuals

The consensus of the Council was that further consideration should occur at a later date, with the following amendments being made to the proposed ordinance:

- Allowing individuals to sleep in RVs
- Establishing that RV parking is allowed for less than 72 hours, with a permit being required if the vehicle will be parked for more than 4 hours
- Allowing individuals to obtain additional, non-consecutive 24 hour permits for loading purposes after they reach the annual maximum of 72 hour permits
- Making SMC 10.24.030 E apply to all trailers towed by another vehicle
- Making additional definition clarifications

Moved by Don Hokanson, seconded by Carl Exner

Close the public hearing.

CARRIED. 5-0

Ayes: Stan Pulliam, Richard Sheldon, Kathleen Walker, Carl Exner, and Don Hokanson

Absent: Jeremy Pietzold and Laurie Smallwood

9. New Business

9.1. Measure 109 Regulation Options

Staff Report - 0597

The **City Manager** summarized the staff report, which was included in the agenda packet.

The **City Attorney** clarified that the Council could remove a prohibition at a later date without the need for an additional referral to the voters, and that

the Council could choose to refer a prohibition on only certain types of psilocybin facilities. He also explained the rationale that a prohibition (if approved) could be adopted now for the time being, allowing time for the City to enact more nuanced time, place, and manner regulations.

The Council discussed the possibility of allowing certain types of licenses while disallowing licenses that would involve psilocybin consumption; ultimately in the interest of simplicity and speed, the consensus of the Council was that staff should proceed with preparing an ordinance that would prohibit psilocybin-related businesses generally.

9.2. **League of Oregon Cities 2023 Legislative Priorities Discussion**

Staff Report - 0596

The **City Recorder** summarized the staff report, which was included in the agenda packet.

The Council expressed general agreement with the top five priorities identified in the staff report. Some consideration was given to the proposals to address Measure 110 shortcomings and to provide local funding to address homelessness, but ultimately the consensus of the Council was to endorse the top five priorities identified in the staff report.

10. Report from the City Manager

- The League of Oregon Cities conference is upcoming in October
 - The Council may take its own off-site trip to a facility/location of interest
 - Staff will work with the **Mayor** to discuss tour options
- Cleanup Day was successful
- The RFP for the Community Campus unfortunately produced no submittals
- Staff is examining the requirements attached to the \$1 million in wastewater funding recently received
- There is an opportunity to meet with the CEO of PGE at the upcoming OCCMA conference

11. Committee /Council Reports

Councilor Hokanson

- The Mountain Festival was a great success, including the outreach to the Latino community
- Cleanup Day was successful
- The Community Campus Subcommittee will meet soon to discuss the unfortunate results of the recent RFP

Councilor Exner

- Inquired about the details of National Night Out
- Comprehensive Plan CAC meeting is upcoming
- Thanks to first responders who provided him emergency assistance

Councilor Walker

- The Mountain Festival was a great success
- Kiwanis breakfast is upcoming
- There is a need for clarity on the city's current number of acres and units of all different housing types, because there is already an appropriate mix of housing. Downzoning land in the future is very difficult. The city should pay for a new Housing Needs Analysis; the Development Services Director concurs. This is required to occur in the near future regardless.

Councilor Sheldon

- The City needs an enforcement process for development final orders, as well as a process to ensure people who submit complaints that their input has been heard
- Concern regarding pesticide spraying in Meinig Park, and whether proper noticing procedures are being followed

Mayor Pulliam

- The Mountain Festival was a great success; thanks to staff for their support
- A work session on the Pleasant Street Master Plan is needed
- Thanks to residents who shared their views on the City's drinking water plans

12. Staff updates

12.1. [Monthly Reports](#)

13. Adjourn

14. CITY COUNCIL EXECUIVE SESSION

The City Council will meet in executive session pursuant to ORS 192.660(2)(d) and (2)(h)

Mayor, Stan Pulliam

City Council
July 18, 2022

City Recorder, Jeff Aprati

Draft



Staff Report

Meeting Date: August 1, 2022

From Andi Howell, Transit Director

SUBJECT: Authorization of Tri-County Metropolitan Transportation District of Oregon (TriMet) Subrecipient Agreement

DECISION TO BE MADE:

Agreement for distribution of State funds between Sandy Area Metro (SAM) and TriMet.

PURPOSE / OBJECTIVE:

SAM's STIF Plan was approved and budgeted and SAM continues to implement its STIF Plan. Upon execution of this agreement, TriMet will disburse funding as identified in the SAM STIF Plan and any interest that has accrued during the negotiation of this agreement.

BACKGROUND / CONTEXT:

HB 2017 created the Statewide Transportation Improvement Fund (STIF). Each transit agency receives 90% of the STIF funds generated from employees working within its jurisdiction – referred to as STIF Formula Funds. The STIF Formula Funds are collected by the State, which distributes the STIF Formula Funds to designated Qualified Entities. TriMet is the Qualified Entity for the Portland metro region and SAM is a Subrecipient that receives its STIF Formula Funds from TriMet. TriMet distributes funds to SAM, Canby, Clackamas County, Multnomah County, Portland, Ride Connection, Washington County and Wilsonville. Because of TriMet's designation as the Qualified Entity and SAM's designation as a Public Transit Service Provider (PTSP) and Subrecipient, TriMet and SAM must enter into an agreement for the disbursement of STIF Formula Funds from TriMet to SAM.

TriMet, SAM, and the other Subrecipients under TriMet's jurisdiction as a Qualified Entity, negotiated terms of the agreement with input from Oregon Department of Transportation (ODOT) regarding the disbursement of STIF Formula Funds. The STIF Formula Funds will be used by SAM to fund its projects/programs listed in Transit STIF Plan that was approved by the Oregon Transportation Commission. The STIF Plan was created to satisfy requirements set forth in the statewide plan process to receive and expend STIF Formula Funds and projects were chosen according to the Sandy Transit Master Plan. This agreement is for the funding in Fiscal Years 2021- 2022 and 2022-2023. Negotiations for this agreement were recently finalized and therefore the agreement is coming before City Council mid-way through the project plan period.

The Council previously entered into an IGA for STIF Formula Funds for Fiscal Years 2018-2019, 2019-2020, and 2020-2021.

RECOMMENDATION:

Staff recommends Council authorize the City Manager to sign the IGA with TriMet for STIF Formula Funds for Fiscal Years 2021-2022 and 2022-2023.

BUDGETARY IMPACT:

\$307,389 in new funds and \$93,749 in carry over from previous year plan. Carry over funds are being held for a future capital project.

LIST OF ATTACHMENTS/EXHIBITS:

- Subrecipient Agreement

**TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON
SUBRECIPIENT AGREEMENT GP220801EV
DISBURSEMENT OF STATE OF OREGON, PUBLIC TRANSIT SECTION
STATEWIDE TRANSPORTATION IMPROVEMENT FUNDS**

PARTIES:

1. Tri-County Metropolitan Transportation District of Oregon (TriMet), is a mass transit district organized under ORS Chapter 267. TriMet is acting as a Qualified Entity (QE) designated to distribute funds pursuant to ORS Chapter 184.751 *et seq* to authorized entities that provide Public Transportation Services from the State of Oregon Department of Transportation (ODOT), Public Transit Division, Special Transportation Improvement Fund (STIF) for the purposes set forth at ORS 184.758. Pursuant to Resolution No. 20-12-45, TriMet’s Board of Directors authorized TriMet to disburse STIF Formula Funds received by TriMet to eligible Subrecipients in accordance with the STIF Plan.
2. [City of Sandy] (Subrecipient/PTSP).

DEFINITIONS:

As used in this Agreement, which includes all Exhibits:

1. “Americans with Disabilities Act” (“ADA”) means section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 as amended by the ADA Amendments Act of 2008.
2. “Capital Asset” means real property or tangible items purchased or leased with STIF moneys, including without limitation vehicles and structures, with a purchase price of \$5,000 or more and a useful life of at least one year.
3. “Commission” means the Oregon Transportation Commission (“OTC”) established under ORS 184.612.
4. “Fiscal Year” means the annual period which begins on July 1 and ends on June 30.
5. “Low-Income Household” means a household the total income of which does not exceed 200% of the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2) for the 48 Contiguous States and the District of Columbia.
6. “Project” means a public transportation improvement activity or group of activities that is (i) eligible for STIF moneys; (ii) included in a STIF Plan adopted by the Commission; and (iii) funded by this Agreement.
7. “Project Manager(s)” means the individuals identified in Section 12 of this Agreement who are authorized by TriMet and Subrecipient respectively to send and receive communications regarding this Agreement.
8. “Public Transportation Services” means any form of passenger transportation by car, bus, or other conveyance, either publicly or privately owned, which provides service to the general public (not including charter, sightseeing, or exclusive school bus service) on a regular and continuing basis. Such transportation may be for purposes such as health care, shopping, education, employment, public services, personal business, or recreation.

9. "Public Transportation Service Provider" ("PTSP") means a Qualified Entity or a city, county, Special District, Intergovernmental Entity or any other political subdivision or municipal or Public Corporation that provides Public Transportation Services.
10. "Qualified Entity" means a county in which no part of a Mass Transit District or Transportation District exists, a Mass Transit District, a Transportation District or an Indian Tribe.
11. "Recipient" means a Qualified Entity or Public Transportation Service Provider that has a STIF Plan approved by the Commission or enters into an agreement directly with ODOT to receive STIF Formula Funds.
12. "Representation Letter" means a letter prepared by a Subrecipient's external auditors and sign by Subrecipient's senior management that attests to the accuracy of the statements that the Subrecipient has submitted to the auditors for their analysis.
13. "Satisfactory Continuing Control" means the legal assurance that a Capital Asset will remain available to be used for its originally authorized purpose throughout its useful life or until disposition.
14. "STIF" or "Statewide Transportation Improvement Fund" means the fund established under ORS 184.751.
15. "STIF Formula Fund" means up to 90 percent of the Statewide Transportation Improvement funds to be disbursed to Qualified Entities conditioned upon the Commission's approval of a STIF Plan, pursuant to ORS 184.758(1)(a).
16. "STIF Formula Fund Cycle" means the time period between Fiscal Years 2022 (July 1, 2021) through the end of Fiscal Year 2023 (June 30, 2023) that is programmed in the STIF Plan.
17. "STIF Plan" means a public transportation improvement plan that is approved by TriMet's Board of Directors and submitted to the Oregon Department of Transportation for review and approval by the Commission in order for TriMet to receive a share of the STIF Formula Fund.
18. "Sub-Recipient" means an entity that has entered into an agreement with a Recipient in order to complete one or more tasks specified in the agreement between the Agency and the Recipient.

RECITALS:

1. ORS 184.751 establishes the Statewide Transportation Improvement Fund, which appropriates funds to the Oregon Department of Transportation to finance investments and improvements in public transportation services.
2. The STIF Formula Fund is intended to improve Public Transportation Services for current and potential future Oregon transit users by distributing moneys to Qualified Entities. STIF Formula Funds are not intended to supplant local funding sources to maintain existing services.
3. The Commission has approved TriMet's multi-year Plan for use of STIF Formula Funds for the period of Fiscal Year 2022 (July 1, 2021) through the end of Fiscal Year 2023 (June 30, 2023). TriMet is a Recipient of STIF Formula Funds as it is authorized to receive STIF Formula Funds directly from the Oregon Department of Transportation. TriMet's STIF Plan consists of numerous Projects to provide Public Transportation Services in TriMet's area of responsibility based on anticipated STIF Formula Funds.

4. Subrecipient is authorized to receive STIF Formula Funds and provide Public Transportation Services in TriMet's Area of Responsibility as defined by OAR 732-040-0005(5).
5. TriMet's STIF Plan anticipates sufficient future STIF Formula Funds for Subrecipient for a Project or Projects that provides Public Transportation Services, as specified in this Agreement.
6. Pursuant to ORS Chapter 184 and OAR Chapter 732, Divisions 40 and 42, TriMet and Subrecipient enter into this Agreement for the sole purpose of disbursing the approved STIF Formula Funds to Subrecipient in order for Subrecipient to complete one or more projects specified in the approved FY2022-23 STIF Plan. **Funds shall be used solely for the Project(s) and shall not be used for any other purpose.**

AGREEMENTS:

1. General

- 1.1. Subrecipient agrees to comply with and use the STIF Formula Funds in accordance with the terms of this Agreement, including the terms and conditions of ORS 184.751 through 184.766, the provisions of OAR Chapter 732 Divisions 40 and 42, as may be amended, TriMet's approved FY2022-FY2023 STIF Plan, and any ODOT guidance documents pertaining to the Statewide Transportation Improvement Funds Program, including but not limited to the QE – Subrecipient Oversight Compliance Guide and all amendments and addendums to such guide, all of which are incorporated into and made part of this Agreement. Specific contractual requirements applicable to Subrecipient under this Agreement are set forth in Exhibits A-F, which are incorporated into and made part of this Agreement. Any conflict among the terms of this Agreement shall be resolved in accordance with the following order of precedence: this Agreement form: Exhibit A, Exhibit B, Exhibit C, Exhibit D, Exhibit E, Exhibit F and Exhibit G. This Agreement is subject to any written agreements made between ODOT and TriMet regarding disbursement of the STIF Formula Funds, and shall be amended to incorporate those changes.
- 1.2. Subrecipient affirms that it has all the necessary policies and procedures in place to ensure compliance with OAR 732 Divisions 40 and 42, and to achieve the goals and outcomes described in the Project, including but not limited to program and project management; financial management; operations management, procurement, use and maintenance of equipment, records retention, compliance with state and federal civil rights laws, compliance with the Americans with Disabilities Act (ADA), compliance with FTA drug & alcohol regulations, charter and school bus, and safety and asset management.
- 1.3. Subrecipient shall not be relieved of any responsibility for performance of Subrecipient's duties under this Agreement, regardless of any lower tier subcontract/subaward entered into. Subrecipient shall require any subcontractor/subrecipient performing services under this Agreement to enter into a written agreement with Subrecipient before the commencement of services, which shall require the subcontractor to comply with ORS 184.751 through 184.766 and the provisions of OAR Chapter 732, Divisions 40 and 42, as may be amended, and the terms of this Agreement. Where provided in this Agreement, Subrecipient shall specifically include in all subcontracts a requirement that the subcontractor shall be bound as provided in this Agreement and exhibits thereto.
- 1.4. Subrecipient and TriMet agree that the percentages or set funding amount for Regional Coordination funds, if any, of STIF Formula Funds designated for Subrecipient in Exhibit E

represents, to the extent possible and using the best available data, an allocation method that is proportionate to the amount of employee payroll tax revenue generated within the geographic territory of the Subrecipient.

- 1.4.1. If Subrecipient receives STIF Formula Funds generated within TriMet's geographic district, Subrecipient agrees that the STIF Formula Funds in Exhibit E represent the allocation to Subrecipient approved by the Oregon Transportation Commission.
- 1.5. If the total amount of STIF Formula Funds transferred to Subrecipient pursuant to Section 1.4 exceeds the total amount in Exhibit D, the Subrecipient shall retain all excess funds in a restricted account for a future STIF Plan or for disbursement as otherwise approved by the Oregon Transportation Commission.
- 1.6. If the total amount of STIF Formula Funds received by TriMet from ODOT exceeds the total amount budgeted by Subrecipient for any fiscal year in Exhibit D, then TriMet shall retain all excess funds in a restricted account and will disburse the funds plus interest to Subrecipient for STIF Plan activities to be conducted in the following fiscal year until the maximum amount for the STIF Plan has been reached, or disbursed in accordance to the subsequent STIF Plan approved by the Commission. A Subrecipient cannot spend more than the amount budgeted for STIF Plan Period, whether from STIF Formula funds or interest earned on those funds.
 - 1.6.1. Any STIF Formula Funds, including interest, accrued at the end of the STIF Plan period in excess of the amount budgeted by Subrecipient for the STIF Plan period in Exhibit D will be retained by TriMet and disbursed in accordance to the subsequent STIF Plan approved by the Oregon Transportation Commission.
- 1.7. If the STIF Formula Funds transferred to Subrecipient pursuant to Section 1.4 are not sufficient to meet the funding schedule shown as "Plan Budget" on Exhibit D, TriMet will utilize the Subrecipient's percentage of STIF Formula Funds identified in Exhibit E relative to the total STIF Formula Funds received by TriMet, unless the Parties agree otherwise.
- 1.8. TriMet agrees to distribute STIF Formula Funds due to Subrecipient in accordance with the terms of this Agreement, ORS 184.751 *et seq.*, and OAR Chapter 732 Divisions 40 and 42.

2. Audit and Compliance Review

- 2.1. All audit and compliance review requirements shall be based on the written guidance provided by ODOT regarding the responsibilities of the QE to conduct oversight activities. This guidance, currently captured in "QE- Subrecipient Oversight Compliance Guide" dated June 2021 and as amended in May 2022, shall be incorporated by reference and any subsequent amendments to that guide shall be incorporated into the audit and compliance processes as outlined in this agreement. In the event the parties cannot reach resolution, ODOT shall have responsibility to determine in writing any disagreements regarding implementation of the QE guidance. Subrecipient oversight should not duplicate oversight in areas already monitored by ODOT, FTA, or otherwise evaluated through the independent audit process.
- 2.2. Subrecipient shall conduct an agreed-upon procedure (AUP) to satisfy the annual financial audit of the STIF Formula Funds received and expended by the Subrecipient pursuant to this Agreement and OAR 732-040-0015. AUP will be carried out by an independent licensed public accountant contracted by the Subrecipient in conjunction with the Subrecipient's annual financial audit or as a separately contracted out independent ad-hoc audit carried out by a licensed public accounting firm

contracted by the Subrecipient. Subrecipient will adhere to financial management procedures in accordance with Oregon and other applicable laws and requirements, and specifically as provided by ORS 184.751 through 184.766 and OAR Chapter 732, Divisions 40 and 42 in addition to the requirements set forth in this Agreement.

- 2.3. All financial audits prepared pursuant to Section 2.1 shall include the AUP engagement requirements, developed by ODOT, as prescribed in ODOT's STIF Formula QE-Subrecipient Oversight Compliance Guide, and in accordance with Generally Accepted Government Auditing Standards (GAGAS), as well as annual expense testing as that meets the QE expense testing requirement as outlined in the QE- Subrecipient Oversight Compliance Guide. Those procedures, and related costs, will be included with the Subrecipient's annual financial statement audit as referenced in Section 2.1 and will be reimbursed to Subrecipient as a cost of the Project or Projects from the subrecipient's STIF allocation as included in the subrecipient's approved STIF Plan. The AUP and expense testing will be completed at the same time as the Subrecipient's annual financial audit if possible and results of the AUP and expense testing shall be submitted within 30 days of the submission of the finalized financial audit report, unless a change is mutually agreed by TriMet and Subrecipient.
- 2.4. In conjunction with the above-described audit and expense testing, as directed in writing by ODOT, TriMet may request additional information regarding specific projects or services. Provided, however, that it is the intent of the parties that TriMet will not request additional information if doing so would be duplicative of audits previously performed by Subrecipient or ODOT. As such, TriMet may not request an additional audit if either ODOT or Subrecipient has previously performed an audit (1) that covered the same time period as the audit requested by TriMet; (2) involved a review of the information required by OAR 732-040-015; and (3) was otherwise consistent with any audit procedures or requirements set forth in an ODOT-approved guidance document.
- 2.5. Subrecipient shall be subject to periodic on-site compliance reviews by TriMet, the QE, or third-party auditor, as prescribed in ODOT's STIF Formula QE-Subrecipient Oversight Compliance Guide, and any amendments and addendums to such guide. The purpose of the compliance site review is to ensure that Subrecipient has appropriate, adequate internal controls and management procedures to meet the terms and conditions of agreements governing the disbursement of STIF Formula Funds. Compliance reviews may include, but not be limited to the following, as applicable: program and project management, financial management, operations management, procurement, use and maintenance of equipment, records retention, compliance with state and federal civil rights laws, compliance with the Americans with Disabilities Act (ADA), compliance with FTA drug and alcohol regulations, charter and school bus, and safety and asset management. This review shall occur at a frequency outlined in the QE- Subrecipient Oversight Compliance Guide or in amended guidance and will not duplicate any materials that have already been tested as part of the completion of the annual AUP, the annual expense testing completed by a third party auditor and any audits completed by ODOT or FTA during the period of review.
- 2.6. The following reports are required as part of the Subrecipient's annual Financial Statement audit, in conjunction with the AUP engagement and expense testing:
 - 2.6.1. When conducting a financial statement audit in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS or the Yellow Book), written representations are provided in Subrecipient's Representation Letter

regarding STIF Formula Funds to complement the auditing procedures of the independent auditor. TriMet requires the following language to be included in the Representation Letter to account for STIF Formula Funds, regardless of materiality:

“We are responsible for complying, and have complied with, the requirements pursuant to ORS Chapter 184 and OAR 732, Divisions 40 and 42 for the use of STIF Formula funds identified in the approved FY2019-21 STIF Plan. We have all appropriate, adequate internal controls and management procedures to meet the terms and conditions of agreements governing the disbursement of STIF Formula Funds, including program and project management, financial management, operations management, procurement, use and maintenance of equipment, records retention, compliance with state and federal civil rights laws, compliance with the Americans with Disabilities Act (ADA), compliance with FTA drug & alcohol regulations, charter and school bus, and safety and asset management.”

- 2.6.2. No later than 30 days after receipt of the auditor’s financial report, Subrecipient will provide an electronic copy of the following documents to TriMet through the Nextcloud Dropbox:
- 2.6.2.1. Audited Financial Statement Report or Comprehensive Annual Financial Report or Annual Comprehensive Financial Report (ACFR) and Single Audit, when applicable;
 - 2.6.2.2. Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Municipal Auditing Standards;
 - 2.6.2.3. Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
 - 2.6.2.4. Report of Independent Auditors on Compliance for the Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance;
 - 2.6.2.5. Management Representation Letter with the representation described in 2.4.1;
 - 2.6.2.6. Agreed-Upon Procedures Report as required by ODOT.
 - 2.6.2.7. Written communications describing material weaknesses, significant deficiencies, or other matters, including written comments for opportunities for improvement;
 - 2.6.2.8. The results of any comprehensive review completed by the Federal Transit Administration or the Oregon Department of Transportation within 30 days of receipt, if applicable;
 - 2.6.2.9. The results of any STIF Formula Fund related reviews or audits within 30 days of receipt, if applicable.
- 2.7. If applicable, subrecipient will provide the asset inventory list as described in Exhibit C Capital Asset Requirements.
- 2.8. Subrecipient shall permit TriMet, ODOT, the Secretary of State of the State of Oregon, or their authorized representatives, upon reasonable notice, access to all data and records relating to STIF Formula Funds received or disbursed and to inspect the STIF Plans and Projects financed with STIF Formula Funds including, but not limited to, the financial records, physical premises, and Capital Assets used to deliver public transportation services.

Subrecipient shall ensure that its agreements or contracts with lower tier subrecipients or subcontractors include provisions which permit TriMet, ODOT, the Secretary of State of Oregon, or their authorized representatives, access to data and records held by the Subrecipient or contractor as described in this Section.

3. Accounting Requirements

- 3.1. Subrecipient shall account for STIF Formula Funds separately. Any interest accrued must be added to the moneys and reported to TriMet at the end of the Fiscal Year in which it was earned.
- 3.2. Subrecipient shall document the expenditure of all STIF Formula Funds disbursed by TriMet under this Agreement. Subrecipient shall create and maintain all expenditure records in accordance with generally accepted accounting principles (GAAP) and in sufficient detail to permit TriMet to verify how the STIF Formula Funds were expended. Subrecipient shall comply with applicable federal, state and local laws for accounting, billing and reporting requirements with STIF Formula Funds.

4. Reporting Requirements

- 4.1. In addition to any other reporting required by this Agreement or by law, Subrecipient shall submit the following electronic documentation to TriMet:
 - 4.1.1. The Subrecipient's adopted annual budget for the upcoming Fiscal Year must be submitted, no later than 30 days after adoption and in the same format as published for the public. A lower tier subcontractor or subrecipient is not required to submit its organization's annual budget.
 - 4.1.2. The results of any relevant financial audits of the Subrecipient or any subcontractor, as required by a local, state or federal oversight agency for the purposes of statewide reporting including, but not limited to:
 - 4.1.2.1. Any other report concerning the financial and administrative activities of Subrecipient as required by law that affects the ability of Subrecipient or a subcontractor to perform the functions or programs funded by this Agreement.
- 4.2. Results of audits described in this Section 4.1.2 must be submitted to TriMet no later than 30 days after receipt of the final results. A copy of information submitted under this Section 4.1.2.1 must be sent to TriMet no later than 30 days after submittal to the requesting agency.
- 4.3. Subrecipient will provide TriMet with information that documents the benefits and discrete measurable outcomes associated with each Project as outlined in Exhibit F, the ODOT STIF Formula Fund Reporting Requirements Overview.

5. Withholding of Funds

- 5.1. Subrecipient shall assure that funds allocated hereunder are used only for the purposes permitted, and assumes responsibility for breach of conditions of the STIF Formula Funding requirements hereunder by Subrecipient. Upon breach of this Agreement by Subrecipient, TriMet may withhold future STIF Formula Fund payments to Subrecipient.
- 5.2. In addition to any other provisions of this Agreement TriMet may withhold payment of STIF Formula Funds, if:
 - 5.2.1. The Subrecipient or its subcontractor is not using STIF Formula Funds in accordance with the STIF Plan, this Agreement, or applicable laws or regulations;
 - 5.2.2. The Subrecipient or its subcontractor has not submitted reporting required by applicable law or this Agreement, subject to a reasonable cure period;
 - 5.2.2. TriMet determines that there are unresolved audit findings relating to the accounting for STIF Formula Funds as provided by Section 2 Audit and Compliance Review of this Agreement;

- 5.2.3. TriMet determines that there is any unresolved compliance review finding relating to the use of STIF moneys as provided by Section 2 Audit and Compliance Review of this Agreement;
- 5.2.3. If an audit or a review of Subrecipient under this Agreement determines that Subrecipient used STIF Formula Funds inconsistently with this Agreement, TriMet may withhold future STIF Formula Funds;
- 5.2.4. Federal or State laws, rules, regulations or guidelines are modified or interpreted in such a way that the Project is no longer allowable or no longer eligible for funding under this Agreement;
- 5.2.5. The Commission has withdrawn, modified, or limited its approval of Subrecipient's program as described in this Agreement;
- 5.2.6. Subrecipient terminates this Agreement; or
- 5.2.7. TriMet fails to receive funding, appropriations, limitations or other expense authority outside the control of TriMet, sufficient to allow TriMet, in the exercise of its reasonable administrative discretion or to continue to make payments for performance of this Agreement.

6. Discrimination Prohibited/Compliance with Laws

- 6.1. Subrecipient certifies that no person shall, on the grounds of race, color, creed, religion, sex, age, national origin, or disability, be excluded from participation in, or be denied the benefits of, any activity for which Subrecipient receives STIF Formula Funds. Subrecipient shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, age, national origin, or disability.
- 6.2. Subrecipient shall comply with all applicable federal, state, and local laws, regulations, executive orders and ordinances applicable to the Agreement or to the implementation of the Project. Without limiting the generality of the foregoing, Subrecipient expressly agrees to comply with (i) Title VI of Civil Rights Act of 1964; (ii) Title V and Section 504 of the Rehabilitation Act of 1973; (iii) the Americans with Disabilities Act of 1990 and ORS 659A.142; (iv) all regulations and administrative rules established pursuant to the foregoing laws; and (v) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations.
- 6.3. Subrecipient will include the terms of Sections 6.1-6.2 in any contract with a lower tier subcontractor or subrecipient for the use of STIF Formula Funds.

7. Indemnification

- 7.1. The parties agree that TriMet shall have no liability of any nature in connection with the Subrecipient's use of the STIF Formula Funds or Subrecipient's provision of transportation services. To the fullest extent permitted by law, Subrecipient agrees to fully indemnify, hold harmless and defend, TriMet, its directors, officers, employees and agents from and against all claims, suits, actions of whatsoever nature, damages or losses, and all expenses and costs incidental to the investigation and defense thereof including reasonable attorney's fees, resulting from or arising, as between TriMet and Subrecipient, solely out of the Subrecipient's use of the STIF Formula Funds or Subrecipient's provision of transportation services by Subrecipient, its officers, directors, employees, agents, subcontractors and volunteers under this Agreement. If Subrecipient is a public body and the claim, suit, or action subject to indemnification under this section is limited by the Oregon Tort Claims Act (ORS 30.260 *et seq*), then Subrecipient's indemnification will not exceed an amount equal to the applicable tort claim limit for Subrecipient pursuant to the Oregon Tort Claims Act. Any claim, suit, or action not arising solely out of the Subrecipient's use of the STIF Formula Funds or Subrecipient's provision of transportation services shall be governed by Exhibit A(6), contribution.

7.2. In addition to any other remedies available to TriMet as provided for by law or under this Agreement, any Subrecipient receiving STIF Formula Funds, pursuant to this Agreement shall assume sole liability for that Subrecipient's breach of the conditions of this Agreement. The provisions set forth in this Section and related provisions in Exhibit A shall survive termination or expiration of this Agreement.

8. Vehicle/ Operator Requirements

- 8.1. Subrecipient shall ensure that all drivers of vehicles purchased with STIF Formula Funds have a valid Oregon driver's license and shall have passed a defensive driving course or bus driver's training course. Per ORS 820.200, drivers of public passenger-carrying vehicles must be at least 21 years of age. Drivers of equipment designed to carry 16 or more passengers, including the driver, shall have a valid Commercial Driver's License (CDL). Subrecipient shall otherwise ensure that operation of the vehicles is performed in accordance with all applicable laws and regulations.
- 8.2. To the extent allowed by Oregon law, Subrecipient shall require criminal, Department of Motor Vehicles and employment background checks as part of the eligibility requirements for all drivers as provided by Subrecipient's own policy or as provided for in a contract with a vendor or contractor.
- 8.3. Subrecipient will include the terms of Sections 8.1-8.2 in any contract with a lower tier subcontractor or subrecipient for the use of STIF Formula Funds.

9. Reporting Requirements

- 9.1. Quarterly Reports: Subrecipient shall prepare a quarterly report for TriMet which details Project progress, outcomes achieved, and expenditures of STIF Formula Fund moneys by itself and any subcontractors. The quarterly report must be submitted no later than 30 days following the end of a quarter.
 - 9.1.1. The quarterly reporting periods for each STIF Plan year are:
 - 9.1.1.1. January through March
 - 9.1.1.2. April through June
 - 9.1.1.3. July through September
 - 9.1.1.4. October through December
- 9.2. Quarterly progress reports should be remitted via TriMet's established process for posting on its website that meets the requirements of Exhibit A and Exhibit D. Reports must be in a format acceptable to TriMet.
- 9.3. TriMet reserves the right to request additional information as may be necessary to comply with state reporting requirements.
- 9.4. STIF Plan Period Reconciliation: Within 30 days of the end of an approved STIF Plan period, TriMet shall reconcile disbursements made to Subrecipient against the Subrecipient's reported expenditures. If disbursements are found to exceed the expenditures, the amount may be carried forward by the Subrecipient into the next STIF Formula Fund Cycle provided that the Commission approves of the funding plan any funds carried forward.
- 9.5. Capital Asset Reports: If the Subrecipient has acquired, purchased or leased Capital Assets using STIF Formula Fund moneys, Subrecipient shall provide TriMet with a report of the Capital Asset

inventory, described in Exhibit C Section 2, including, an identification of any sale, transfer or other disposition of the Capital Asset as described in Exhibit C. Capital Asset Reports must be submitted to TriMet on a quarterly schedule in a manner specified by TriMet.

10. Funding

- 10.1. Upon execution of this Agreement, TriMet shall disburse to Subrecipient funds quarterly as outlined in the schedule set forth in Exhibits A, D, and E.
- 10.2. Subrecipient shall document eligible use of STIF Formula Funds through the reports submitted to TriMet's Project Manager in accordance with this Agreement and the Exhibits.
- 10.3. The parties acknowledge that the schedule for disbursement of funds in Exhibits D and E are based on anticipated future tax revenue collected by the State of Oregon. The estimated disbursements are not guaranteed. Actual funds received may not be sufficient to provide Subrecipient the full amount of STIF Formula Funds in any quarter as anticipated by this Agreement.

11. Term

This Agreement shall be in effect from July 1, 2021 upon signature of both parties and through June 30, 2023, unless the Agreement is terminated earlier as provided in this Agreement. Subrecipient may use STIF Formula Funds for allowable costs incurred retroactive to July 1, 2021 and continuing through the term of this Agreement.

12. Communications

All communications between the parties regarding this Agreement shall be directed to the parties' respective Project Managers as indicated below:

TriMet:

Program Manager for Reporting and Compliance:

Mailee Xiong, Senior Grants Compliance Analyst
1800 SW 1st Ave., Suite 300
Portland, OR 97201
503.962.4888
STIFCompliance@trimet.org

Program Manager for STIF Program Questions:

Tom Mills, Director of Planning and Policy
1800 SW 1st Ave., Suite 300
Portland, OR 97201
503.962.4883
millst@trimet.org

Subrecipient:

For all communications:

Andi Howell, Transit Director, Sandy Area Metro
16610 Champion Way
Sandy, OR 97055
ahowell@ci.sandy.or.us
503-489-0925

If one party finds a need to designate a new Project Manager, it shall immediately notify the other party in writing, electronic mail, or other dated documentation.

13. Assignment/Subcontracts

Except with regard to audit requirements, Subrecipient may not assign, delegate or subcontract any of its rights or obligations under this Agreement to any other party without the prior written consent of TriMet. Any assignment, delegation or subcontract in violation of this paragraph shall be null and void, and shall constitute grounds for immediate termination by TriMet. If the delegation to a specific entity has been made in the STIF Plan approved by ODOT, then TriMet consents to the delegation.

14. Mediation

Should any dispute arise between the parties concerning this Agreement, which is not resolved by mutual agreement, it is agreed that it will be submitted to mediated negotiation prior to any party commencing litigation. In such an event, the parties to this Agreement agree to participate in good faith in a non-binding mediation process. The mediator shall be selected by mutual agreement of the parties, but in the absence of such agreement each party shall select a temporary mediator and those mediators shall jointly select the permanent mediator. All costs of mediation shall be borne equally by the parties. Notwithstanding the foregoing, either party may seek equitable relief, including, but not limited to, injunctive relief and specific performance, at any time prior to, during, or following mediation.

15. Entire Agreement/Authority

- 15.1. This Agreement, which includes the attached Exhibits A-F constitutes the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties and all necessary approvals have been obtained. Such waiver, consent, modification or change, if made shall be effective only in the specific instance and for the specific purpose given. The failure of either party to enforce any provision of this Agreement shall not constitute a waiver by either party of that or any other provision.
- 15.2. If any term of this Agreement is determined by a court to be illegal or conflict with any law, the remaining terms shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.
- 15.3. This Agreement may be executed in two or more counterparts (by facsimile or scanned email PDF), each of which is an original and all of which together are deemed one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart.
- 15.4. The individuals signing below represent and warrant that they have authority to bind the party for which they sign.

TRIMET

By: Nancy Young-Oliver

Signature: _____

Date: _____

Subrecipient

By: _____

As Its:

Date: _____

Approved as to form

By: _____
[PTSP] Attorney

EXHIBIT A
SPECIFIC AGREEMENT PROVISIONS

Subrecipient shall comply with the provisions as set forth in this Exhibit. Where provided in Exhibit A, Subrecipient shall require each of its subrecipients or subcontractors to comply with the provisions as set forth in this Exhibit.

1. Disbursement and Recovery of STIF Formula Funds.

- A. Disbursement Generally.** TriMet shall promptly disburse STIF Formula Funds to Subrecipient after the Oregon Department of Transportation provides funding to TriMet in accordance with and subject to approval of the STIF Plan, the terms and conditions of this Agreement, and Subrecipient's compliance with this Agreement. As used in this Section, "promptly, means within 5 business days of TriMet's receipt of STIF Formula Funds from ODOT, absent a written notification from TriMet to Subrecipient explaining the reason(s) for any delay beyond 5 business days. Subject to the forgoing and based on the current and best available information, TriMet anticipates the following schedule for distribution of STIF Formula funds to Subrecipient:
- i. Upon execution of this Agreement and to the extent TriMet has received funds from ODOT, TriMet shall disburse funds to the Subrecipient as outlined in Exhibit E. TriMet will make disbursements quarterly following receipt from ODOT. ODOT expects to disburse funds to TriMet on January 15, April 15, July 15, and October 15 each year during the STIF Plan Period.
 - ii. TriMet will provide a written summary of total funds received and total funds disbursed with each disbursement made under this Agreement to all Subrecipients.
- B. STIF Plan Budget Revisions.** In the event that Subrecipient determines that funds need to be shifted between tasks within that Subrecipient's Project or between that Subrecipient's Projects as allowed under ODOT published guidance, Subrecipient's Project Manager will submit a transfer request to TriMet's Project Manager for Reporting and Compliance. TriMet will promptly request approval from ODOT on Subrecipient's behalf.

2. Representations and Warranties of Subrecipient. Subrecipient represents and warrants to TriMet as follows:

- A. Organization and Authority.** Subrecipient is duly organized and validly existing under the laws of the State of Oregon and is eligible to receive the STIF Formula Funds. Subrecipient has full power, authority, and legal right to make this Agreement and to incur and perform its obligations hereunder, and the making and performance by Subrecipient of this Agreement (1) have been duly authorized by all necessary action of Subrecipient and (2) do not and will not violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board, or other administrative agency or any provision of Subrecipient's Charter, Articles of Incorporation or Bylaws, if applicable, (3) do not and will not result in the breach of, or constitute a default or require any consent under any other agreement or instrument to which Subrecipient is a party or by which Subrecipient may be bound or affected. No authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority is required for the execution, delivery or performance by Subrecipient of this Agreement.
- B. Binding Obligation.** This Agreement has been duly executed and delivered by Subrecipient and constitutes a legal, valid and binding obligation of Subrecipient, enforceable in accordance with

its terms subject to the laws of bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights generally.

- C. **No Solicitation.** Subrecipient's officers, employees, and agents shall neither solicit nor accept gratuities, favors, or any item of monetary value from contractors, potential contractors, or parties to sub agreements, except as permitted by applicable law. No member or delegate to the Congress of the United States or State of Oregon employee shall be admitted to any share or part of this Agreement or any benefit arising therefrom.
- D. **No Debarment.** Neither Subrecipient nor its principals is presently debarred, suspended, or voluntarily excluded from this transaction, or proposed for debarment, declared ineligible or voluntarily excluded from participating in this Agreement by any state or federal agency. Subrecipient agrees to notify TriMet immediately if it is debarred, suspended or otherwise excluded from this federally- assisted transaction for any reason or if circumstances change that may affect this status, including without limitation upon any relevant indictments or convictions of crimes.
- E. **Policies and Procedures.** Subrecipient represents and warrants that it has all of the policies and procedures in place to ensure compliance with OAR 732, Divisions 40 and 42, and to achieve the goals and outcomes specified in the Agreement, including but not limited to program and project management, financial management, operations management, procurement, use and maintenance of equipment, records retention, compliance with state and federal civil rights laws, compliance with the Americans with Disabilities Act (ADA), charter and school bus, and safety and asset management.

The warranties set in this section are in addition to, and not in lieu of, any other warranties set forth in this Agreement or implied by law.

3. **Retention of Records and Audit Expenses**

- A. **Retention of Records.** Subrecipient shall retain and keep and require its subcontractors to retain and keep accessible all books, documents, papers, and records that are directly related to this Agreement, the STIF Formula Funds or the Project for a minimum of six (6) years, or such longer period as may be required by other provisions of this Agreement or applicable law, following the expiration date of this Agreement. If there are unresolved audit questions at the end of the six-year period, Subrecipient and its subcontractors shall retain the records until the questions are resolved.
- B. **Capital Asset Records.** For any Capital Asset purchased with STIF Formula Funds by Subrecipient or a subcontractor, all records relating to such Capital Assets shall be maintained for three years after disposition of the Capital Asset.
- C. **Audit Requirements.** Subject to the applicable limits of the Oregon Constitution and the Oregon Tort Claim Act, Subrecipient shall indemnify and hold harmless TriMet from the cost of any audits or special investigations to the extent arising from or related to Subrecipient's use of STIF Formula Funds in breach of this Agreement or applicable law. Subrecipient acknowledges and agrees that any audit costs incurred by Subrecipient as a result of allegations of fraud, waste or abuse are ineligible for reimbursement under this Agreement. This section does not apply to regular audit and compliance reviews that are conducted pursuant to Section 2 of this Agreement.

4. **Subrecipient Sub agreement and Procurement**

- A. **Sub agreements.** Subrecipient may enter into agreements with contractors or subcontractors (collectively, "sub agreements") for performance of the Project.
 - i. All sub agreements must be in writing executed by Subrecipient and must incorporate and pass through all of the applicable requirements of this Agreement to the other party or parties to the sub agreement(s). Use of a sub agreement does not relieve Subrecipient of its responsibilities under this Agreement. Subrecipient agrees to provide TriMet with a copy of any signed sub agreement upon request by TriMet. Any substantial breach of a term or condition of a sub agreement relating to funds covered by this Agreement

must be reported by Subrecipient to TriMet within ten (10) days of its being discovered.

- B. **Subrecipient's sub agreement(s) shall require the other party to such sub agreement (s) to indemnify, defend, save and hold harmless TriMet, and its officers, employees and agents from and against any and all claims, actions, liabilities, damages, losses, or expenses, including reasonable attorneys' fees, arising from a tort, as now or hereafter defined in ORS 30.260, caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the other party to Subrecipient's sub agreement or any of such party's officers, agents, employees or subcontractors ("Claims"). The sub agreement shall specifically state that it is the specific intention that TriMet shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of TriMet, be indemnified by the other party to Subrecipient's sub agreement(s) from and against any and all Claims.**

Any such indemnification shall also provide that neither Subrecipient's subrecipient(s), contractor(s) nor subcontractor(s) (collectively "Subcontractors"), nor any attorney engaged by Subrecipient's Subcontractor(s), shall defend any claim in the name of TriMet nor purport to act as legal representative of TriMet without the prior written consent of TriMet. TriMet may, at any time at its election, assume its own defense and settlement in the event that it determines that Subrecipient's Subcontractor is prohibited from defending TriMet or that Subrecipient's Subcontractor is not adequately defending TriMet's interests, or that an important governmental principle is at issue or that it is in the best interests of TriMet to do so. TriMet reserves all rights to pursue claims it may have against Subrecipient's Subcontractor if TriMet elects to assume its own defense.

Subrecipient shall require the other party, or parties, to each of its sub agreements that are not units of local government as defined in ORS 190.003 to obtain and maintain insurance of the types and in the amounts provided in Exhibit B to this Agreement.

- C. **Procurements.** Subrecipient shall make purchases of any equipment, materials, or services for the Project in compliance with all applicable procurement laws and policies.

5. Termination

- A. **Termination by Subrecipient.** Subrecipient may terminate this Agreement or terminate or suspend any specific Project funded by this Agreement, effective upon delivery of written notice of termination to TriMet within 30 days, or at such later date as may be established by Subrecipient in such written notice, if:
- i. The requisite local funding to continue the Project becomes unavailable to Subrecipient; or
 - ii. Federal or state laws, rules, regulations or guidelines are modified or interpreted in such a way that the Project is no longer allowable or no longer eligible for funding under this Agreement.
- B. **Effect of Termination.** The expiration or termination of this Agreement or any Project, for any reason, shall not release Subrecipient from any obligation or liability to TriMet, any requirement or obligation that:
- i. Has already accrued hereunder;
 - ii. Comes into effect due to the expiration or termination of the Agreement; or
 - iii. Otherwise survives the expiration or termination of this Agreement.

Following the termination of this Agreement or any Project as provided in this Section, Subrecipient shall promptly identify all unexpended funds and return all unexpended funds to TriMet. Unexpended funds are those funds received by Subrecipient under this Agreement that (i) have not been spent or expended to pay the costs or expenses of the Project or Projects; and (ii) are not required to pay costs or expenses of the terminated Project(s) that will become due and payable as a result of the termination of the Project(s).

Subrecipient's identification and calculation of unexpended funds in this Section is Subject to **Section 2, Audit and Compliance Review**, of this Agreement.

6. General Provisions

- A. **Contribution.** If any third party makes any claim or brings any action, suit or proceeding alleging a tort as now or hereafter defined in ORS 30.260 ("Third Party Claim") against TriMet or Subrecipient with respect to which the other party may have liability, the notified party must promptly notify the other party in writing of the Third Party Claim and deliver to the other party a copy of the claim, process, and all legal pleadings with respect to the Third Party Claim. Each Party is entitled to participate in the defense of a Third Party Claim, and to defend a Third Party Claim with counsel of its own choosing. Receipt by a party of the notice and copies required in this paragraph and meaningful opportunity for the party to participate in the investigation, defense and settlement of the Third Party Claim with counsel of its own choosing are conditions precedent to that party's liability with respect to the Third Party Claim.

With respect to a Third Party Claim for which TriMet is jointly liable with Subrecipient (or would be if joined in the Third Party Claim), TriMet shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Subrecipient in such proportion as is appropriate to reflect the relative fault of TriMet on the one hand and of the Subrecipient on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of TriMet on the one hand and of Subrecipient on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. TriMet's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, if TriMet had sole liability in the proceeding.

With respect to a Third Party Claim for which Subrecipient is jointly liable with TriMet (or would be if joined in the Third Party Claim), Subrecipient shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by TriMet in such proportion as is appropriate to reflect the relative fault of Subrecipient on the one hand and of TriMet on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Subrecipient on the one hand and of TriMet on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. If Subrecipient is a public body, Subrecipient's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, and the Oregon Constitution, if Subrecipient had sole liability in the proceeding.

- B. **Duplicate Payment.** Subrecipient is not entitled to compensation or any other form of duplicate, overlapping or multiple payments for the same work performed under this Agreement from any agency of the State of Oregon or the United States of America, TriMet or any other party, organization or individual.
- C. **No Third Party Beneficiaries.** TriMet and Subrecipient are the only Parties to this Agreement and are the only Parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly or indirectly, to a third person unless such a third person is individually identified by name herein and expressly described as an intended beneficiary of the terms of this Agreement.
- D. **Notices.** Except as otherwise expressly provided in this Agreement, any communications between the parties hereto or notices to be given hereunder shall be given in writing by personal delivery, email, or mailing the same, postage prepaid, to Subrecipient's Project Manager or TriMet's Project Manager at the address or number set forth in Paragraph 12

Communications of the Agreement, or to such other addresses or numbers as either party may hereafter indicate. Any communication or notice personally delivered shall be deemed to be given when actually delivered. Any communication by email shall be deemed to be given when the recipient of the email acknowledges receipt of the email. Any communication or notice mailed shall be deemed to be given three days after the date of mailing. If email is used for communications pursuant to the following Sections, either mail or personal delivery must also be employed by the sender to the recipient and the later of the delivery dates is the date that will be used to calculate any timeframes for responses or cure periods for the recipient: Section 5.2; Exhibit A, Sections 1(A), 3(C), 5, and 6(A); and Exhibit C, Section 7.

- E. **Governing Law, Consent to Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between TriMet and Subrecipient that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Multnomah County in the State of Oregon. EACH PARTY HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURT, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY CLAIM THAT SUCH FORUM IS AN INCONVENIENT FORUM.
- F. **Insurance; Workers' Compensation.** All employers, including Subrecipient, that employ subject workers who provide services in the State of Oregon shall comply with ORS 656.017 and provide the required Workers' Compensation coverage, unless such employers are exempt under ORS 656.126. Employer's liability insurance with coverage limits of not less than \$500,000 must be included. Subrecipient shall ensure that each of its contractor(s) and subcontractor(s) complies with these requirements. Subrecipient shall include in any subcontracts to perform services pursuant to this Agreement a provision requiring a subcontractor to comply with this Subsection F, and that failure to do so is a material breach of the subcontract with Subrecipient.
- G. **Independent Contractor.** Subrecipient shall perform the Project as an independent contractor and not as an agent or employee of TriMet. Subrecipient shall be exclusively responsible for all costs and expenses related to its employment of individuals to perform the work under this Agreement, including but not limited to PERS contributions, workers compensation, unemployment taxes and state and federal income tax withholdings. Subrecipient has no right or authority to incur or create any obligation for or legally bind TriMet in any way. TriMet cannot and will not control the means or manner by which Subrecipient performs the Project, except as specifically set forth in this Agreement. Subrecipient is responsible for determining the appropriate means and manner of performing the Project. Subrecipient acknowledges and agrees that Subrecipient, its officers, directors, employees, subcontractors or volunteers are not an "officer," "employee," or "agent" of TriMet, as those terms are used in ORS 30.265, and shall not make representations to third parties to the contrary. Neither Subrecipient, nor its directors, officers, employees, subcontractors, or volunteers shall hold themselves out either explicitly or implicitly as officers, employees, or agents of TriMet for any purpose whatsoever. Nothing in this Agreement shall be deemed to create a partnership, franchise, or joint venture between the parties.

EXHIBIT B
SUBRECIPIENT INSURANCE REQUIREMENTS

GENERAL

Subrecipient shall obtain and provide, and require in its first tier sub agreements with entities that are not units of local government as defined in ORS 190.003, if any, that the subcontractor obtain and provide the same insurance applicable to Subrecipient for subcontractor's performance under its sub agreement: i) insurance specified under TYPES AND AMOUNTS and meeting the requirements under ADDITIONAL INSURED, "TAIL" COVERAGE, NOTICE OF CANCELLATION OR CHANGE, and CERTIFICATES OF INSURANCE before performance of this Agreement and of any sub agreement commences, and ii) maintain the insurance in full force throughout the duration of this Agreement and sub agreement. The insurance must be provided by insurance companies or entities that are authorized to transact the business of insurance and issue coverage in the State of Oregon and that are acceptable to TriMet. Subrecipient shall not commence work under this Agreement, and shall not authorize work to begin under a sub agreement until the insurance is in full force. Thereafter, Subrecipient shall monitor continued compliance with the insurance requirements in its sub agreements on an annual or more frequent basis. Subrecipient shall incorporate appropriate provisions in the sub agreement permitting it to enforce compliance with the insurance requirements and shall take all reasonable steps to enforce such compliance. In no event shall Subrecipient permit work under a sub agreement when Subrecipient is aware that the contractor is not in compliance with the insurance requirements. As used in this section, "first tier" means a sub agreement in which the Subrecipient is a party.

Subrecipient may be self-insured as long as the amount of insurance are equal to the amounts listed below. Subrecipient shall comply with any requirements of TriMet with respect to these insurance requirements, including but not limited to TriMet issued stop work orders (or the equivalent) until the insurance is in full force, or terminating the Contract as permitted by this Contract, or pursuing legal action to enforce the insurance requirements.

TYPES AND AMOUNTS

- I. **WORKERS COMPENSATION.** Insurance in compliance with ORS 656.017, which requires all employers that employ subject workers, as defined in ORS 656.027, to provide workers' compensation coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Employer's liability insurance with coverage limits of not less than \$500,000 must be included.
- II. **COMMERCIAL GENERAL LIABILITY.** Commercial General Liability Insurance covering bodily injury, death, and property damage in a form and with coverages that are satisfactory to TriMet. This insurance shall include personal injury liability, products and completed operations. Coverage shall be written on an occurrence form basis, with not less than the following amounts as determined by TriMet:

Bodily Injury, Death and Property
Damage:

\$1,000,000 per occurrence (for all claimants for claims arising out of a single accident or occurrence).

Insurance policy shall include Sexual Abuse/Molestation coverage with limits no less than \$500,000 per occurrence/aggregate.
- III. **AUTOMOBILE Liability Insurance: Automobile Liability.** Automobile Liability Insurance covering all owned, non-owned and hired vehicles. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for "Commercial General Liability" and

"Automobile Liability"). Automobile Liability Insurance must be in not less than the following amounts as determined by TriMet:

Bodily Injury, Death and Property

Damage:

\$1,000,000 per occurrence (for all claimants for claims arising out of a single accident or occurrence).

ADDITIONAL INSURED

The Commercial General Liability Insurance and Automobile Liability insurance must include TriMet, and its respective officers, employees and agents as Additional Insureds but only with respect to the Subrecipient's activities to be performed under the Agreement and, with respect to subcontractors, activities to be performed under their sub agreements. Coverage must be primary and non-contributory with any other insurance and self-insurance.

"TAIL" COVERAGE

If any of the required insurance policies is on a "claims made" basis, such as professional liability insurance, the Subrecipient and the subcontractor shall maintain either "tail" coverage or continuous "claims made" liability coverage, provided the effective date of the continuous "claims made" coverage is on or before the effective date of this Agreement for Subrecipient, and the effective date of the sub agreement for subcontractors, for a minimum of 24 months following the later of: (i) the Subrecipient's completion and TriMet's acceptance of all services required under this Agreement, and the subcontractors completion and Subrecipient's acceptance of all services required under the sub agreement or, (ii) the expiration of all warranty periods provided under this Agreement with respect to Subrecipient and the sub agreement with respect to the subcontractor. Notwithstanding the foregoing 24-month requirement, if the Subrecipient or subcontractor elects to maintain "tail" coverage and if the maximum time period "tail" coverage reasonably available in the marketplace is less than the 24-month period described above, then the Subrecipient or subcontractor may request and TriMet may grant approval of the maximum "tail" coverage period reasonably available in the marketplace. If TriMet approval is granted, the Subrecipient or subcontractor shall maintain "tail" coverage for the maximum time period that "tail" coverage is reasonably available in the marketplace.

NOTICE OF CANCELLATION OR CHANGE

The Subrecipient or its insurer must provide 30 days' written notice to TriMet before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s).

CERTIFICATE(S) OF INSURANCE

Subrecipient shall submit to TriMet a certificate(s) of insurance for all required insurance before the commencement of performance of services. The certificate(s) or an attached endorsement must specify: i) all entities and individuals who are endorsed on the policy as Additional Insured and ii) for insurance on a "claims made" basis, the extended reporting period applicable to "tail" or continuous "claims made" coverage. In lieu of filing the certificate of insurance required herein, if Subrecipient is a local government as defined under ORS 190.003, Subrecipient may furnish a declaration that Grantee is self-insured for no less than the amounts required by applicable law.

EXHIBIT C

CAPITAL ASSET REQUIREMENTS

The terms of Exhibit C applies to all Recipients who purchased Capital Assets with STIF Formula Funds.

1. Subrecipient shall ensure Satisfactory Continuing Control of a Capital Asset purchased or leased in whole or part with STIF Formula Funding during the period of its useful life or until disposition.
2. Subrecipient shall inventory Capital Assets purchased or leased in whole or part with STIF Formula Funds. The inventory will include a description of the Capital Asset, date of purchase or lease, purchase price, amount of STIF Formula Funds contributed to the purchase or lease, the source of other funds, if applicable, the authorized use, the Subrecipient or subcontractor using the Capital Asset, and the condition of the asset.
 - i. If Capital Asset is a vehicle, the inventory must include the size of vehicle, the total number of passenger seats, the total number of ADA stations, the total number of seats when all ADA stations are deployed, the current mileage, and its current condition.
 - ii. If Capital Asset is an improvement to real property, such as a facility, building, or transit shelter, the inventory must include the location of the Capital Asset and its current condition.
3. Vehicles may be replaced using STIF Formula Funding if:
 - i. Subrecipient holds clear title to the vehicle(s) being replaced. Salvaged titles will not be accepted.
 - ii. The vehicle(s) has met or exceeded the applicable useful life guidelines established by the Oregon Department of Transportation (ODOT), or, if federal funds are used to purchase the vehicle, those established by the Federal Transit Administration (FTA), provided such FTA standards are no less stringent.
 - iii. The vehicle has not been previously replaced.
4. By executing an Agreement that includes the purchase of Capital Assets, Subrecipient commits to continually use the vehicle for the approved purpose for the useful life of the vehicle(s).
5. To be eligible to receive STIF Formula Funds for a real property Capital Asset, such as a transit facility, bus barn, maintenance facility, land, or administration building, Subrecipient shall demonstrate one or more of the following:
 - i. Subrecipient ownership of the property upon which the Capital Asset will be located;
 - ii. Subrecipient possession of an executed lease agreement for the property location that will be in place for the useful life of the Capital Asset;
 - iii. Subrecipient possession of an executed lien on the property for the useful life of the Capital Asset;
 - iv. In the case of a Project which will utilize property owned by a local city, county or government, an executed intergovernmental agreement with the property owner guaranteeing ongoing use for the duration of the useful life of the Capital Asset; or
 - v. In the case of a Project to purchase land, an option to purchase the land identified in the Project.

6. Subrecipient: shall:
- i. Comply with all useful life standards established by TriMet and ODOT for Capital Assets acquired pursuant to their STIF Plans, or, if federal funds are used to purchase the Capital Asset(s), those established by the FTA, provided such FTA standards are no less stringent.
 - ii. Use TriMet's and ODOT's established procedures for the disposition of Capital Assets acquired with STIF Formula Fund moneys, or, if federal funds are used to purchase the Capital Asset(s), those established by the FTA, provided such FTA standards are no less stringent.
 - iii. Retain the net proceeds from a sale or other disposition of a Capital Asset to reinvest in a future STIF Plan capital Project or return the net proceeds to ODOT. Net proceeds are the asset's original value less disposal proceeds, depreciation, and disposal costs. If non-STIF funds were used in the original purchase, then only the proportion representing STIF Formula Fund contribution to the purchase are subject to this rule.
 - iv. Comply with TriMet's and ODOT's written procedures to ensure that a Capital Asset is maintained in safe operating condition, or, if federal funds are used to purchase the Capital Asset(s), those established by the FTA provided such FTA standards are no less stringent.
 - v. Maintain insurance or self-insurance coverage, or require subcontractors to maintain insurance coverage, that meets or exceeds the standards in ORS 806.070.
 - vi. Ensure that vehicles purchased in whole or in part with STIF Formula Fund moneys are titled with the Oregon Department of Transportation Driver and Motor Vehicle Services Division pursuant to ORS 803.045 and supporting rules, with the Oregon Department of Transportation listed as the primary security interest holder, subject to the following additional requirements:
 1. If the vehicle is registered in the name of an entity that is not a Qualified Entity or Public Transportation Service Provider, then TriMet, as the Qualified Entity and as required by OAR 732-042-0040(6), must be listed on the vehicle title as the secondary security interest holder.
 2. If the vehicle was purchased with federal funds in addition to STIF Formula Fund moneys, and the federal funding source requires the vehicle to be titled otherwise than provided in this Agreement, then the federal titling requirements prevail.
7. Subrecipient shall notify TriMet of the sale, transfer or other disposition of a Capital Asset purchased with STIF Formula Fund moneys and shall report the use of proceeds, if any, from the sale to TriMet.
8. A Subrecipient may transfer its interest in a Capital Asset to an asset of equal or greater value if the transfer is proposed in a STIF Plan which is approved by the Commission.
9. When TriMet is a security interest holder in a Capital Asset, TriMet may exercise all of the rights provided to a secured lien holder under Oregon law, including without limitation, the ability to take control or possession of the Capital Asset if it determines either:
- i. that the asset is not being used for the purpose described in a STIF Plan under which it was funded in whole or part by STIF Formula Fund moneys; or

- ii. if, during a compliance audit conducted pursuant to **Section 2 Audit and Compliance Review** of this Agreement, TriMet determines the asset is not being maintained in a state of good operational repair.

**EXHIBIT D
CITY OF SANDY SCOPE OF WORK**

Sub-Recipient Contact Information

- Name of Organization: City of Sandy
- Contact Person: Andi Howell, Transit Director, Sandy Area Metro
- Address: 16610 Champion Way, 97055
- Telephone: 503-489-0925
- E-Mail: ahowell@ci.sandy.or.us
- FAX: 503-826-0618

TriMet Contact for Reporting and Compliance:

- Contact Person: Mailee Xiong, Senior Grants Compliance Analyst
- Address: 1800 SW 1st Ave., Suite 300, Portland, OR 97201
- Telephone: 503.962.4888
- E-Mail: STIFCompliance@trimet.org

TriMet Contact about HB2017 Program:

- Contact Person: Tom Mills, Director, Mobility Planning & Policy
- Address: 1800 SW 1st Ave., Suite 300, Portland, OR 97201
- Telephone: 503.962.4883
- E-Mail: millst@trimet.org

Term of Contract:

7/1/2021 thru 6/30/2023

Total FY22-23 STIF Formula Funds (with unspent funds/interest from FY19-21 STIF Plan): \$401,138

Total New FY22-FY23 STIF Formula Funds (no unspent funds/interest): \$307,389

DESCRIPTION OF PROJECTS

Project Description:

The City of Sandy will conduct the following activities with FY19-23 Oregon Statewide Transportation Improvement Funds received via TriMet:

STIF Plan Project Number	Project Name	Project Description	Task Number & Description
29	Expanded Service Continuance	Continue funding for existing STIF service on SAM Gresham, SAM Estacada, SAM Shopper. Continue expand bus services in communities with a high percentage of low-income households, improves connectivity inside the QE's service area while also coordinating with other public transportation service providers and serves the middle and high school student population.	Task 1: Operations
			Task 2: Operations
			Task 3: Operations

30	Administration Costs	Approved category to cover the costs of administering the STIF program, including project/plan development, ongoing operating costs, procurement, surveys of services, expand facilities, and audit costs.	Task 1: Administration
31	Bus Stop Improvements	Continue to improve on-street amenities at stops and shelters, and improve customer information (on-street signage).	Task 2: Bus Stop Improvements
32	Program Reserve	Approved category to cover cost of preserving service.	Task 1: Program Reserve
33	Capacity Project	Project for planning and construction of an improved administration space, adequate and private training room, the addition of a driver restroom/break area at the Sandy Operations Center located at 16610 Champion Way, Sandy, Oregon. Funding for phase I was collected in STIF 19-21 (\$93,749) and STIF 22-23(\$15,000). this STIF Plan will begin collecting for construction of project.	Task 1: n/a

PLAN BUDGET:

STIF Plan Project Number	FY22	FY23	FY19-21 Unspent	FY19-21 Interest
29	\$79,040	\$84,520	\$0	\$0
30	\$12,000	\$25,000	\$0	\$0
31	\$0	\$5,000	\$0	\$0
32	\$51,080	\$35,749	\$0	\$0
33	\$15,000	\$0	\$93,749	\$0
Subtotal	\$157,120	\$150,269	\$93,749	\$0
Grand Total (all funds):	\$401,138			
Grant Total (new funds):	\$307,389			

REPORTING:

Plan Outcomes	FY22-23 Plan	Quarterly Report	Annual Report
Revenue Miles	31,788	X	
Revenue Hours	2184	X	
Rides	10,920	X	
Number of new shared stops with other transit providers	n/a	X	
Number of students in grades 9-12 served by demand response	n/a	X	
Number of students in grades 9-12 with free or reduced fares	n/a	X	
Other outcomes	n/a	X	
Number of individuals within a ½ mile of a transit stop for fixed route transit	27,344		X

Number of low-income households within a ½ mile of a transit stop for fixed route transit	4,799		X
Number of students in grades 9-12 attending a school served by transit	n/a		X
Number of rides to students in grades 9-12	200		X
Program Criteria			
Increased frequency to areas with a high percentage of low-income households			X
Expanded routes or services to areas with a high percentage of low-income households			X
Reduced fares in communities with a high percentage of low-income households			X
Procurements of low or no emission buses for use in areas with a population of 200,000 or more			X
Improved frequency and reliability of service between communities in and out of the Qualified Entity's area			X
Improved coordination among Public Transportation Service Providers to reduce fragmentation of service			X
Implementation of programs to provide student transit service for students in grades 9-12			X
Capital Assets			
Acquired, purchased or leased capital assets Qualified Entities and Public Transportation Service Providers using STIF funds		X	
Low-Income Tax Mitigation			
Report on mitigating the tax on low-income passengers			X
Audit Reports			
Copy of financial audits, including STIF procedures			X

EXHIBIT E – STIF FUNDING DISBURSEMENT FORMULA

FY22-23 STIF Disbursement					
FY22	Step 1:	Step 2:	Step 3:	Step 4:	
Direct Pass Through	Apply STIF Disbursement Factors to Total	Regional Coord. Disbursement per Quarter	Ride Connection/ Streetcar Disbursement per Quarter	RC/Streetcar Breakout per Quarter	Not to Exceed (FY22 plan amount)
FY22 STIF Revenues - TriCounty Area		Deduct off the top of TriMet disbursement	0.03522051 of TriMet Disbursement	Divide RC/Streetcar disbursement	
TriMet	0.944890802	\$ -			\$ 51,231,225
Clackamas County	0.010127918	\$ 177,433			\$ 1,303,495
Multnomah County	0.000982943	\$ 138,108			\$ 598,480
Washington County	0.006028997	\$ 301,824			\$ 1,364,194
City of Wilsonville - SMART	0.025186938	\$ 143,013			\$ 1,508,842
Canby Area Transit	0.005772675	\$ -			\$ 285,174
Sandy Area Metro	0.002721381	\$ -			\$ 157,120
South Clackamas Transportation District	0.004288347	\$ -			\$ 360,000
City of Portland - Portland Streetcar	N/A	\$ -		0.45529677 of RC/Streetcar Disbursement	\$ 721,000
Ride Connection	N/A	\$ -		0.54470323 of RC/Streetcar Disbursement	\$ 862,583
Columbia County	N/A	\$ 14,622			\$ 58,488

FY22-23 STIF Disbursement					
FY23	Step 1:	Step 2:	Step 3:	Step 4:	
Direct Pass Through	Apply STIF Disbursement Factors to Total	Regional Coord. Disbursement per Quarter	Ride Connection/ Streetcar Disbursement per Quarter	RC/Streetcar Breakout per Quarter	Not to Exceed (FY23 plan amount)
FY23 STIF Revenues - TriCounty Area		Deduct off the top of TriMet disbursement	0.03522051 of TriMet Disbursement	Divide RC/Streetcar disbursement	
TriMet	0.944890790	\$ -			\$ 36,692,648
Clackamas County	0.010127918	\$ 177,433			\$ 1,237,227
Multnomah County	0.000982955	\$ 138,108			\$ 602,798
Washington County	0.006028997	\$ 301,824			\$ 1,638,894
City of Wilsonville - SMART	0.025186938	\$ 143,013			\$ 2,594,613
Canby Area Transit	0.005772675	\$ -			\$ 462,628
Sandy Area Metro	0.002721381	\$ -			\$ 305,348
South Clackamas Transportation District	0.004288347	\$ -			\$ 118,000
City of Portland - Portland Streetcar	N/A	\$ -		0.45529677 of RC/Streetcar Disbursement	\$ 721,000
Ride Connection	N/A	\$ -		0.54470323 of RC/Streetcar Disbursement	\$ 862,583
Columbia County	N/A	\$ 14,622			\$ 58,488

EXHIBIT F

Statewide Transportation Improvement Fund Formula Fund Reporting Requirements Overview FINAL, May 8, 2019

STIF REPORTING BACKGROUND

This document provides an overview for both quarterly and annual reporting requirements for the Statewide Transportation Improvement Fund (STIF).

The quarterly reporting requirements are outlined in OAR 732-042-0035(1), which states “Quarterly Reports:

Using a form provided by the Agency, each Qualified Entity [(QE)] shall
prepare a quarterly report to [ODOT] which details Project progress, outcomes achieved, and
expenditures of STIF Formula Fund moneys by itself and its Sub-Recipients.”

The capital asset reporting requirements outlined in OAR 732-042-0035(3) and OAR 732-044-0040(2) will be completed by recipients in the Agency Periodic Report (APR) on a quarterly basis.

The annual reporting requirements outlined in OAR 732-040-0025 include the following three additional reports: 1) low-income mitigation actions, 2) annual QE budget, and 3) annual audit reports.

The purpose of this document is for QEs and Public Transportation Service Providers (PTSPs) to become familiar with the upcoming quarterly and annual reporting requirements for STIF Formula projects.

ODOT staff will develop separate reporting requirements for STIF Discretionary/Intercommunity funded projects and instructions will be provided to QEs and PTSPs in advance.

Contents

ROLES AND RESPONSIBILITIES.....3

QUARTERLY VS. ANNUAL REPORTING REQUIREMENTS SUMMARY TABLE3

QUARTERLY REPORTING.....5

Quarterly Reporting Introduction5

Quarterly Reporting and Disbursements.....5

STIF Periodic Report vs. Agency Periodic Report.....6

STIF Periodic Report Template.....6

STIF Periodic Report Process.....7

Outcomes and Reporting Methods8

ANNUAL REPORTING.....10

SPR Annual Reporting Outcomes.....10

SPR Annual Reporting Program Criteria11

Annual Reporting Outside of the SPR11

 Annual STIF Low-Income Tax Mitigation Reports.....11

 Annual QE Budget.....11

 Annual Audit Reports11

STIF DISCRETIONARY/INTERCOMMUNITY REPORTING.....12

ROLES AND RESPONSIBILITIES

QEs and PTSPs will have different roles and responsibilities for STIF reporting requirements.

The following are the QEs roles and responsibilities:

- Initiate and submit the quarterly report, STIF Periodic Report (SPR)
- Delegate relevant projects in the SPR to their PTSPs so that they can enter updates
- Report on STIF capital assets in the Agency Periodic Report (APR)
- Bundle and submit all low-income mitigation action reports from their PTSPs (including PTSPs that are only receiving STIF discretionary funds)
- Provide a copy of their adopted annual budget to ODOT
- Provide copies of their financial audits to ODOT, including STIF procedures

The following are the PTSPs roles and responsibilities:

- Receive SPR prompt from their QE and enter project updates
- Submit an annual low-income mitigation actions report to their QE
- Provide copies of financial audits to ODOT, including STIF procedures
- Report on STIF capital assets in the Agency Periodic Report (APR)

QUARTERLY VS. ANNUAL REPORTING REQUIREMENTS SUMMARY TABLE

Type of Reporting	Quarterly Basis	Annual Basis	Where to Submit
Outcomes	As applicable to individual projects as specified in an approved STIF Plan: <ul style="list-style-type: none"> • revenue miles • revenue hours • rides • number of new stops shared with other providers • number of students in grades 9-12 served by demand response • number of students in grades 9-12 with free or reduced fares 	<ul style="list-style-type: none"> • number of people within a half mile of transit stop • number of Low-Income Households within a half mile of transit stop • number of students in grades 9-12 attending a school served by transit • number of rides provided to students in grades 9-12 	STIF Periodic Report
Program Criteria	N/A	<ul style="list-style-type: none"> • increased frequency to areas with high-percentage of low income households • expanded routes or services to areas with 	STIF Periodic Report

		<p>high-percentage of Low-Income Households</p> <ul style="list-style-type: none"> • reduced fares in communities with high percentage of Low-Income Households • procurements of low-or no-emission buses for use in areas with population of 200,000 or more • improved frequency and reliability of service between communities in and out of QE’s service area • improved coordination among PTSPs to reduce fragmentation of service • implementation of programs to provide student transit service for students in grades 9-12 	
Capital Assets	Acquired, purchased or leased Capital Assets by QEs and PTSPs using STIF funds	N/A	Agency Periodic Report
Low-Income Tax Mitigation	N/A	Report on mitigating the impact of the tax on low-income passengers	Attach to STIF Periodic Report
QE Budget	N/A	Copy of QE’s adopted annual budget	Email hyperlink to ODOTPTDreporting@odot.state.or.us
Audit Reports	N/A	Copies of financial audits, including STIF procedures	ODOTPTDreporting@odot.state.or.us

QUARTERLY REPORTING

Quarterly Reporting Introduction

The SPR is for QEs to report on their STIF Plan for a quarterly time period. ODOT staff and OGMA Consulting Corp. are developing the SPR template in the [Oregon Public Transit Information System \(OPTIS\)](#). This quarterly report template will be finalized in July 2019. It will be the responsibility of the QEs to gather all applicable information from their PTSPs and complete the SPR. The SPR template is designed for the QE to initiate the SPR and then delegate the appropriate projects to the PTSPs for reporting. The SPR will be auto-populated from the QE’s STIF Plan. There will be fields and text boxes for entering status updates for each project and the associated tasks.

ODOT staff will track the completion of the SPR and whether a QE has substantially complied with its approved STIF Plan (see [STIF Guidance for Determining Whether Expenditures are Substantially Compliant and Consistent with STIF Plan](#)). Following ODOT staff review of each submitted SPR, staff will identify any compliance issues and work with the QE toward resolution. After the review, QEs will be notified that they 1) Have complied with the approved STIF Plan or 2) Failed to substantially comply with the approved STIF Plan. If there are three or more SPRs within the past two years that indicate the QE failed to substantially comply with its approved STIF Plan, the QE will be required to include a description of the QE’s strategies to ensure that it will substantially comply with the proposed STIF Plan in the next biennium. (Remediation strategy requirements are specified in OAR 732-042-0015(2)(h).) Such a QE is at risk of the OTC rejecting its next proposed STIF Plan.

ODOT staff will review the submitted SPR and follow up with observations that could lead to a QE receiving technical assistance from its regional transit coordinator. For example, ODOT could share a current best practice to aid the QE. The SPR will also enable ODOT to track the QE’s STIF Plan outcomes and the overall impact of the STIF formula funds.

Quarterly Reporting and Disbursements

Table 1 shows the general schedule for reporting and disbursement of STIF Formula funds. The transit tax is due from businesses to the Oregon Department of Revenue (DOR) approximately one month after the end of the tax assessment period. The DOR releases the revenues to ODOT approximately one month after they are due to DOR. ODOT then calculates the disbursement amounts and releases the funds to the QEs approximately one month later.

Table 1. STIF Formula Disbursement Schedule

STIF Formula Fund Disbursement and Reporting Schedule				
Disbursement to QEs	Jan 15	Apr 15	Jul 15	Oct 15
QE STIF Plan reporting period	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
QE STIF Plan reports due to ODOT	May 15	Aug 14	Nov 14	Feb 14

Tables 2 shows the disbursement and reporting schedules for QEs that submitted their STIF Plans in February 2021.

The first STIF report is due on November 14, 2021, and will cover expenditures and outcomes for Q1 of FY 2022.

Disbursement to QEs	July 15, 2021	Oct 15, 2021	Jan 15, 2022	April 15, 2022
----------------------------	---------------	--------------	--------------	----------------

QE STIF Plan reporting period	Jul-Sep 2021	Oct-Dec 2021	Jan-March 2022	Apr-June 2022
QE STIF Plan reports due to ODOT	Nov 14, 2021	Feb 14, 2022	May 14, 2022	Aug 14, 2022

Table 2. Quarterly Reporting Schedule Fiscal Year 2022

Table 2. Quarterly Reporting Schedule Fiscal Year 2023

Disbursement to QEs	Jul 15th, 2022	Oct 15, 2022	Jan 15, 2023	Apr 15, 2023
QE STIF Plan reporting period	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-June 2023
QE STIF Plan reports due to ODOT	Nov 14, 2022	Feb 14, 2023	May 14, 2023	August 14, 2023

STIF Periodic Report vs. Agency Periodic Report

The SPR will have a similar design to the existing APR but is being developed to include STIF-specific items. Both the SPR and the APR are quarterly reports. The SPR will not replace the APR, but is a supplemental OPTIS document for reporting the additional information required under STIF. Unlike the APR, the details (e.g., expenditure, capital outcomes) reported on the SPR are at the project task level, not at the agency level. Also, the APR reports all sub-grants (including STIF) and the SPR reports only STIF grants. Currently, the SPR is for the STIF Formula fund only; it may be modified to include reporting for STIF Discretionary/Intercommunity funds. The APR can be downloaded as a PDF whereas the SPR can be downloaded as an Excel spreadsheet.

The SPR includes the following STIF-specific items:

- Project Status (with deliverables)
- Task Level Expenditures
- Measurable Benefits
- Capital Outcomes
- Program Criteria

The SPR does NOT include the following APR-specific items; these will continue to be reported at the agency level through the APR:

- Volunteer and Non-Cash Resources
- Assets
- Accidents
- Civil Rights

Note: STIF capital assets will be added to the asset register in OPTIS by ODOT.

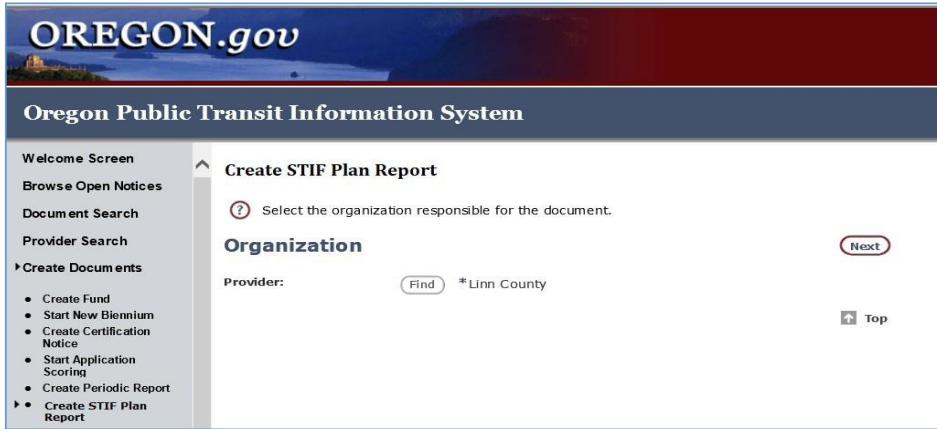
STIF Periodic Report Template

Final screenshots for the entire SPR and required information are in process and will be provided at a later date. (Please note the OPTIS and SPR figures included in this document are sample screenshots and are not from the final SPR template.) ODOT staff have provided additional context on what will be displayed and the required information in the next sections. As previously mentioned, the SPR will be auto-populated from the QE's STIF Plan. There will be fields and text boxes for entering status updates for each project and the associated tasks. ODOT will require the QE to report on all projects and associated tasks identified in its STIF Plan. Text boxes will be available for the projects and associated tasks to provide additional context on any changes and/or deviations from the STIF Plan. Rationales for changes or inactivity will be required in the SPR.

STIF Periodic Report Process

STIF Periodic Reports will be created from the OPTIS main navigation menu (see Figure 1). The OPTIS user will be prompted to select the QE for which it will be reporting. The QE will only be able to select their own STIF Plan in order to complete the SPR. Once the STIF Plan is selected, the QE is then presented with a page from which they can create the SPR. The QE can select the project tasks and send them to the relevant PTSPs for their completion in OPTIS. Also, if a QE is a PTSP, then it can only complete the report when prompted by its QE. For example, Crook County is a QE but if it is listed in the Confederated Tribes of the Warm Spring Reservation STIF Plan as a PTSP, it will need to enter project updates when the Confederated Tribes of the Warm Spring Reservation delegates the SPR items to Crook County.

Figure 1. OPTIS Main Menu



A completed SPR will provide an overview of the entire planned STIF Plan budget and remaining funding (see Figure 2).

Figure 2. SPR Project Task Report

OPTIS
Close

Print

Refresh

Help

Complete Step
(Prepared)

Maintain

Actions

Work Flow

History

STIF Project Task Report

Report for: FY2019 Qtr.1: July - September 2018 **Number: SPR-19-0502-02**

Public Transit Service Provider:	
Mailing Address:	
City, State, Zip:	
Prepared by:	E-mail:
Phone No.:	Fax No.:

Provider

I have certified that this document is correct to the best of my knowledge and that I am the authorized representative shown below.

Authorized by:	Date:

Attachments Exist

Budget

	Planned	Total To Date	Remaining
STIF Funds	\$160,000.00	\$82,440.00	\$77,560.00
Other Funds	\$20,000.00	\$7,820.00	\$12,180.00
Total Expenditure	\$180,000.00	\$90,260.00	\$89,740.00
Future Expenditure	\$32,460.00		

Expenditures

	Previous	Current	Total To Date
STIF Funds	\$12,340.00	\$70,100.00	\$82,440.00
Other Funds	\$7,820.00	\$0.00	\$7,820.00
Total Expenditure	\$20,160.00	\$70,100.00	\$90,260.00

Project Status

Project Task #	Title

As described in OAR 732-042-0035(1), QEs and PTSPs will be required to report project progress, including expenditures and outcome measures. Providers will enter the project status in an update field and enter the amount spent in an expenditures field.

Outcomes and Reporting Methods

The outcomes reported in the SPR will be reported either quarterly or annually depending on the type of project and activity included in the STIF Plan. The reported outcomes must reflect the QE’s progress on the outcomes and benefits, considering the estimated outcomes listed in the QEs OTC-approved STIF Plan. QEs must report on all estimated outcomes and/or benefits from a STIF Plan.

ODOT staff has developed guidance below to assist in reporting outcomes and identifying what is attributable to STIF for the following: revenue miles, revenue hours, rides, number of new stops shared with other providers, number of students in grades 9-12 served by demand response, and number of students in grades 9-12 with free or reduced fares.

A provider may have a direct charge accounting method with STIF funds to report their revenue miles, revenue hours, and rides. Otherwise, an acceptable method for reporting the following outcomes is to allocate the data by the funding percentage: revenue miles, revenue hours, and rides. The funding percentage is calculated as the actual expenditures for STIF as a percentage of total expenditures from other sources. The provider will also

calculate the total number of miles, number of hours, and the number of rides in the STIF Plan reporting period, then apply the STIF funding percentage. The provider will need to separate new and existing routes and indicate what is attributable to STIF funding. ODOT staff will be reviewing the fixed route and demand response service separately.

QEs should report when a new shared stop goes into service. A new shared stop may be a stop that was served by one provider and is now served by a second provider or a stop that was served by two or more providers and is now served by the QE.

Reporting methods may vary for reporting on number of students in grades 9-12 served by demand response and the number of students in grades 9-12 with free or reduced fares. The provider should use the most accurate method for counting student ridership such as onboard ridership surveys, passenger counts, and/or requesting age/grade information when scheduling demand response rides.

Figure 3. SPR Outcome Measures

The screenshot shows the OPTIS web application interface. At the top, there is a dark blue header with the word "OPTIS" on the left and a "Close" button with an 'x' icon on the right. Below the header, the page title is "3. Outcome Measures". Underneath, it says "Item 1.1" and "Number: SPR-19-0502-02". On the right side, it displays "Control #: 10095225".

There is a navigation bar with five buttons: "Skip", "Back", "Save", "Next", and "Finish". To the left of the main content area is a vertical list of menu items: "1. Task Information", "2. Other Funds", "3. Outcome Measures", and "4. Annual Measures".

The main content area is titled "Outcome Measures" and contains a question mark icon followed by the instruction: "Enter the applicable measures for this task in this reporting period." Below this are several rows of labels and input fields:

- Revenue Miles:
- Revenue Hours:
- Rides:
- # of New Stops Shared with Other Providers:
- # of Rides to Students in Grades 9-12:
- # of Students in Grades 9-12 Served by Demand Response:
- # of Students in Grades 9-12 with Free or Reduced Fares:
- Other Benefit:

Quarterly STIF Capital Assets

The capital asset reporting requirements outlined in OAR 732-042-0035(3) and OAR 732-044-0040(2) will be completed by the provider in the APR on a quarterly basis. This reporting includes acquired, purchased, or leased capital assets by providers using STIF Formula fund and/or STIF Discretionary/Intercommunity funds. This capital asset reporting will be completed through the APR to fulfill the STIF requirements. ODOT will enter the STIF capital assets in OPTIS prior to beginning the APR.

The STIF capital assets for STIF Formula and STIF Discretionary/Intercommunity will then be populated when the provider begins the APR.

ANNUAL REPORTING

SPR Annual Reporting Outcomes

The following access to public transportation outcomes must be reported in the SPR as **part of the 4th quarter** SPR of each year: number of people within a half mile of transit stop, number of Low-Income Households within a half mile of transit stop, number of students in grades 9-12 attending a school served by transit, and number of rides provided to students in grades 9-12 served by fixed route services.

The method for calculating access to transit outcomes, as list above, may vary. QEs should use the same method for reporting as was used to estimate outcomes in the STIF Plan. Methods may have included using transportation tools, such as Remix or TNexT. QEs also may have used U.S. Census data to calculate the number of low-income households within a given geographic area. See the [STIF Methods for Calculating Low-Income Households](#) guidance document for more information.

The method may vary for calculating the number of rides provided to students in grades 9-12, depending on the type of service provided and other factors. The provider should use the most accurate method for counting student ridership such as onboard ridership survey, passenger counts, and requesting age/grade information when scheduling rides.

Figure 4. Annual Outcome Measures

The screenshot shows a web application interface for 'OPTIS'. At the top, there is a dark blue header with the word 'OPTIS' on the left and a 'Close' button with an 'x' icon on the right. Below the header, the main content area is titled '4. Annual Measures'. Underneath this title, it says 'Item 1.1' and 'Number: SPR-19-0502-02'. On the right side of this section, it says 'Control #: 10095225'. Below the header information, there is a horizontal row of five buttons: 'Skip', 'Back', 'Save', 'Next', and 'Finish'. To the left of these buttons is a vertical list of menu items: '1. Task Information', '2. Other Funds', '3. Outcome Measures', and '4. Annual Measures'. The '4. Annual Measures' item is currently selected. The main content area is titled 'Annual Measures' and contains a question mark icon followed by the text: 'These measures are required at the end of each fiscal year (4th & 8th quarters)'. Below this text are three rows of data entry fields, each with a label and an empty input box: '# of People within a Half Mile of Transit Stop', '# of Low-Income Households within a Half Mile of Transit Stop', and '# of Students in Grades 9-12 Attending a School Served by Transit'. At the bottom left of the form area, there is a note: '* indicates a required field'. At the bottom right, there is a 'Top' button with an upward arrow icon.

SPR Annual Reporting Program Criteria

The following program criteria must be reported in the SPR as part of the 4th quarter of each year. ODOT staff has developed guidance below to assist in reporting program criteria for the following: increased frequency to areas with high-percentage of low income households, expanded routes or services to areas with high percentage of low-income households, reduced fares in communities with high percentage of low-income households, procurements of low-or no-emission buses for use in areas with population of 200,000 or more, improved frequency and reliability of service between communities in and out of QE's service area, improved coordination among PTSPs to reduce fragmentation of service, and implementation of programs to provide student transit service for students in grades 9-12.

The method for reporting each program criterion is to review the percentage allocated in the STIF Plan and enter the same percentage as the STIF Plan allocates, unless there has been a variance. If the percentage has changed, enter the updated percentage and explain in the available text box why the change occurred. If there is STIF match for the procurement of low-or no-emission buses for use in areas with population of 200,000 or more, then the QE will need to update the percentage with what is attributable to STIF funding.

Annual Reporting Outside of the SPR

The reporting requirements include three additional documents that must be submitted on an annual basis: report on mitigating the impact of the tax on low-income passengers, QE budget, and audit reports. Instructions on how to submit these three documents to ODOT will be provided online and as part of ODOT's upcoming grant management training in July 2019.

Annual STIF Low-Income Tax Mitigation Reports

The annual low-income reporting requirements are required by statute and the details are outlined in OAR 732-040-0025(1). The report must consist of actions taken by any PTSP located within the area of the QE to mitigate the impact of the STIF tax on passengers who reside in low-income communities.

PTSPs will submit reports to their relevant QE and the QE will bundle the low-income reports from applicable PTSPs for submittal to ODOT. The QE will include reports from PTSPs located within their area of responsibility that receive STIF discretionary funds, even if they do not receive STIF formula funds.

The report must also explain how the QE defines and identifies passengers in low-income communities. The method used must be consistent with the definition of Low-Income Households from the QEs STIF Plan. This report will provide information on the overall dollars spent in improving and expanding transportation services to Low-Income Households. OAR 732-40-0005(17) defines Low-Income Households as those below 200% the federal poverty guidelines. This report is due as **part of the 4th quarter** SPR reporting and can be attached to the SPR in OPTIS.

Annual QE Budget

In accordance with the budget reporting requirements specified in statute and OAR 732-040-0025(2), a copy of the QE's adopted annual budget for the upcoming fiscal year must be submitted to ODOT. The deadline for ODOT receipt of each QEs' budgets is no later than 30 days after adoption.

Annual Audit Reports

Per the audit requirements articulated in statute and described in detail in OAR 732-040-0025(3), a QE or any PTSP located within the QE's area of responsibility must submit the results of any relevant financial audit, as required by a local, state, or federal oversight agency for the purposes of statewide reporting. ODOT is requesting submittal of any required local, state, federal, or any voluntarily submitted audits. This includes a) the state financial report required under ORS 291.040, b) the results of any comprehensive review completed by the Federal Transit Administration of the Agency; and c) any information submitted by the QE, and their PTSPs, as part of the

requirements of a statewide audit in accordance with the federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996. A QE is not expected to audit their PTSPs. The QE's role is limited to compliance oversight.

Per the audit requirements articulated in statute and described in detail in OAR 732-040-0015(1), recipients shall conduct an annual financial audit of the STIF moneys received. See the [STIF Agreed-Upon Audit Procedures](#) for a list of audit items that must be included in STIF recipients annual audits. All financial audit reports shall be submitted to ODOT no later than 30 days after the receipt of the auditor's final report(s) per OAR 732-040-0015(2).

STIF DISCRETIONARY/INTERCOMMUNITY REPORTING

The STIF Discretionary/Intercommunity reporting requirements are currently being developed by ODOT staff. The reporting requirements will be explicit in the grant agreements. ODOT is exploring options for modifying the existing APR or SPR for reporting purposes. The report template will allow PTSPs to report on STIF Discretionary/Intercommunity funded projects directly to ODOT.

EXHIBIT G

Statewide Transportation Improvement Fund Formula Addendum to QE - Subrecipient Oversight Compliance Guide, May, 2022

Background

During the course of the first biennium of the Statewide Transportation Improvement Fund, some key areas for improvement have been identified. This document serves as a bridge until a formal update and review to the QE - Subrecipient Oversight Compliance Guide can be completed. Changes here and in the QE – Subrecipient Oversight Compliance Guide will be effective beginning fiscal year 2022 and applied retroactively for fiscal year 2019-21 STIF compliance monitoring activities where work has not been completed as of the publication of this guidance.

Areas that have been identified for update:

- Scenarios not covered in this guide or compliance guide
- Resolution for dispute to oversight implementation
- Recommendations around policy changes, but not findings
- AUP identifies missing supporting documentation
- Clarify AUP and Expense testing are reimbursable to the STIF program
- Cases where expenditures outside of STIF plan are identified
- Third party expenditure testing process

Introduction

For scenarios of oversight not covered in the QE - Subrecipient Oversight Compliance Guide, or this addendum, QEs are to contact ODOT's STIF team and Compliance Program Manager to discuss the situation, establish a resolution, and apply the action together with the subrecipient. In the event of a dispute in implementation of the oversight procedures, either the QE or Subrecipient may engage with ODOT to discuss the nature of the oversight activity. After a review of the disagreement, ODOT will issue a formal letter to the parties involved with the corrective action to be followed.

Section 3 Internal Controls

QEs may make recommendations for best practices but may not pursue changes to Subrecipient management policy. When a QE completes a test that results in a policy change recommendation, QEs will not consider these recommendations as compliance findings, but instead as observations. Subrecipient assumes all responsibility for the resolution and correction for any adverse audit findings.

During the on-site compliance review the internal controls section may be satisfied by a review of the internal control tests completed by third party auditors during the course of their annual financial, or single audit, or tests completed during STIF expense testing and AUP procedures.

Section 4 Financial Management

QE should notify ODOT when the Agreed-Upon Audit Procedures identify areas where supporting documentation is missing or not provided. ODOT will follow up with the Subrecipient to identify what documentation is missing and what, if any, documentation is

available. The amount and type of expenditure will determine what, if any, repayment of disbursed grant funds is necessary if documentation cannot be produced and authenticated. QE should notify ODOT if other matters related to the Agreed-Upon Procedures are identified. ODOT will follow up with the Subrecipient for corrective actions if deemed necessary. Subrecipient may elect to have the financial management component of this guide be conducted by a third-party auditor chosen by Subrecipient, at the Subrecipient's expense.

Section 5 Eligible Uses of STIF funds

Any costs associated with expense testing and/or Agreed-Upon Audit Procedures that are specific to STIF funds are the sole responsibility of the auditee. QEs are not responsible for paying for independent oversight costs of a Subrecipient. When oversight costs are applicable to the STIF fund, those costs are eligible expenditures of the STIF program and may be included in a STIF plan. General audits, such as a federal single audit and statewide annual financial audits, are not STIF specific and therefore are not eligible costs for STIF program expenditures. In the event that a QE or auditor identifies expenditures outside of the STIF plan, such as unallowable cost/activities or questioned costs, the QE shall notify ODOT. ODOT will review the expense documentation, STIF plan, and any requests for changes to the STIF plan. Expenditures outside the STIF plan must be resolved by journal entry to apply funds towards STIF allowable expenditures, or be repaid by the transportation provider.

Third-party auditor expense testing

Subrecipient may elect to have the annual expenditure testing component of the QE oversight activities conducted by a third-party auditor chosen by Subrecipient. If a Subrecipient opts to use an independent auditor for expense testing of STIF project expenses, and the auditor adheres to the procedures therein, ODOT shall consider the QE in compliance with OAR 732-042-0015(2)(g) with respect to ensuring that STIF funds have been used appropriately. Subrecipient assumes all responsibility for the resolution and correction for any adverse audit comments. Expense testing should, if possible, be conducted in conjunction with the annual financial audit or federal single audit to reduce the burden to both the auditee and auditor. This allows all the testing, expenditures, internal controls etc., to be completed at the same time. If a third-party auditor is engaged to conduct expenditure testing, the QE will review the expenditure test documents and will not conduct their own testing. The QE will not be held responsible for a perceived inadequacy in the level of expenditure sampling determined by the auditor. If the QE recommends additional procedures and tests be performed after review of the testing documents, the QE shall notify ODOT as to the need for additional testing. ODOT will review the need for the additional testing and communicate in writing with the subrecipient if the additional tests and procedures are deemed necessary to complete.

The auditor will conduct a risk assessment at their sole discretion to determine the appropriate level of sampling for expense testing. The auditor will prepare a separate report which shall include:

- The risk assessment process and assumptions
- A table showing a summary of expenditure testing which includes -
 - Allowable/ comply with STIF Plan, Proper authorization, Occurrence, completeness, classification, cut off, and accuracy
- For each project and task -
 - Written description of the procedures performed
 - Results from procedures

- Findings- written in a 5 part finding (criteria, condition, cause, effect, recommendations)
- Recommendation(s)/Corrective action(s) – should include person responsible, timeline, and contact information

The report will be submitted to the QE no later than 30 days after receipt of the auditor's final report. QE shall forward the report to ODOT who will follow up with the Subrecipient on any findings, recommendations, and corrective actions identified in the report by the auditor.



Staff Report

Meeting Date: August 1, 2022

From Jeff Aprati, City Recorder

SUBJECT: Prohibition of Psilocybin-Related Businesses in Sandy

DECISION TO BE MADE:

Whether to adopt and refer to the voters a prohibition on psilocybin service centers and the manufacture of psilocybin products within city limits.

BACKGROUND / CONTEXT:

State measure 109, passed by Oregon voters in 2020 and known as the Oregon Psilocybin Service Act (codified at [ORS475A](#)), allows for the manufacture, delivery and administration of psilocybin (mushrooms) at licensed facilities. The Oregon Health Authority (OHA) has begun the rulemaking process to implement Measure 109 and will begin accepting applications for psilocybin licenses in January 2023. There are different types of licenses that OHA will issue under the state's psilocybin program: manufacturer (production), laboratory (testing), facilitator (server), and service center licenses (location where provided and taken).

Under the law, cities have the option of imposing prohibitions on psilocybin manufacturing and service center facilities within their jurisdictional boundaries if such restrictions are approved by a majority of city voters at a general election.

At the July 18th meeting, the Council directed staff to proceed with an ordinance banning psilocybin manufacturing and service center facilities within city limits, which can be referred to voters at the November 8, 2022 general election.

This prohibition, if approved by the electorate, can be removed by the Council at a later date without need for an additional voter referral. As discussed previously, the Council has the option of adding time, place, and manner restrictions on psilocybin service centers and product manufacturing to the development code, which potentially could take the place of the general prohibition in the future.

KEY CONSIDERATIONS / ANALYSIS:

To proceed with the prohibition process, the Council must take two actions:

- Adopt Ordinance 2022-18 (which bans psilocybin facilities, but does not take effect until 30 days following voter approval at the November 8, 2022 general election)

- Adopt Resolution 2022-19 (which approves the specific ballot measure language and explanatory statement, and which directs staff to officially proceed with the process to place the prohibition on the ballot)

The language in both the ordinance and resolution are taken from the templates provided by the League of Oregon Cities.

Attached to this staff report is the Secretary of State flow chart explaining the steps staff will follow to execute the referral process, as well as the standard referral calendar with applicable deadlines. Prompt adoption of Ordinance 2022-18 and Resolution 2022-19 will ensure staff will have enough time to publish the ballot title, allow for the language challenge process, and meet the requirement to file the measure with the County Elections Office by the deadline of September 8th.

SUGGESTED MOTION LANGUAGE:

"I move to adopt the first reading of Ordinance 2022-18."

"I move to adopt Resolution 2022-19."

LIST OF ATTACHMENTS/EXHIBITS:

- [Link to staff report from July 18, 2022 Council meeting](#)
- "Introduction to Psilocybin Services" presentation from the Oregon Health Authority (OHA) for local governments



NO. 2022-18

AN ORDINANCE DECLARING A PROHIBITION OF PSILOCYBIN SERVICE CENTERS AND THE MANUFACTURE OF PSILOCYBIN PRODUCTS IN THE CITY OF SANDY

Whereas, in November 2020, Oregon voters approved Ballot Measure 109, known as the Oregon Psilocybin Service Act (codified at ORS 475A), which allows for the manufacture, delivery and administration of psilocybin at licensed facilities; and

Whereas, ORS 475A.718 provides that a city council may adopt an ordinance to be referred to the electors of the city prohibiting the establishment of state licensed psilocybin product manufacturers and/or psilocybin service centers in the area subject to the jurisdiction of the city; and

Whereas, the Sandy City Council believes that prohibiting psilocybin product manufacturers and psilocybin service centers within the city's jurisdictional boundaries is in the best interest of the health, safety and welfare of the people of Sandy; and

Whereas, the City Council seeks to refer to the voters of Sandy the question of whether to establish a ban on state-licensed psilocybin product manufacturers and psilocybin service centers within the city's jurisdictional boundaries;

NOW, THEREFORE, THE CITY OF SANDY ORDAINS AS FOLLOWS,

Section 1. Prohibition.

The establishment of psilocybin product manufacturers licensed under ORS 275A.290 and psilocybin service centers licensed under ORS 475A.305 is prohibited in the city of Sandy.

Section 2. Referral.

This ordinance is referred to the electors of the city of Sandy for approval at the next statewide general election on November 8, 2022.

Section 3. Effective Date.

This ordinance takes effect and becomes operative 30 days after the day on which it is approved by a majority of voters.

This ordinance is adopted by the Common Council of the City of Sandy and approved by the Mayor this 01 day of August 2022

#2022-18

Stan Pulliam, Mayor

ATTEST:

Jeff Aprati, City Recorder

#2022-18



NO. 2022-19

A RESOLUTION REFERRING TO THE VOTERS OF THE CITY OF SANDY A BAN ON PSILOCYBIN SERVICE CENTERS AND ON THE MANUFACTURE OF PSILOCYBIN PRODUCTS

BE IT RESOLVED by the City Council of the City of Sandy

An election is called in and for the purpose of submitting to the voters of said city the following question:

“Shall the City of Sandy prohibit psilocybin service centers and the manufacture of psilocybin products in the City of Sandy?”

BE IT FURTHER RESOLVED that Tuesday, November 8, 2022, is hereby designated as the time for holding the election for voting on the measure as stated in the first paragraph of this resolution.

BE IT FURTHER RESOLVED that said election will be conducted by the Clackamas County Elections Department.

BE IT FURTHER RESOLVED that the precincts for said election shall be and constitute all of the territory included within the corporate limits of the City of Sandy.

BE IT FURTHER RESOLVED that the ballot title to appear on the ballot shall be:

Caption: Prohibits psilocybin-related businesses within the City of Sandy

Question: Shall the City of Sandy prohibit psilocybin service centers and the manufacture of psilocybin products in the City of Sandy?

Summary: State law allows operation manufacture, distribution and possession of psilocybin and psilocin. State law provides that a city council may adopt an ordinance to be referred to the voters to prohibit the establishment of any of those registered or licensed activities. Approval of this measure would prohibit the establishment of psilocybin project manufacturers and psilocybin service center operators within the area subject to the jurisdiction of the city.

BE IT FURTHER RESOLVED that the City Recorder and City Attorney shall take the necessary steps to effectuate this resolution, including providing public notice and submitting required materials

#2022-19

to the County Election Officer. If the measure is approved, the City will act consistently with the ballot title and explanatory statement, Exhibit A.

This resolution is adopted by the Common Council of the City of Sandy and approved by the Mayor this 01 day of August 2022

Stan Pulliam, Mayor

ATTEST:

Jeff Aprati, City Recorder

#2022-19

EXHIBIT A

EXPLANATORY STATEMENT

Approval of this measure would prohibit the establishment and operation of psilocybin-related businesses within the City of Sandy. A city council may adopt an ordinance prohibiting the establishment of psilocybin related businesses within the city, but the council must refer the ordinance to the voters at a statewide general election. The City of Sandy City Council has adopted an ordinance prohibiting the establishment of psilocybin-related businesses within the city and, as a result, has referred this measure to the voters. If approved, this measure would prohibit psilocybin-related businesses within the city.

**Local Government Partners Webinar
Introduction to The Oregon Psilocybin Services Act**

**Angie Allbee, Section Manager
Jesse Sweet, Policy Analyst
Jennifer Violette, Licensing Program Manager
Gil Garrott, Compliance Program Manager
Oregon Psilocybin Services**

June 17, 2022



PUBLIC HEALTH DIVISION
Oregon Psilocybin Services

Oregon Psilocybin Services Section

Oregon Psilocybin Services is a new section housed within the Oregon Health Authority Public Health Division's Center for Health Protection.

The OPS team has been designed around three program areas:

- **Policy and Engagement**
- **Licensing**
 - **Local Government and Law Enforcement Liaison position**
- **Compliance**

Each program will center on health equity, including outreach to partners and communities and working to ensure access to services.

Ballot Measure 109: The Oregon Psilocybin Services Act

In November of 2020, Ballot Measure 109, the Oregon Psilocybin Services Act was passed by voters in Oregon. The ballot measure is now codified as ORS 475A.

M109 created a license and regulatory framework for production of psilocybin and facilitation of psilocybin services for adults 21 years of age and older and created the Oregon Psilocybin Advisory Board that makes recommendations to OHA.

M109 does not:

- Create a consumer market for psilocybin
- Allow for export or import of psilocybin
- Allow licensees to interact with unregulated markets

License Types

Manufacturer License

- Cultivates fungi and manufactures psilocybin products
- Cannot cultivate outdoors
- Premise must have defined boundaries
- Cannot exceed production quantities established in rule
- Product tracking system required to track manufacturing, sale and transfer of psilocybin products to prevent diversion, ensure accurate accounting, ensure accurate reporting of lab testing results

Laboratory License

- All psilocybin products must be tested by a licensed lab prior to sale.
- Labs must be accredited by the Oregon Environmental Laboratory Accreditation Program
- Testing results must be entered in the product tracking system

License Types (cont'd)

Facilitator License

- Supervises sessions where clients consume psilocybin.
- Must complete **OHA approved training program** as a condition of licensure.
- Must pass exam approved or administered by OHA

Service Center License

- Cannot be located within 1000 feet of a school
- Must have defined boundaries
- Transfers psilocybin products to client for use during administration session

Psilocybin Services

Psilocybin will only be administered to persons 21 years or older in licensed service center settings under the supervision of trained and licensed facilitators.

Psilocybin Services may include:

- Preparation Session
- Administration Session
- Integration Session (optional)

Product tracking system required to track manufacturing, sale and transfer of psilocybin products to:

- Prevent diversion
- Ensure accurate accounting
- Ensure accurate reporting of lab testing results

Local Government Issues

Local Government Opt-Out:

- Local governments (cities and counties) may adopt ordinances that prohibit Manufacturers and Service Centers
- Ordinances must be referred to voters at the next general election

Local Government Time Place and Manner Regulations

- Local governments may adopt reasonable regulations on hours, location, and operation of licenses

Land Use Compatibility Statements (LUCS)

- Applicants for Service Center and Manufacturer licenses are required to request a LUCS from their local government before submitting a license application

Site Requirements

Service Centers:

- GIS mapping tool for school proximity
- Cannot be located on public land; must have defined boundaries
- Cannot be located within a residence
- Cannot be located in an area within city limits that is zoned exclusively for residential use

Manufacturers:

- Cannot be located on public land; must have defined boundaries
- Outdoor cultivation is prohibited
- Landlord must consent to use

TPM:

- OPS will not track local time place and manner regulations

License and Application Fees, Taxes

License and Application Fees

- License and application fees will be set in rule later this year
- Oregon Psilocybin Services will be a fee-based program and fees must cover the costs associated with the agency's work

Taxes

- Service Centers collect a 15% tax on the sale of psilocibin products payable to Oregon Department of Revenue
- Local taxes and fees are prohibited
- Psilocybin services are not taxed

OHA Key Dates

- **November 24, 2021:** Preliminary recommendations from OPAB
- **December 2021:** Public Listening Sessions
- **January 1, 2022:** Community Interest Survey
- **May 13, 2022:** Effective Date for Expedited Rules.
- **June 1, 2022:** OHA begins accepting applications for training programs
- **June 30, 2022:** Recommendations for Remaining Rules
- **July 2022:** Public Listening Sessions
- **September 2022:** RAC for Remaining Rules
- **November 1-21, 2022:** Public Comment for Remaining Rules
- **December 30, 2022:** Effective Date for Remaining Rules
- **January 2, 2023:** OHA begins accepting applications for licensure

Thank You!

Please visit our website:

<https://www.oregon.gov/psilocybin>