City of Sherwood Oregon

Home of the Tualatin River National Wildlife Refuge

CITY COUNCIL MEETING PACKET

FOR

Tuesday, September 1, 2026

Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon

5:30 pm City Council Work Session

7:00 pm City Council Regular Meeting

City Council - Work Session Continued
(If needed)

This meeting will be live streamed at
https://www.youtube.com/user/CityofSherwood

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AGENDA

SHERWOOD CITY COUNCIL
September 1, 2026

5:30 pm City Council Work Session

7:00 pm City Council Regular Session

City Council Work Session – Continued (If needed)

Sherwood City Hall
22560 SW Pine Street
Sherwood, OR 97140

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5:30 PM CITY COUNCIL WORK SESSION

1. **Climate Action Plan**
   (Eric Rutledge, Community Development Director)
2. **Sherwood Cultural Arts Commission Roundtable (6pm)**
   (Chanda Hall, Arts Center Manager)
3. **Oregon Homes Program**
   (Eric Rutledge, Community Development Director)
4. **League of Oregon Cities (LOC) Legislative Priorities**
   (Sarah Lopez, Communications & Engagement Coordinator)

7:00 PM CITY COUNCIL REGULAR SESSION

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **APPROVAL OF AGENDA**

5. **CONSENT AGENDA**

   A. **Approval of August 4, 2026, City Council Meeting Minutes** (Sylvia Murphy, City Recorder)
   B. **Resolution 2026-055, Reappointing Barbara Leitzinger to the Sherwood Parks & Recreation Advisory Board** (Kristen Switzer, Assistant City Manager)
   C. **Resolution 2026-056, Authorizing the City Manager to Sign the Broadband Equity Access and Deployment Program Grant Agreement** (Brad Crawford, IT Director)
   D. **Resolution 2026-057, Authorizing the City Manager to enter into an Intergovernmental Agreement with Clean Water Services Regarding Cooperative Management**
   (Rich Sattler, Public Works Director)
   E. **Resolution 2026-058, Authorizing the City Manager to Execute a Private Access Easement Agreement with Sherwood Group, LLC for the Rock Point Multi-Family Development**
   (Eric Rutledge, Community Development Director)

6. **CITIZEN COMMENTS**

7. **PUBLIC HEARINGS**

A. **Ordinance 2026-005, Amending Chapter 3.30 of the Sherwood Municipal Code to Increase the City Transient Lodging Tax** *(Second Reading)* (David Bodway, Finance Director)
B. **Ordinance 2026-006, Amending Chapter 2.08.095 of the Sherwood Municipal Code - Youth Advisory Board** *(Second Reading)* (Ryan Adams, City Attorney)
C. **Ordinance 2026-007, Establishing a Commercial Public Safety Fee and Adding Section 3.50 to the Sherwood Municipal Code** *(Second Reading)* (David Bodway, Finance Director)

8. NEW BUSINESS

A. **Resolution 2026-059, Appointing Members to the Sherwood Youth Advisory Board** (Sarah Lopez, Communications & Engagement Coordinator)

9. CITY MANAGER REPORT

10. COUNCIL ANNOUNCEMENTS

11. ADJOURN TO CONTINUED WORK SESSION (if needed)

12. ADJOURN

How to Provide Citizen Comments and Public Hearing Testimony: Citizen comments and public hearing testimony may be provided in person, in writing, or by telephone. Written comments must be submitted at least 24 hours in advance of the scheduled meeting start time by e-mail to Cityrecorder@Sherwoodoregon.gov and must clearly state either (1) that it is intended as a general Citizen Comment for this meeting or (2) if it is intended as testimony for a public hearing, the specific public hearing topic for which it is intended. To provide comment by phone during the live meeting, please e-mail or call the City Recorder at Cityrecorder@Sherwoodoregon.gov or 503-625-4246 at least 24 hours in advance of the meeting start time in order to receive the phone dial-in instructions. Per Council Rules Ch. 2 Section (V)(D)(5), Citizen Comments, "Speakers shall identify themselves by their names and by their city of residence." Anonymous comments will not be accepted into the meeting record.

How to Find out What's on the Council Schedule: City Council meeting materials and agenda are posted to the City web page at www.sherwoodoregon.gov, generally by the Thursday prior to a Council meeting. When possible, Council agendas are also posted at the Sherwood Library/City Hall and the Sherwood Post Office.

To Schedule a Presentation to the Council: If you would like to schedule a presentation to the City Council, please submit your name, phone number, the subject of your presentation and the date you wish to appear to the City Recorder, 503-625-4246 or Cityrecorder@Sherwoodoregon.gov

ADA Accommodations: If you require an ADA accommodation for this public meeting, please contact the City Recorder's Office at (503) 625-4246 or Cityrecorder@Sherwoodoregon.gov at least 48 hours in advance of the scheduled meeting time. Assisted Listening Devices are available on site.

City of Sherwood Oregon
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SHERWOOD CITY COUNCIL MEETING MINUTES
22560 SW Pine St., Sherwood, Or
August 4, 2026

1. **CALL TO ORDER:** Mayor Rosener called the meeting to order at 7:00 pm.

2. **COUNCIL PRESENT:** Mayor Tim Rosener, Councilors Keith Mays, Doug Scott, Renee Brouse, Taylor Giles, and Dan Standke. (Council President Kim Young was absent).

3. **STAFF PRESENT:** City Manager Craig Sheldon, Assistant City Manager Kristen Switzer, IT Director Brad Crawford, City Attorney Ryan Adams, Paralegal Josh Cook, Police Chief Ty Hanlon, Public Works Director Rich Sattler, Community Development Director Eric Rutledge, Human Resources Director Lydia McEvoy, Center for the Arts Manager Chanda Hall, and City Recorder Sylvia Murphy.

4. **APPROVAL OF AGENDA:**

   Mayor Rosener addressed approval of the agenda and asked for a motion.

   MOTION: FROM COUNCILOR BROUSE TO APPROVE THE AGENDA. SECONDED BY COUNCILOR MAYS. MOTION PASSED 6:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (COUNCIL PRESIDENT YOUNG WAS ABSENT).

   Mayor Rosener addressed the next item on the agenda.

5. **CONSENT AGENDA:**

   A. **Approval of July 21, 2026, City Council Meeting Minutes**
   B. **Resolution 2026-052, Reappointing Jane Parisi-Mosher to the Sherwood Cultural Arts Commission**
   C. **Resolution 2026-053, Reappointing Lester Nishimura to the Sherwood Cultural Arts Commission**
   D. **Resolution 2026-054, Reappointing Elizabeth Flores to the Sherwood Cultural Arts Commission**

   MOTION: FROM COUNCILOR BROUSE TO ADOPT THE CONSENT AGENDA. SECONDED BY COUNCILOR MAYS. MOTION PASSED 6:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (COUNCIL PRESIDENT YOUNG WAS ABSENT).

   Mayor Rosener addressed the next item on the agenda.

6. **CITIZEN COMMENTS:**

None.

Mayor Rosener addressed the next agenda item, and the City Recorder read the public hearing statement.

7. PUBLIC HEARING:

A. Ordinance 2026-004, Amending Sherwood Municipal Code, Chapter 1.01 Public Contracting Rules

City Attorney Ryan Adams recapped the staff report and provided a presentation (see record, Exhibit A). He explained that the City's procurement code was originally updated in 2023 and at the time, the amounts aligned with state statute. He stated that later, the legislature increased the amounts for certain procurement thresholds. He stated the proposed updates would align city code with state statutes.

- Small procurements: Previously $10,000 and below; now $25,000 and below
- Intermediate procurements: Previously $150,000 and below; now $250,000 and below
- Large procurements: Anything above $250,000

Mayor Rosener asked if the Council had questions for staff. Councilor Standke said at the last meeting there was an item on the consent agenda for water treatment plants and Sherwood’s share was approximately $216,000 and the total was $650,000. He asked if the Council would consider such an item if this ordinance was approved. Mr. Adams said the item would still come before the Council because of the total cost. City Manager Craig Sheldon agreed.

With no further questions from the Council, Mayor Rosener opened the public hearing. With no public testimony received, Mayor Rosener closed the public hearing.

With no further Council discussion, Mayor Rosener asked for a motion.

MOTION: FROM COUNCILOR MAYS TO READ CAPTION AND ADOPT ORDINANCE 2026-004 AMENDING SHERWOOD MUNICIPAL CODE, CHAPTER 1.01 PUBLIC CONTRACTING RULES. SECONDED BY COUNCILOR BROUSE. MOTION PASSED 6:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (COUNCIL PRESIDENT YOUNG WAS ABSENT).

Mayor Rosener addressed the next agenda item, and the City Recorder read the public hearing statement.

B. Ordinance 2026-005, Amending Chapter 3.30 of the Sherwood Municipal Code to Increase the City Transient Lodging Tax

Finance Director David Bodway recapped the staff report and provided a presentation (see record, Exhibit B). He said the city adopted its Transient Lodging Tax (TLT) in 2019 through Ordinance 2019-002. He stated visitors that stay in transit lodging benefit from city services and public investments including transportation, police services, parks, and public art. He said the proposed increase would allow a greater share of these costs to be supported by visitors rather than the Sherwood residents and businesses. He noted the TLT had remained the same since 2019, and the proposed ordinance would increase rates in two phases to provide lodging providers and visitors adequate notice of time to adjust. He stated the current local tax rate is 3%

and applies to the rental of transient lodging within the city. He said this proposed ordinance would increase the local TLT from 3% to 5% on October 1, 2026, and increase the TLT from 5% to 6% on October 1, 2027.

Mayor Rosener asked if Council had question for staff.

With no questions from the Council, Mayor Rosener opened the public hearing. With no public testimony received, Mayor Rosener closed the public hearing.

Councilor Scott said the Council had a work session on this topic previously that included a robust conversation. Mayor Rosener stated that this was one of the ways cities could raise taxes on tourism.

Mayor Rosener said the second reading for Ordinance 2026-005 was scheduled for September 1, 2026, and addressed the next agenda item.

C. Ordinance 2026-006, Amending Chapter 2.08.095 of the Sherwood Municipal Code - Youth Advisory Board

City Attorney Ryan Adams recapped the staff report and provided a presentation (see record, Exhibit C). He said to facilitate the Youth Advisory Board's (YAB) flexibility and participation, staff were proposing the following amendments to the code:

- The YAB would have a maximum of 12 members. Presently, there were a set number of 7 members. Members would be appointed by the Council.
- The term of office for YAB members would be up to three years, or until 2 months after a member completes high school. Previously, the code had terms of one year and two years.
- A quorum would consist of half the presently appointed members, plus 1.

Mr. Adams stated that all other provisions of SMC 2.08.095 would remain unchanged.

Mayor Rosener asked if Council had question for staff. Councilor Brouse stated that this proposed ordinance was a request of the current YAB members due to the robust interest in serving. Councilor Giles suggested that the board members consider recruiting members with different interests and stated he supported the proposed amendments.

With no further questions from the Council, Mayor Rosener opened the public hearing.

Finn McEvoy, chair to the Sherwood Youth Advisory Board approached the Council and said he supported the proposed amendment to broaden the YAB to 12 members to allow for a more diversified perspective and allow for more groups to be heard. Mayor Rosener thanked him for being a member of the YAB.

With no further public testimony, Mayor Rosener closed the public hearing.

Mayor Rosener asked for Council discussion.

Councilor Scott asked if the code had language to allow members that were not part of the Sherwood School District and suggested adding language to reserve one spot for an interested party from outside the district. Mr. Adams said the current language states the YAB shall have up to 12 members who are enrolled in grades 9 through 12 and were Sherwood residents or attended a school within the Sherwood School District.

Discussion followed and Mayor Rosener said there was a consensus to add language reserving one spot for an interested party from outside the district to the draft ordinance. Mr. Adams agreed to bring back an amendment for Council's consideration.

Mayor Rosener said the second reading for Ordinance 2026-006 was scheduled for September 1, 2026, and addressed the next agenda item.

D. Ordinance 2026-007, Establishing a Commercial Public Safety Fee and Adding Section 3.50 to the Sherwood Municipal Code

Finance Director David Bodway recapped the staff report and provided a presentation (see record, Exhibit D). He said this proposed ordinance addressed the ongoing challenges in funding public safety services due to limitations on property tax revenues. He noted police service costs continue to rise with personnel, equipment, and operational needs, while the City's ability to increase general fund property tax revenue was constrained. He stated the Council had two previous work sessions on this topic. He noted that numerous Oregon cities had adopted public safety fees as a lawful mechanism to provide stable, dedicated funding for police and related services. He said the proposed ordinance was modeled after the City of Keizer's adopted ordinance that refined commercial charges using Equivalent Service Unit (ESU) methodology tied to impervious surfaces. He said staff recommended that Sherwood adopt a similar ordinance limited to commercial properties only. He stated this approach focused the new fee on business properties that generate significant demand for police services while avoiding an additional charge on residential utility customers. He noted if the ordinance was adopted, staff would bring a companion resolution establishing the initial rate structure and any preferred methodology for Council consideration.

Mayor Rosener asked if Council had questions for staff. Councilor Standke asked if there was any outreach concerning the proposed fee. Mr. Sheldon said there had not been any outreach and stated that upon adoption of the ordinance businesses would be notified. Mr. Bodway added that if adopted, the fees would not be imposed until January 1, 2027. Mayor Rosener clarified that the proposed ordinance does not set rates, it creates a structure allowing the Council to approve a resolution setting a rate structure. Mayor Rosener suggested that staff contact the Chamber of Commerce and provide them with information related to a potential commercial public safety fee. He also suggested that interested parties refer to the April 21 and July 7, 2026, City Council work sessions on YouTube for more information.

With no further questions from the Council, Mayor Rosener opened the public hearing. With no public testimony received, Mayor Rosener closed the public hearing.

Councilor Mays said he supported the approach of the proposed ordinance. Councilor Scott referred to the need for this legislation due to budget compression and said it was a fair and reasonable approach.

Mayor Rosener said the second reading for Ordinance 2026-007 was scheduled for September 1, 2026, and addressed the next agenda item.

8. CITY MANAGER REPORT:

Mr. Sheldon reported that tomorrow night's Music on the Green would likely be moved to the Center for the Arts due to air quality. He said there would be an announcement tomorrow. He reported that Washington Street would have closures this week for paving and should be completed before the weekend. Councilor Mays referred to the Washington Street project and congratulated staff on a successful outcome. Mayor

Rosener asked for an update on the water leak on Ice Age Drive. Mr. Sheldon said the water treatment plant's 16" pipe burst and the water flowed to the new portion of Ice Age Drive causing a delay in the project. Chief Hanlon stated that it was unfortunate that National Night Out had to be cancelled due to air quality. He said there had not been discussions regarding rescheduling the event.

9. COUNCIL ANNOUNCEMENTS:

Councilor Scott reported on the Parks Board meeting and said they toured the Cedar Creek Trail and discussed the placement of benches and garbage cans, which were granted through the Community Enhancement Program. He announced that Cruisin' was this Saturday.

Councilor Standke reported that he attended the Traffic Safety Board meeting and said they discussed mobile speed camera placement and creating a formal process. He commented on the renaming of the Center for the Arts and said the future discussion date had not been determined.

Councilor Giles reported on Library events.

Councilor Brouse announced that Cruisin' was expecting over 400 cars participating this year.

Councilor Mays announced that the Friends of the Refuge Brews for the Birds music festival was this weekend at Langer's.

Mayor Rosener announced that Music on the Green could be moved to the Center for the Arts tomorrow night.

10. ADJOURN:

Mayor Rosener adjourned the meeting at 7:50 pm and convened an Urban Renewal Agency Board of Directors meeting.

Attest:

______________________________	______________________________
Sylvia Murphy, MMC, City Recorder	Kim Young, Council President

City Council Meeting Date: September 1, 2026

Agenda Item: Consent Agenda

TO: Sherwood City Council

FROM: Kristen Switzer, Assistant City Manager
Through: Craig Sheldon, City Manager

SUBJECT: **Resolution 2026-055, Reappointing Barbara Leitzinger to the Sherwood Parks & Recreation Advisory Board**

Issue:
Should the Council reappoint Barbara Leitzinger to the Sherwood Parks & Recreation Advisory Board?

Background:
Barbara Leitzinger was appointed to Position 5 of the Sherwood Parks & Recreation Advisory Board by Resolution 2024-055; which term expired in June 2026. Barbara would like to seek reappointment. The Mayor has recommended this reappointment to the City Council.

In accordance with City Council Rules of Procedure, all such appointments are subject to the approval of City Council by resolution.

Financial Impacts:
None.

Recommendation:
Staff respectfully recommends City Council adoption of Resolution 2026-055, Reppointing Barbara Leitzinger to the Sherwood Parks & Recreation Advisory Board.

City of Sherwood Oregon

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RESOLUTION 2026-055

REAPPOINTING BARBARA LEITZINGER TO THE SHERWOOD PARKS & RECREATION ADVISORY BOARD

WHEREAS, Barbara Leitzinger was appointed to Position 5 of the Sherwood Parks & Recreation Advisory Board by Resolution 2024-055; and

WHEREAS, the term for this position expired on June 30, 2026, and Barbara is seeking reappointment; and

WHEREAS, the Mayor has recommended to the City Council that Barbara be reappointed; and

WHEREAS, in accordance with Council Rules of Procedure, all such appointments are subject to the approval of the City Council by resolution.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1. The Sherwood City Council hereby reappoints Barbara Leitzinger to Position 5 on the Sherwood Parks & Recreation Advisory Board for a term expiring at the end of June 2029.

Section 2. This Resolution shall be effective upon its approval and adoption.

Duly passed by the City Council this 1st day of September 2026.

____

Kim Young, Council President

Attest:

____

Sylvia Murphy, MMC, City Recorder

City Council Meeting Date: September 1, 2026

Agenda Item: Consent Agenda

TO: Sherwood City Council

FROM: Brad Crawford, IT Director
Through: Craig Sheldon, City Manager and Ryan Adams, City Attorney

SUBJECT: **Resolution 2026-056, Authorizing the City Manager to Sign the Broadband Equity Access and Deployment Program Grant Agreement**

Issue:
Shall the City Council authorize the City Manager to sign the Broadband Equity Access and Deployment (BEAD) Program grant agreement with the Oregon Broadband Office (OBO) for providing broadband expansion in the rural areas of northeast Yamhill County?

Background:
The City of Sherwood initially applied for funding through the Broadband Equity, Access, and Deployment (BEAD) Program in the spring of 2025 to expand Sherwood Broadband's fiber network into the unserved and underserved areas within Newberg School District boundaries. The City's initial application was unsuccessful, and the project area was awarded to another applicant.

The awarded applicant subsequently withdrew from the program. In June 2026, the Oregon Broadband Office (OBO) provided the City an opportunity to reapply for the project area with updated project and financial information. Staff submitted a revised application and were preliminarily awarded BEAD funding to expand Sherwood Broadband service to approximately 1,112 serviceable locations.

Following execution of the grant agreement, staff will begin engineering, environmental reviews, permitting, procurement, and construction. The City plans to use Sherwood Broadband staff to complete the project but may contract work where necessary.

The grant agreement is expected to be executed no later than September 18, 2026, after which the City will have four years to complete the project.

Financial Impacts
The estimated total project cost is $20,840,333.91, with a BEAD grant award of $15,630,250.43. The remaining $5,210,083.48, representing the required 25% match, will be provided by the City.

Staff proposes funding the City's match with $2,000,000 in cash from the Sherwood Broadband Fund and $3,210,083.48 in eligible in-kind labor performed by Sherwood Broadband staff. In-kind labor is anticipated to include project management, engineering, construction, installation, and other eligible work necessary to complete the project.

Recommendation:
Staff respectfully recommends City Council approval of Resolution 2026-056, authorizing the City Manager to sign the Broadband Equity Access and Deployment Program grant agreement.

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RESOLUTION 2026-056

AUTHORIZING THE CITY MANAGER TO SIGN THE BROADBAND EQUITY ACCESS AND DEPLOYMENT PROGRAM GRANT AGREEMENT

WHEREAS, the City of Sherwood has been awarded a Broadband Equity Access and Deployment (BEAD) grant from the Oregon Broadband Office for providing broadband expansion in the rural areas in northeast Yamhill County; and

WHEREAS, this project will provide broadband services to 1112 unserved and underserved residents and businesses in the project area; and

WHEREAS, staff had estimated the total project cost at 20,840,333.91, was awarded $15,630,250.43, and the remaining $5,210,083.48 will come from financial and in-kind contributions from the Sherwood Broadband fund; and

WHEREAS, this project has a completion deadline of September 2030.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1. The City Manager is hereby authorized to execute a grant agreement with Oregon Broadband Office in a form substantially similar to the attached Exhibit A.

Section 2. This Resolution shall be effective upon its approval and adoption.

Duly passed by the City Council this 1st day of September, 2026.

____
Kim Young, Council President

Attest:

____
Sylvia Murphy, MMC, City Recorder

Broadband Equity, Access, and Deployment (BEAD) Program
Grant Agreement

Contract Number: C2026575

Recipient Name: City of Sherwood

This grant agreement ("Contract") is between the State of Oregon, acting through its Oregon Business Development Department ("OBDD") and the Oregon Broadband Office within OBDD (collectively, the "State"), and City of Sherwood ("Recipient"). This Contract becomes effective only when fully signed and approved as required by applicable law; and all Contract conditions precedent to becoming effective have been satisfied. Each Project within the Contract becomes effective only when fully signed and approved as required by applicable law, the signing of which will be provided on the respective Project's Appendix 2 ("Effective Date").

For the purposes of this Contract, notwithstanding the above terminology and the terminology used throughout the Contract, Recipient is a subrecipient for Federal Award purposes and OBDD is a recipient. For federal law purposes, "subrecipient" means an entity receiving federal funds through a recipient (i.e. here, OBDD) to support the performance of a federal project or program (i.e. here, BEAD) for which the federal funds were awarded. Subrecipient (i.e. Recipient) is subject to the terms and conditions of the Federal Award to the recipient (i.e. OBDD), including the BEAD compliance requirements.

This Contract includes the following:

- This Contract less exhibits
- Exhibit A - Project Description and Reporting Requirements
    - Appendix 1* - Project Broadband Locations Information
    - Appendix 2* - Project Work Plan with Milestones and Disbursement Not to Exceed Amounts
- Exhibit B - Grant Application
- Exhibit C - Disbursement Request Sample Form
- Exhibit D - Certification – Protecting BEAD Program From Defaults (Certification re Future Federal Funding)
- Exhibit E - Grant Federal Provisions
- Exhibit F - Information Required by 2 CFR § 200.332(b)(1)
- Exhibit G - Insurance Requirements
- Exhibit H - Environmental and Historical Preservation ("EHP") Compliance: Specific Award Conditions

The information in Exhibit F (Information Required by 2 CFR § 200.332(b)(1)) is attached to this Contract for informational purposes only. In the event of a conflict or inconsistency between this Contract and any other Exhibit or Appendix, such conflict or inconsistency shall be resolved by reference to the documents in the following order of priority:

- Exhibit E - Grant Federal Provisions.
  In any case where language among two or more authorities in Exhibit E appears inconsistent, the relevant authorities should be read and interpreted in a manner which emphasizes consistency and harmonization across all relevant authorities. Where harmonization is impossible, such conflict or inconsistency shall be resolved following this order (from highest to lowest priority): 47 U.S.C. § 1702; the Award's Specific Award Conditions; the General Terms and Conditions for the BEAD Program; the BEAD Restructuring Policy Notice (June 2025); the BEAD NOFO; the Department of Commerce General Terms and Conditions (dated September 22, 2025); other federal authorities.

- Exhibit D - Certification – Protecting BEAD Program From Defaults (Certification re Future Federal Funding)
- Exhibit H - Environmental and Historical Preservation ("EHP") Compliance: Specific Award Conditions
- This Contract less exhibits.
- Exhibit A - Project Description and Reporting Requirements
  - Appendix 1* - Project Broadband Locations Information
  - Appendix 2* - Project Work Plan with Milestones and Disbursement Not to Exceed Amounts
- Exhibit B - Grant Application
- Exhibit C - Disbursement Request Sample Form
- Exhibit G - Insurance Requirements

Pursuant to ORS 285A.167; ORS 285A.180; ORS 285A.181(2); OAR Chapter 123, Division 047; and Oregon Laws 2025, Chapter 616 (collectively, the "Act"), OBDD is authorized to distribute funds received by the State of Oregon from the federal Broadband Equity Access and Deployment Program in the form of grants for the purpose of constructing and deploying infrastructure for the provision of broadband service to unserved locations, underserved locations, and eligible community anchor institutions. Pursuant to the Act, OBDD established the State's BEAD Program to provide financial assistance that utilizes the federal BEAD Program moneys specifically for broadband infrastructure grants, including the Recipient's broadband infrastructure project(s) more particularly described herein ("Project"). For purposes of this Contract, "Project" means, collectively and individually, without distinction, as the context requires, the broadband infrastructure projects to be completed by Recipient pursuant to this Contract as further described in Exhibit A with Project-specific details for each individual Project further provided for in the respective Appendix 1 and Appendix 2 for the individual Project. Recipient's individual Projects are identified with unique identifiers within each Appendix 1 and Appendix 2, including the District Grant Area ("DGA") Name and Project ID Number in the title and the headings.

* If the Contract includes more than one Project, as noted above, Project-specific details for each individual Project will be provided for in a separate respective Appendix 1 and Appendix 2, which will be denoted by a unique DGA Name and Project ID Number in the Appendix 1 and Appendix 2 titles. References to Appendix 1 and Appendix 2 throughout this Contract are general references and apply to each individual Project as if the respective specific Project DGA in the title were provided.

SECTION 1 - KEY TERMS

The following capitalized terms have the meanings assigned below.

Assistant Secretary means the federal Assistant Secretary of Commerce for Communications and Information and NTIA Administrator.

Award or Federal Award means OBDD's Financial Assistance Award from the U.S. Department of Commerce, Award Number 41-20-B110, as amended and available at https://www.oregon.gov/biz/programs/BEAD/Pages/default.aspx.

BEAD means the federal Broadband Equity, Access, and Deployment (BEAD) Program ("Program"), authorized by the Infrastructure Investment and Jobs Act of 2021, Division F, Title I, Section 60102, Public Law 117-58, 135 Stat. 429 (November 15, 2021), also known as the Bipartisan Infrastructure Law, 47 U.S.C. § 1701, et seq.

Closeout Date means the date when OBDD determines, as evidenced by the Project Closeout Letter, Recipient has satisfied all state and federal reporting requirements related to the Project and completes closeout of the Grant provided under this Contract in accordance with 2 CFR §200.344.

DOC means the United States Department of Commerce.

Eligible Subscriber(s) means any household seeking to subscribe to broadband internet access service that is eligible for the Federal Communications Commission's Lifeline Program.

Equipment means the cable, fiber, materials, components, and supplies used to construct, maintain or operate a broadband network.

Facilities means a place or building used to construct, maintain or operate a broadband network.

Federal Awarding Agency means the National Telecommunications and Information Administration of the U.S. Department of the Commerce ("NTIA").

Federal Interest Period is the period during which Recipient will hold in trust for the beneficiaries of the BEAD Program (i.e. public purposes) all real property, Facilities and Equipment acquired or improved in connection with this Contract, for which the major purpose is a broadband infrastructure project. The Federal Interest Period for such real property, Facilities and Equipment will continue for 10 years after the year of the Closeout Date in accordance with 2 CFR 200.344. The Federal interest shall apply for the Federal Interest Period regardless of whether the asset is acquired or improved with federal BEAD funds or non-federal matching funds (from the Match Amount, if applicable). BEAD assets not captured in this definition must conform to further implementation guidance issued by NTIA. Per the BEAD Restructuring Policy Notice, NTIA will not take a Federal interest in Equipment or property acquired or improved with a LEO satellite capacity BEAD Grant.

Financing Proceeds means Grant disbursements for a Project.

Fixed Amount Subaward means a type of grant issued per 2 CFR Section 200.201 under which the Pass-Through Entity (i.e. OBDD) provides a specific level of support to Recipient. Accountability is based primarily on performance and results. (For additional information on Fixed Amount Subawards, see 2 C.F.R. § 200.333 and the U.S. Department of Commerce's "BEAD Policy Notice of Part 200 Exceptions" available at: https://broadbandusa.ntia.doc.gov/sites/default/files/2023-12/BEAD_Policy_Notice_of_Part_200_Exceptions_Related_Issues.pdf.).

Grant Application means Recipient's approved State BEAD Program application form and all attachments, documentation and communications provided to OBDD in support of the application by Recipient and includes the prequalification application form and attachments. See Exhibit B.

LEO means a Low Earth Orbit broadband provider that uses a network of satellites orbiting above the Earth at lower altitudes to deliver low-latency, high-speed internet.

NIST is the National Institute of Standards and Technology, the entity within the United States Department of Commerce responsible for administering the BEAD Program grant.

NTIA is the National Telecommunications and Information Administration, the entity within the United States Department of Commerce responsible for implementing the BEAD Program.

OMB means the federal Executive Office of the President, Office of Management and Budget.

Pass-Through Entity means a non-federal entity that provides a Subaward to a subrecipient to carry out part of federal program. The Oregon Business Development Department (OBDD) is the Pass-Through Entity for this Contract authorized to make Subawards to carry out the federal BEAD Program. Note: Recipient is a subrecipient for the purposes of this defined federal term.

Project means, collectively and individually, without distinction, as the context requires, the broadband infrastructure projects to be completed by Recipient pursuant to this Contract as further described in Exhibit A with Project-specific details for each individual Project further provided for in the respective Appendix 1 and Appendix 2 for the Project.

Project Closeout Letter means a letter remitted by OBDD to the Recipient evidencing completion of all Project work for an individual Project in accordance with Exhibit A of this Contract and the Project-specific details for the individual Project provided for in the respective Appendix 1 and Appendix 2.

Project Completion Deadline: four years from the Effective Date of the Project as provided in 47 U.S.C. § 1702(h)(4)(C), unless further extended in accordance with the terms of the Contract.

Subaward means the Grant award by OBDD to Recipient, evidenced by this Contract, that is funded in whole or in part by the federal BEAD Award. The terms and conditions of the BEAD Award to OBDD flow down to this Subaward unless the terms and conditions of the federal BEAD Award specifically indicate otherwise in accordance with 2 CFR § 200.101. The term does not include payments to a contractor or payments to an individual that is a beneficiary of the federal BEAD Award.

Uniform Guidance means the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal program awards, which is codified in Part 200 of Title 2 of the Code of Federal Regulations (CFR).

SECTION 2 - FINANCIAL ASSISTANCE

A. Grant. OBDD shall provide Recipient, and Recipient shall accept from OBDD, a grant (the "Grant") in an aggregate amount not to exceed the Grant Amount for the Project. OBDD shall disburse the Grant according to the disbursement procedures described in Section 3 of this Contract.

B. Conditions Precedent. The State's obligations are subject to the receipt of the following items, in form and substance satisfactory to the State and its Counsel:

(1) This Contract duly signed by an authorized officer of Recipient; and

(2) Such other certificates, documents, opinions and information as OBDD may reasonably require, including but not limited to all requisite certification and Proof of Insurance required by Exhibit G (Insurance Requirements).

(3) Financial Capability: Performance Bond or Letter of Credit.
(a) To demonstrate Recipient's required financial viability for the Project, Recipient shall provide to OBDD either a Performance Bond, Public Bond, or Letter of Credit that meets applicable requirements of 2 CFR 200.326, the terms of this section of the Contract, and otherwise meets the Federal BEAD Program Requirements, including but not limited to the federal BEAD Letter of Credit Waiver Policy Notices. If Recipient has not secured a satisfactory Performance Bond, Public Bond or Letter of Credit (any of these 3 options generically referred to as "Financial Instrument"), and provided a copy of it to OBDD for the Project by the time of this Contract's execution, Recipient must satisfy those requirements within 60 days of this Contract's execution. The expense for compliance with this provision shall be borne by Recipient. If a satisfactory copy of a Financial Instrument meeting all of the requirements of this provision is not provided timely to OBDD, OBDD may terminate this Contract. In addition, OBDD will not make any Grant disbursement under this Contract for the Project until the Recipient has satisfied this provision. If Recipient uses a single Financial Instrument for more than one Project, the Financial Instrument must provide the required Project specifics within the Financial Instrument as detailed in the NTIA Guidance.

(b) If using a Letter of Credit, the Letter of Credit shall be an irrevocable standby Letter of Credit, which shall be satisfactory to OBDD and in an amount of not less than 25 percent of the Grant Amount. The Letter of Credit shall comply with the Federal BEAD Program Requirements, be in a form substantially equivalent to the model letter of credit established by the Federal Communication Commission in connection with the Rural Digital Opportunity Fund and adhere to the model letter of credit sample provided by OBDD. The Letter of Credit must be from a qualified U.S. financial institution (bank or credit union), that is authorized to do business in the State. A bank issuing the Letter of Credit must be "well capitalized" as determined by federal bank regulations promulgated by the Federal Deposit Insurance Corporation, the Federal Reserve, and the Office of the Comptroller of the Currency; alternatively, a bank must be rated BBB- or higher by Nationally Recognized Statistical Rating Organizations (NRSROs), as recognized by the Securities and Exchange Commission (SEC). A credit union issuing a Letter of Credit must be insured by the National Credit Union Administration. In addition, Recipient must provide OBDD with an opinion letter from their legal counsel stating that in a proceeding under the Bankruptcy Code, the bankruptcy court would not treat the Letter of Credit from the financial institution as property of the winning Recipient's bankruptcy estate.

(c) If using a Performance Bond, the bond shall be from an authorized surety per Department of Treasury Circular 570 that is authorized to do business in the State and in an amount not less than 100 percent of the Grant Amount. Notwithstanding the previous sentence, the bond amount may be reduced to 10% of the Grant Amount if the Grant for the Project will be disbursed on a reimbursable basis for periods of six months or less and is otherwise in compliance with Federal BEAD Program Requirements.

(d) If, at any time, a bank or credit union that issued a Letter of Credit required by this Contract is found to be, or ceases to be in strict compliance with any qualification requirements of this Contract, or loses its right to do business in the State, a Letter of Credit from another bank or credit union will be required, which Recipient shall furnish to OBDD within ten (10) days after receipt of notice from the State or after Recipient otherwise becomes aware of such conditions. Likewise, if at any time, a surety that issued a Performance Bond required by this Contract is found to be, or ceases to be in strict compliance with any qualification requirements of this Contract, or loses its right to do business in the State, another a Performance Bond from another surety will be required, which Recipient shall furnish to OBDD within ten (10) days after receipt of notice from the State or after Recipient otherwise becomes aware of such conditions.

(e) Recipient shall not reduce the Financial Instrument provided to OBDD for the Project without prior OBDD approval. Upon request and approval by OBDD, Recipient may have the required obligation amount of the Project's Financial Instrument progressively reduced with completion of deployment milestones based on a Project's percent buildout completion schedule. Recipient may have a new or revised qualified Letter of Credit or Performance Bond issued upon request and approval by OBDD as follows:

i. Upon demonstrating to the satisfaction of OBDD that Recipient has completed the buildout of 25% of the Project's Broadband Service Locations ("BSLs"):
   (A) For letters of credit, Recipient may obtain a new letter of credit or renew its existing letter of credit to an amount that is not less than 20 percent of the Grant Amount.
   (B) For performance or public bonds, Recipient may obtain a new bond or renew its existing bond to an amount that is not less than 75 percent of the Grant Amount.

ii. Upon demonstrating to the satisfaction of OBDD that Recipient has completed the buildout of 50% of the Project's BSLs:
   (A) For letters of credit, Recipient may obtain a new letter of credit or renew its existing letter of credit to an amount that is not less than 15 percent of the Grant Amount.
   (B) For performance or public bonds, Recipient may obtain a new bond or renew its existing bond to an amount that is not less than 50 percent of the Grant Amount.

iii. Upon demonstrating to the satisfaction of OBDD that Recipient has completed the buildout of 75% of the Project's BSLs:

(A) For letters of credit, Recipient may obtain a new letter of credit or renew its existing letter of credit to an amount that is not less than 10 percent of the Grant Amount.

(B) For performance or public bonds, Recipient may obtain a new bond or renew its existing bond to an amount that is not less than 25 percent of the Grant Amount.

iv. Upon demonstrating to the satisfaction of OBDD that Recipient has completed both the buildout of 100% of the Project's BSLs, and the Project Closeout Requirements, Recipient may terminate, as applicable, its Letter of Credit, Public Bond or Performance Bond under the terms set forth therein.

v. Recipient shall submit a copy or direct the financial institution issuing a new or revised Financial Instrument required by this Section to submit a copy to OBDD with seven days of its issuance.

vi. Recipient certifies the following: that Recipient is financially qualified to meet the obligations associated with the Project, that Recipient will have available funds for all Project costs that exceed the Grant Amount; and that Recipient will continue to have sufficient financial resources to cover costs for the Project until such time as OBDD reviews and authorizes additional milestone payment disbursements as provided by Section 3 of this Contract.

(4) Project on Tribal Land. Recipient shall provide OBDD with a copy of a Resolution of Consent from the applicable Tribal Government, Tribal Council, or other governing body, for each Project that requires the deployment of broadband infrastructure that includes any location on Tribal Lands. That portion of this Contract for such a Project will not be effective until the requirements of this provision are satisfied to OBDD's satisfaction. See NOFO Section IV.B.7.a.ii.10 and IV.B.9.b.15.

(5) OBDD's review and confirmation that all conditions and requirements provided in the Notice of Intent to Award to Recipient for the Project have been met to OBDD's satisfaction.

C. Financing Availability. Unless this Contract or the respective Project within this Contract is sooner terminated in accordance with the terms of this Contract, Recipient's right to request Financing Proceeds under this Contract terminates when Recipient timely submits its final Disbursement Request with its Project Closeout Requirements. Unless this Contract or the respective Project within this Contract is sooner terminated in accordance with the terms of this Contract, OBDD's obligation to make Grant disbursements terminates on the date OBDD remits a Project Closeout Letter to Recipient.

D. Eligible Use. As authorized by NTIA, and pursuant to exceptions of 2 CFR § 200.333 and 200.201(b)(2) approved by the OMB, OBDD has elected to treat this Grant as a Fixed Amount Subaward. The authority to issue Fixed Amount Subawards pursuant to these exceptions is conditioned upon a requirement that OBDD monitor both the reasonableness of Recipient's Project expenditures and that Recipient uses the Financing Proceeds for eligible uses for which the Financing Proceeds were intended. The requirements of the remainder of 2 CFR § 200.201 remain unchanged for this Contract.

(1) The Financing Proceeds may be used solely for actual, reasonable and necessary costs to complete the activities described in Exhibit A ("Project Description and Reporting Requirements") and as further detailed and provided for in the Project's Appendix 1 and Appendix 2. For avoidance of doubt, Recipient shall use all Financing Proceeds in accordance with the Federal BEAD Program Requirements and Oregon law, as applicable.

(2) Recipient shall not use Financing Proceeds for costs in excess of one hundred percent (100%) of the total Project costs.

(3) Financing Proceeds cannot be used for Project costs that will be reimbursed by other federal, state, or local government funding streams.

(4) Recipient is not required to comply with the federal Cost Principles set forth in 2 CFR Part E of the Uniform Guidance. However, the Fixed Amount Subaward payments (i.e. Financing Proceeds) made to Recipient for the Project must be based on a reasonable estimate of actual costs and Recipient shall not accept an amount of Financing Proceeds that exceeds a reasonable estimate of Recipient's actual costs for the Project.

E. Ineligible Use. Recipient shall not use the Financing Proceeds for ineligible uses of the Fixed Amount Subaward payments, including but not limited to the following:

(1) Retire any debt or to lobby, influence or attempt to influence, any federal, state or local government official.

(2) Pay for operational expenditures, such as, by way of example and not limitation, non-construction employee wages and benefits and professional services expenditures including attorney, accounting, bookkeeping, actuarial, and tax report / compliance that are not utilized exclusively in the deployment of infrastructure to Project locations.

(3) Pay for costs incurred prior to 04 February 2026, unless approved by OBDD. Such costs must be eligible expenses under the Federal BEAD Program Requirements and be limited to Recipient's actual costs.

(4) Pay for costs incurred or for any Project work performed before the Effective Date of the Project or after the Project Completion Deadline, unless agreed to in writing by the parties.

(5) Claim profit, fee or other incremental charge as allowable costs. See NOFO Section V.H.2.b. (Example: Recipient may not buy materials and resell them to the Project at a profit as a component of Recipient's Match Amount, or as an expenditure paid for with Grant funds.)

(6) Pay for surplus materials not used in the Project. If Recipient purchases in bulk, the Financing Proceeds may be used only for the costs of material actually used in the Project.

(7) Pay for personal expenses of employees, executives, board members, and contractors, and family members thereof, or any other individuals affiliated with Recipient, including but not limited to personal expenses for housing, such as rent or mortgages, vehicles for personal use and personal travel, including transportation, lodging and meals.

(8) Pay for gifts to employees; housing allowances or other forms of mortgage or rent assistance for employees except that a reasonable amount of assistance shall be allowed for work-related, temporary or seasonal lodging; cafeterias and dining facilities; food and beverage except that a reasonable amount shall be allowed for work-related travel; entertainment.

(9) Pay for expenses associated with tangible property not logically related or necessary to the broadband infrastructure Project or authorized non-deployment use; corporate aircraft, watercraft, and other motor vehicles designed for off-road use except insofar as necessary or reasonable to access portions of the Project area not readily accessible by motor vehicles travelling on roads; tangible property used for entertainment purposes; consumer electronics used for personal use; kitchen appliances except as part of work-related temporary or seasonal lodging assistance; artwork and other objects which possess aesthetic value.

(10) Pay for expenses related to the provision of "over-the-top services" such as telephone or video services which are not necessary for the delivery of broadband service. Battery backup devices that support broadband during power outages are an allowed expense.

(11) Pay for fundraising activities.

(12) Pay for political contributions; charitable donations; scholarships; membership fees and dues in clubs and organizations; sponsorships or conferences or community events not logically related

or necessary for the intended use of the subgrant; nonproduct-related corporate image advertising.

(13) Pay for penalties or fines for statutory or regulatory violations; penalties or fees for any late payments on debt, loans, or other payments.

(14) Pay for computers or office equipment.

(15) Pay for vehicles as defined in ORS 801.590.

(16) Pay for any expenditure related to complying with requirements removed by the NTIA's BEAD Restructuring Policy Notice.

(17) Purchase Covered Communications Equipment or Services, as defined in Section 9 of the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C.§ 1608).

(18) Directly or indirectly support or oppose collective bargaining.

Recipient shall not use any of the ineligible costs listed in this Section 2.E. to estimate the actual costs of the Project, which shall be paid as a Fixed Amount Subaward to Recipient.

F. Eligible Use or Payment Disputes. If Recipient disputes any eligible use determination, calculation, or amount of any disbursement, Recipient shall notify OBDD in writing of its dispute within thirty (30) days following the earlier of Recipient's receipt of the payment or notification of the determination or calculation of the payment by OBDD. OBDD will review the information presented by Recipient and may make changes to its determination based on this review. The calculation, determination or payment amount that results from OBDD's review shall not be subject to additional dispute under this subsection. No payment subject to a dispute under this subsection shall be due until after OBDD has concluded its review. OBDD will make final determinations on cost eligibility and disbursements at its sole discretion.

G. Misexpended or Unexpended Grant Money; Erroneous Payment Offsets. Any Grant money disbursed to Recipient, or any interest earned by Recipient on the Financing Proceeds, that is not used for Project costs according to this Contract or that remain after the earlier of the date of the Project Closeout Letter, the date the Project is terminated, or the date this Contract is terminated shall be immediately returned to OBDD, unless otherwise directed by the State. The State may utilize any authorized method for collecting such debts owed to the State for misexpended or unexpended Financing Proceeds.

Recipient shall also immediately notify the State of any Financing Proceeds provided to Recipient in error for any reason, including, but not limited to, overpayments, improper payments, or payment for ineligible costs. If the Recipient is not able to immediately return a disbursement made in error, the State may, at its sole discretion, withhold or deduct from future disbursement the repayment amount due under this Contract for the same Project. The State may also utilize any other authorized method for collecting such debts Recipient owes to the State.

SECTION 3 – DISBURSEMENTS & DISBURSEMENT PROCEDURES

A. Fixed Amount Subaward. Each Project within this Contract is funded and issued as a Fixed Amount Subaward per 2 CFR § 200.201 and as detailed by and with exceptions provided in the Federal BEAD Program Requirements. OBDD will pay Recipient the Project's Grant Amount in accordance with the conditions and procedure set forth in this Contract, including making Grant disbursements upon completion of the milestones for the amounts set forth in Appendix 2 for the Project.

B. Disbursement Requests and Disbursements.

(1) Recipient must submit each disbursement request for payment of Grant funds for a Project on an OBDD-provided or OBDD-approved disbursement request form ("Disbursement Request"). The Disbursement Request shall be in a form substantially equivalent to the attached Exhibit C. Recipient may submit Disbursement Requests upon the completion of milestone(s) in accordance with this

Contract, including but not limited to the requirements of Appendix 2 (defining Project milestones) and the Federal BEAD Program Requirements.

(2) OBDD or its agent will review Recipient's Disbursement Requests for a Project. OBDD will make disbursements to Recipient for eligible Project costs upon OBDD's finding that the conditions in this Section 3 are met. Incorporation of Appendix 2 into this Contract is not confirmation by OBDD that specific expenditures by Recipient qualify as eligible Project costs or Match Amount contributions. OBDD reserves the right to request substantiating records or refuse to remit payment for costs which do not qualify as eligible Project costs. OBDD may periodically request records and review Recipient's evidence of Project costs and Match Amount expenditures contemporaneously or retroactively. OBDD may reject or adjust any current or previously submitted Disbursement Request not supported by evidence satisfactory to OBDD or its agent. Recipient agrees that, while payments under this Contract's Fixed Amount Subaward will occur after Recipient's submission of Disbursement Requests to OBDD upon the completion of Project milestones, ultimate acceptance by OBDD of all Project work will need to be verified pursuant to the Project Closeout Process provided for in Section 5C.(7). OBDD will withhold a disbursement if Recipient has not contributed its required proportional share of the Match Amount for the Project.

C. Conditions to Disbursements. OBDD has no obligation to disburse Grant funds for a Project unless:

(1) There is no Event of Default. This includes Recipient being current on all required reporting requirements described in Exhibit A and elsewhere in this Contract.

(2) The representations and warranties made in this Contract are true and correct on the date of disbursement as if made on such date.

(3) The State, in the reasonable exercise of its administrative discretion, has sufficient funding, appropriations, limitations, allotments and other expenditure authority to make the disbursement.

(4) OBDD has received a completed Disbursement Request, substantially equivalent to the attached form provided in Exhibit C.

(5) OBDD finds that Recipient is making reasonable progress on the Project Plan and milestones outlined in Appendix 2 in order to meet the approved Project Plan and ultimately the BEAD deployment Project Completion Deadline.

(6) All other conditions precedent under this Contract are met.

D. Withholding of Disbursements. OBDD reserves the right to withhold disbursements fully or partially if Recipient is in violation of terms of this Contract for a Project.

E. Default of Recipient Obligations. If the Recipient fails to complete the Project by the Project Completion Deadline, including any extension, it shall be an Event of Default, and Recipient shall not be entitled to disbursements of the balance of the Grant Amount. In addition, disbursed Financing Proceeds shall be subject to claw back by OBDD and other remedies as provided in Section 7.

SECTION 4 - REPRESENTATIONS AND WARRANTIES OF RECIPIENT

Recipient represents and warrants to the State:

A. Organization and Authority.

(1) Recipient is a municipality validly organized and existing under the laws of the State of Oregon.

(2) Recipient has all necessary right, power and authority under its organizational documents and under Oregon law to (a) execute and deliver this Contract and the Project, (b) incur and perform its obligations under this Contract, and (c) receive financing for the Project.

(3) This Contract has been authorized by an ordinance, order or resolution of Recipient's governing body if required by its organizational documents or applicable law.

(4) Recipient has the financial and managerial capacity to meet the obligations of this Contract.

(5) This Contract has been duly executed by Recipient, and when executed by the State, is legal, valid and binding, and enforceable in accordance with their terms.

B. Compliance with Existing Agreements and Applicable Law. The authorization and execution of, and the performance of all obligations required by, this Contract will not: (1) cause a breach of any agreement or instrument to which Recipient is a party or by which the Project or any of its property or assets may be bound; (2) violate any provision of the charter or other document pursuant to which Recipient was organized or established; or (3) violate any laws, regulations, ordinances, resolutions, or court orders related to Recipient, the Project or its properties or operations.

C. Full Disclosure. Recipient has disclosed in writing to the State all facts that materially adversely affect the Project, or the ability of Recipient to perform all obligations required by this Contract. Recipient has made no false statements of fact, nor has it omitted information necessary to prevent any statements from being misleading. The information contained in this Contract, including all Exhibits and the Appendices, is true and accurate in all respects.

D. Pending Litigation. Recipient has disclosed in writing to the State all proceedings pending (or to the knowledge of Recipient, threatened) against or affecting Recipient, in any court or before any governmental authority or arbitration board or tribunal, that, if adversely determined, would materially adversely affect the Project or the ability of Recipient to perform all obligations required by this Contract.

E. Governmental Consent. Recipient has obtained or will obtain all permits and approvals, and has made or will make all notifications, declarations, filings or registrations, required for the making and performance of its obligations under this Contract.

F. Compliance with Tax Laws. Recipient certifies that to the best of its knowledge it is not in violation of any state taxes administered by the Department of Revenue under the tax laws of this state and local taxes administered by the Department of Revenue under ORS 305.620. For purposes of this Contract, Oregon tax laws do not include ad valorem property taxes collected by counties.

G. No Events of Default.

(1) No Events of Default exist or occur upon authorization, execution or delivery of this Contract and the Projects herein.

(2) The Recipient has not violated and has not received notice of any claimed violation of, any agreement or instrument to which it is a party or by which the Project or its property may be bound, that would materially adversely affect the Project or the ability of Recipient to provide the Project's Match Amount and perform all obligations required by this Contract.

SECTION 5 - COVENANTS OF RECIPIENT

Recipient covenants as follows:

A. Notice of Adverse Change. Recipient shall promptly notify OBDD of any adverse change in the activities, prospects or condition (financial or otherwise) of Recipient or the Project related to the ability of Recipient to perform all obligations required by this Contract.

B. Compliance with Laws. Recipient shall comply with, and must require each of its subgrantees or contractors, including lower tier subgrantees or subcontractors, to comply with all applicable Federal, State, and local government laws, rules, and regulations in effect or hereafter established, including but not limited to the following as they may be amended from time to time:

(1) Compliance with Federal BEAD Program Requirements. Recipient will comply with the terms, conditions and requirements of the federal BEAD Program listed in Exhibit E, as they may be amended from time to time, (collectively, "Federal BEAD Program Requirements").

(2) Compliance with State Requirements for the BEAD Program. Recipient shall comply with ORS 285A.181 and Oregon Administrative Rules Chapter 123, Division 047 (Broadband Programs) as applicable, including but not limited to OAR 123-047-0105.

(3) Compliance with Civil Rights Laws. Consistent with 47 U.S.C. § 1702(g)(2)(C)(ii), Recipient stipulates that Recipient will use the Financing Proceeds in an equitable and nondiscriminatory manner.

(4) Compliance with Tax Laws. Recipient is responsible for compliance with all federal and state tax laws applicable to its implementation of the Project and its use of the Financing Proceeds disbursed under this Contract. Recipient will, for the term of this Contract, comply with the Oregon Tax Laws, (as defined in Section 4F.), except to the extent a governmental tax is contested in good faith and by proper proceedings.

(5) Compliance with Permitting Laws. Recipient shall comply with all federal, State and local government permitting laws for the duration of this Contract. If OBDD learns that the Recipient is not in compliance with all permitting laws for a Project, this may constitute grounds for the immediate termination of the respective Project within the Contract or the entire Contract. This includes but is not limited to compliance with Exhibit H ("Environmental and Historical Preservation ("EHP") Compliance: Specific Award Conditions").

(6) Compliance with All Other Laws.

Recipient, in its performance of all obligations required by this Contract, will comply with the requirements of all other applicable federal, State and local laws, rules, regulations, and orders of any governmental authority, except to the extent an order of a governmental authority is contested in good faith and by proper proceedings. This includes but is not limited to compliance with all applicable federal statutes, regulations, executive orders, and Federal Awarding Agency policies, procedures, directives and reporting requirements.

(7) Prevailing Wage Requirements.

(a) Recipient shall comply with state prevailing wage law as set forth in ORS 279C.800 through 279C.870, and the administrative rules promulgated thereunder (OAR Chapter 839, Division 25) (collectively, State "PWR"). This includes but is not limited to imposing an obligation that when PWR applies to the Project, subgrantees, contractors and subcontractors on the Project must pay the prevailing rate of wage for workers in each trade or occupation in each locality as determined by the Commissioner of the Bureau of Labor and Industries ("BOLI") under ORS 279C.815.

(b) When State PWR applies, Recipient and its subgrantees, contractors and subcontractors shall not contract with any contractor on BOLI's current List of Contractors Ineligible to Receive Public Works Contracts.

(c) When State PWR applies, Recipient shall be responsible for both providing the notice to the BOLI Commissioner required by ORS 279C.835 and the payment of any prevailing wage fee(s) required under ORS 279C.825 and BOLI's rules, including OAR 839-025-0200 to OAR 839-025-0230. For avoidance of any doubt, Recipient contractually agrees to pay applicable prevailing wage fees for the Project rather than OBDD, the public agency providing Financing Proceeds under this Contract.

(d) Pursuant to ORS 279C.817, Recipient and any subgrantees, contractors or subcontractors may request that the BOLI Commissioner make a determination about whether the Project is a "public works" on which payment of the prevailing rate of wage is required under ORS 279C.840 (i.e. whether PWR applies). Recipient acknowledges that the Financing Proceeds disbursed under this Contract are "funds of a public agency" under ORS Chapter 279C, and that "[a] project that uses $750,000 or more of funds of a public agency for constructing, reconstructing, painting, demolishing, removing hazardous waste from, or performing a major renovation on, a road, highway, building, structure or improvement of any type" is a "public works" under ORS 279C.800(6)(a)(B). Note: BOLI defines what a "project" is for purposes of PWR; it may not be the same as that used to define a Project in this Contract.

These laws, rules, regulations and orders are incorporated by reference in this Contract to the extent applicable and required by law.

C. Project Completion Obligations. Recipient shall:

(1) Permit OBDD to conduct inspection of the Project at any time and conduct testing for compliance with Service Quality Requirements described in Exhibit A.

(2) Make reasonable progress on the Project Plan and milestones outlined in Appendix 2 in order to complete the Project by the Project Completion Deadline.

(3) (a) Complete the Project as described in Exhibit A using its own fiscal resources or money from other sources to pay for any Project costs in excess of the Grant Amount provided pursuant to this Contract. In addition, Recipient shall certify that neither Recipient nor any of its affiliates will require or accept additional Federal funds as detailed in Exhibit D. Recipient's submission of this signed certification to OBDD is required before OBDD releases any of the Financing Proceeds to Recipient. OBDD will submit the signed certification in Exhibit D to NTIA, and NTIA may publicly publish Recipient's certification.

(b) Recipient shall contribute not less than the Match Amount towards the total cost of the Project. Recipient shall document compliance with the Match Amount obligation by submitting documentation of costs and payments for OBDD review and approval. The Match Amount documentation shall be submitted in the same manner as the Disbursement Request.

(4) Obtain and maintain as-built drawings for the Project, including but not limited to all Facilities constructed as part of the Project.

(5) Low-Cost Broadband Service Option(s):

(a) Per 47 U.S.C. §1702(h)(4)(B), Recipient shall offer at least one low-cost broadband service option for Eligible Subscribers, and this option shall be at speeds of at least 100/20 Mbps and latency performance of no more than 100 milliseconds through the Federal Interest Period of the Project. Recipient is responsible for verifying whether a subscriber is an Eligible Subscriber and may ask potential subscribers to provide the same documentation necessary to confirm eligibility as is required under the Federal Communication Commission's Lifeline program. Recipient agrees that this obligation "runs with the infrastructure" for the Project, and to the greatest extent allowed by law, no assignment, merger, divestiture, bankruptcy, sale, transfer or conveyance of the infrastructure or any portion of Recipient's business shall impact this obligation. Pursuant to Section 1702(h)(5)(C), NTIA or OBDD may take corrective action, including recoupment of funds from the Recipient, for noncompliance with the statutory low-cost plan requirement.

(b) "Eligible Subscriber(s)" means any household located within the Project's service area (described in Appendix 1) seeking to subscribe to broadband internet access service that is eligible for the Federal Communications Commission's Lifeline Program.

(6) Project Completion Deadline. Complete the Project no later than the Project Completion Deadline, unless extended by OBDD in writing.

(7) Project Closeout Process.

(a) Recipient's Project Closeout Requirements. Unless extended by OBDD, no later than 90 days following the Project Completion Deadline, Recipient shall complete the following Project requirements and submit each to OBDD (collectively, "Project Closeout Requirements"):

i. final Project Closeout Report on a form approved by or provided by OBDD as further described in Exhibit A;

ii. notice and required certifications of Project completion (as further described in Exhibit A);

iii. final Disbursement Request, which may be for the amount of any remaining Milestone Payment(s) for the Project;

iv. performance-testing of the Project resulting in a certification for the Project that confirms the Project was placed into service in satisfaction of the Service Quality Requirements provided for in Exhibit A ("Final Testing Certification") as further detailed below in (7)(b) of this Section. Recipient shall submit both a copy of the Final Testing Certification and a complete copy of the requisite test results to OBDD; and

v. schedule an OBDD final inspection of the Project at a mutually agreeable time for the parties, permitting OBDD to conduct Project testing for compliance with the Service Quality Requirements as OBDD deems necessary.

Completion of the Project Closeout Requirements shall not affect (1) any of the rights, requirements and obligations set forth in 2 CFR § 200.345, or (2) any of Recipient's obligations that survive the completion of the Project Closeout Requirements and remain in force during the Federal Interest Period.

(b) Final Testing Certification. The Final Testing Certification confirming satisfaction of the Project's Service Quality Requirements shall be based on the compliance standards and testing protocols for speed and latency established and used by the Federal Communications Commission in multiple contexts, including the Connect America Fund and the Rural Digital Opportunity Fund. In order to demonstrate continued compliance with these standards, Recipient must perform speed and latency tests from the customer premises of an active subscriber at a BEAD-funded location to a remote test server at an end-point consistent with the requirements for a Federal Communications Commission-designated internet exchange point. Recipient agrees that such testing shall include a sufficient number of customer premises, with sufficient geographic variety in the Project area, and over sufficient time-periods, to establish that the locations served for each broadband technology type and speed tier meet the Service Quality Requirements for the Project. Recipient agrees that OBDD may discuss and otherwise seek additional information from the performance tester concerning or relating to the Project and the testing results. Recipient is encouraged to seek prior approval from OBDD about the method and nature of testing, including the number of locations to be tested and their addresses so as to ensure the parties agree as to the number and geographic distribution of testing.

Minimum network capabilities and testing requirements for both annual and the Final Testing Certification are further detailed in the NOFO and in the Broadband Equity, Access, and Deployment (BEAD) Program: Performance Measures for BEAD Last Mile Networks, Policy Notice (last modified September 19, 2025) (and include any future amendments).

(c) OBDD Final Project Review. Upon receipt of Recipient's Project Closeout Requirements, OBDD shall review the submission and request Recipient to produce any information or data OBDD reasonably requires to confirm the completion of the Project and satisfaction of the requirements. OBDD will cooperate with Recipient to schedule a final inspection of the Project to be attended by representatives of OBDD, Recipient's architect/engineer, and Recipient and/or contractor(s) as necessary. In addition, NTIA must be given reasonable advance notice of the final inspection of the Project so that a representative of NTIA may also participate.

(d) OBDD Acceptance or Rejection of Project. Recipient's failure to materially complete the Project, including failure to meet any of the Project Completion Standards in Exhibit A or failure to meet any material obligation under this Contract shall be cause for rejection of the Project by OBDD. If OBDD rejects the Project, OBDD shall notify Recipient in writing i. that the Project is rejected, ii. specify the items that, if modified or added, will cause the Project to be accepted, and iii. provide a timeline for resubmission of the Recipient's required Project Closeout Requirements, including completion certification(s). Within a reasonable time period appropriate to the circumstances, Recipient shall remedy any defect which prevents the work performed on the Project from materially satisfying the Project Completion Standards or meeting any material obligation under this Contract.

(e) Resubmitting Project. Recipient shall resubmit a rejected Project within the time period specified in writing by OBDD. Recipient may request a longer time period from OBDD by submitting such request in writing setting forth in reasonable detail why such additional time is needed, and OBDD will use reasonable discretion in approving or denying such request. Recipient shall provide updated completion certification(s) and documentation to OBDD when Recipient resubmits the Project Closeout Requirements. Upon receipt of Recipient's resubmission of the Project Closeout Requirements, OBDD shall review the submission and request Recipient to produce any information or data OBDD reasonably requires to confirm the completion of the Project and that the Project Closeout Requirements have been satisfied. The parties shall repeat this process until the resubmitted Project is accepted, or OBDD determines that Recipient has triggered an Event of Default under this Contract and OBDD is pursuing remedies.

(f) Closeout Letter. Upon Recipient's proof, to the satisfaction of OBDD, that Recipient has submitted all Project Closeout Requirements, and completed the Project to the Project Completion Standards, OBDD will issue to Recipient a Project Closeout Letter. The Project Closeout Letter will be issued in writing with the date and both the Contract and Project numbers affixed thereto. Unless the Project or Contract is terminated earlier pursuant to the provisions herein or by law or order of a court, the issuance of the Project Closeout Letter shall terminate OBDD's obligations under this Contract, except for those obligations which by their terms or by their nature continue in force and effect following termination, and extinguish Recipient's right to receive any remaining Financing Proceeds for the Project under this Contract.

D. Professional Responsibility. All Project service providers retained for their professional expertise must be certified, licensed, or registered, as appropriate, in the State of Oregon for their specialty. A professional engineer or architect, as applicable, registered and in good standing in Oregon, will be responsible for any construction design for the Project in accordance with State and Federal law. Recipient shall follow standard construction practices, such as bonding requirements for construction contractors, requiring errors and omissions insurance, and performing testing and inspections during construction.

E. Use, Maintenance.

(1) Recipient will create, design, construct, install and deploy a fully-functioning, commercially serviceable broadband network that meets all of the Project Completion Standards provided for in Exhibit A to the Project's BSLs and Community Anchor Institutions listed in Appendix 1 and as further provided by Appendix 1.

(2) Recipient agrees that any Equipment, Facilities, or real property purchased, or in the case of real property, improved, using the Financing Proceeds, will be used and maintained for the Project's purpose and in the manner described in this Contract.

F. Books and Records; Inspections; Monitoring; Information.

(1) Books and Records. Recipient shall keep accurate books and records (electronic and otherwise) sufficient to evidence compliance with the Federal BEAD Program Requirements and the terms of this Contract. Recipient shall maintain the books and records according to generally accepted accounting principles established by the Government Accounting Standards Board in effect at the time. Recipient shall have these records audited annually by an independent certified public accountant, which may be part of the annual audit of all records of Recipient. These records may include, but are not limited to, documents pertaining to billing, invoices, expenditures, Match Amount expenditures, Project phases, design, Equipment, Facilities, communications or other records relating to Recipient's and any of its contractor's work (including subcontractors and subgrantees) on the Project.

(2) Inspections. During the term of this Contract and for a period of 10 years following the Project Closeout Letter, Recipient shall permit the State, the federal government and their duly authorized representatives, and any party designated by the State: (a) to inspect, at any reasonable time, the property constituting the Project (including Project locations, Facilities and Equipment); and (b) at any reasonable time, to inspect and make copies of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, contracts, and any other related matters of the Project. This right in (b) is in addition to, and not in lieu of, any of the State's other rights to receive Semi-Annual Reports and a Project Closeout Report under this Contract.

(3) Monitoring. Recipient understands and agrees that OBDD and authorized representatives may evaluate Recipient's ability to complete the activities funded under this Contract through ongoing monitoring. Recipient agrees that an important part of OBDD's ability to monitor Recipient's Project progress resides in the reports Recipient must file with OBDD and/or federal authorities. Recipient agrees and warrants that all of its reports will: (a) be made in good faith; (b) not include materially false or misleading information; and (c) not omit information which would cause any statements in the reports to be materially false or misleading. Recipient agrees to participate in video and/or telephone calls with OBDD staff, as reasonably requested by OBDD, to discuss Recipient's Project progress. Recipient shall be responsible for monitoring any subcontract it enters into with this Contract's Grant funds.

Recipient understands and agrees that because each Project within this Contract is funded and issued as a Fixed Amount Subaward, the Subaward is conditioned upon a requirement that OBDD will monitor the reasonableness of Recipient's Project costs, including the non-Federal share (i.e. Match Amount), as applicable. OBDD will take necessary measures to validate the reasonableness of Recipient's Project costs and Recipient agrees to cooperate with OBDD in the validation process.

Recipient understands and agrees to comply with all monitoring and information requests from OBDD and NTIA within the timeframe specified, including but not limited to site visits, desk reviews, technical assistance, and random sampling of Project compliance requirements. This also includes the provision of documents or data in Recipient's possession or control related to the Project and this Contract.

(4) Information. Recipient shall supply any related reports and information as OBDD may reasonably require, including cooperation with OBDD to provide all necessary financial information and records to comply with federal BEAD reporting requirements, including but not limited to the reporting requirements detailed in Exhibit A. Recipient will support BEAD Program reviews and evaluations by submitting required financial and performance information and data in an accurate and timely manner, and by cooperation with the DOC and external program evaluators. In accordance with 2 CFR 200.303(e), Recipient must take reasonable measures to safeguard protected personally identifiable information and other confidential or sensitive personal or business information created or obtained in connection with the ward.

G. Records Maintenance. Recipient shall retain and keep accessible all books, documents, papers, and records that are directly related to this Contract and the Project for a minimum of ten (10) years, or such longer period as may be required by other provisions of this Contract or applicable law, following the Project Completion Deadline. If there are unresolved issues at the end of such period, Recipient shall retain the books, documents, papers and records until the issues are resolved. The Federal Awarding Agency, a cognizant agency for audit, oversight or indirect costs, and OBDD, may notify Recipient in writing that the retention period shall be extended. For records for real property, Facilities and Equipment, the retention period shall extend three (3) years following final disposition of such property.

H. Notice of Event of Default. Recipient shall give OBDD prompt written notice of any Event of Default, or any circumstance that with notice or the lapse of time, or both, may become an Event of Default, as soon as Recipient becomes aware of its existence or reasonably believes an Event of Default is likely.

I. (1) Contributory Liability and Contractor Indemnification- Tort Claims.

(a) 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 Tort Claim”) against a party to this Contract (the “Notified Party”) with respect to which the other party may have liability, the Notified Party must promptly notify the other party in writing and deliver a copy of the claim, process, and all legal pleadings related to the Third-Party Tort Claim. Either party is entitled to participate in the defense of a Third-Party Tort Claim, and to defend a Third-Party Tort Claim with counsel of its own choosing. The foregoing provisions are conditions precedent for either party’s liability to the other in regard to the Third-Party Claim.

If the parties are jointly liable (or would be if joined in the Third-Party Tort Claim), the parties 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 in such proportion as is appropriate to reflect their respective relative fault. The relative fault of the parties 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. Each party’s contribution amount in any instance is capped to the same extent it would have been capped under Oregon law if that party had sole liability in the proceeding. This Section shall survive termination of this Contract.

(b) Recipient shall take all reasonable steps to require its contractor(s) or subgrantee(s) that are not units of local government as defined in ORS 190.003, if any, to indemnify, defend, save and hold harmless the State of Oregon and its officers, employees and agents (“Indemnitee”) from and against any and all claims, actions, liabilities, damages, losses, or expenses (including 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 Recipient’s contractor(s) or subgrantee(s)or any of their officers, agents, employees or subcontractors (“Contractor Tort Claims”). It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Contractor Tort Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the contractor or subgrantee from and against any and all Contractor Tort Claims. This Section shall survive termination of this Contract.

(2) Indemnity; Release- Claims Other Than Torts.

(a) Except for Third-Party Tort Claims and Contractor Tort Claims as provided in Section 5V.(1) above, to the extent authorized by law, Recipient shall defend, indemnify, save and hold harmless and release the State, OBDD, OBDD and their officers, employees and agents from and against any and all claims, demands, suits, actions, proceedings, losses, damages, liability and court awards including but not limited to costs, expenses, and reasonable attorneys’ fees incurred (collectively, “Non-Tort Claims”), related to any actual or allected act or omission by Recipient, or its officers, employees, contractors, or agents in connection with this Contract, the Project or PWR requirements, including without limitation, any expenses incurred or amounts paid in connection with an inquiry, investigation, audit or similar proceeding by BOLI, the U.S. Department of Labor, the Internal Revenue Service, NTIA and any other federal, state, governmental or quasi-governmental body with regulatory jurisdiction arising from the Project or the actions or omissions of Recipient, or its officers, employees, contractors, or agents.

(b) Notwithstanding the foregoing, neither Recipient nor any attorney engaged by Recipient may defend any Non-Tort Claim in the name of the State of Oregon, nor purport to act as legal representative for the State of Oregon, without first receiving from the Oregon Attorney General in a form and manner determined appropriate by the Oregon Attorney General, authority to act as legal counsel for the State of Oregon, nor may Recipient settle any Non-Tort Claim on behalf of the State of Oregon without the approval of the Oregon Attorney General. If the State of Oregon assumes its own defense, Recipient will be liable for the reasonable and actual attorney fees of the State of Oregon, including but not limited to any fees charged by the Oregon Department of Justice. The provisions of this section are not to be construed as a waiver by the State of Oregon or OBDD of any immunity, defense or limitation on damages provided for under Chapter 30 of the Oregon Revised Statutes or under the laws of the United States or other laws of the State of Oregon. If attorney fees are awarded to Recipient, such attorney fees shall not exceed the rate charged to OBDD by its attorneys.

SECTION 6 – DEFAULT

Any of the following constitutes an "Event of Default":

A. False or Misleading Statement.

(1) Any material false or misleading representation is made by or on behalf of Recipient, in this Contract or in any document provided by Recipient related to this Grant.

(2) In addition, making false statements or claims in connection with this Grant is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.

B. Failure to Perform. Recipient fails to comply with any obligation required under this Contract, including any Project obligation, other than those obligations referred to in subsection A of this Section 6. Upon such an Event of Default, OBDD, in its sole and absolute discretion, may impose additional Project conditions on Recipient for compliance in accordance with 2 CFR §200.208. If OBDD determines that Recipient's Event of Default cannot be timely remedied by imposing additional conditions, OBDD may pursue one or more remedies in Section 7 of this Contract.

SECTION 7 – REMEDIES

A. Remedies. Upon any Event of Default, OBDD may pursue any or all remedies in this Contract and any other remedies available at law or in equity to enforce the performance of any obligation of Recipient. Recipient understands that OBDD is required by NTIA to ensure Recipient is held accountable to the fullest extent of the law. Remedies may include, but are not limited to any one or more of the following:

(1) Terminating OBDD's commitment and obligation to make the Grant or disbursements of Financing Proceeds for the entire Contract or any Project of this Contract.

(2) Barring Recipient from receiving future OBDD awards, including new awards or continuation

funding.

(3) Temporarily withholding amounts otherwise due to Recipient for application to the payment of amounts due under this Contract for the Project. OBDD may withhold any amount that may be due Recipient as OBDD deems necessary to protect OBDD against loss including, without limitation, loss as a result of outstanding liens and excess costs incurred by the State in procuring from third parties replacement Project work as cover.

(4) Requiring repayment of all or a portion of the Financing Proceeds and requiring repayment of interest earned by Recipient on those Financing Proceeds (i.e. clawback of disbursed Grant funds).

(5) Requiring payment for any damages sustained by the State in connection with the Event of Default by Recipient.

(6) Requiring Recipient to reimburse OBDD for the costs necessary to complete the Project.

(7) Suspending or terminating the entire Contract or any part of this Contract, including any Project.

(8) Enforcement under Recipient's respective Project Letter of Credit, Performance Bond or Public Bond.

(9) Any action in accordance with 2 CFR§ 200.339.

B. Application of Moneys. Any moneys collected by OBDD pursuant to Section 7.A will be applied first, to pay any attorneys' fees and other fees and expenses incurred by OBDD; then, as applicable, to repay any Financing Proceeds owed; then, to pay other amounts due and payable under this Contract, if any.

C. No Remedy Exclusive; Waiver; Notice. No remedy available to OBDD is intended to be exclusive, and every remedy will be in addition to every other remedy. No delay or omission to exercise any right or remedy will impair or is to be construed as a waiver of such right or remedy. No single or partial exercise of any right power or privilege under this Contract will preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. OBDD is not required to provide any notice in order to exercise any right or remedy, other than notice required in Section 6B. of this Contract when imposing additional conditions of compliance in accordance with 2 CFR §200.208.

D. Project Closeout. The closeout of the Project does not affect the right of the Federal Awarding Agency or OBDD to disallow payment(s) and recover Grant funds on the basis of a later audit, performance testing, or other review, including non-performance by Recipient.

E. Default by OBDD. In the event OBDD defaults on any obligation in this Contract, Recipient's sole remedy will be for disbursement of Financing Proceeds for costs of the Project, not to exceed the Grant Amount, less any claims the State or Federal Government has against Recipient. Recipient agrees that the Grant Amount is funded out of the money allocated to the State pursuant to the Federal Award. Recipient understands and agrees that State law limits the availability of public funds outside of the Federal Award funding for this Contract, and that the Federal Award may change or become no longer available. Specifically, Recipient understands the risks of this occurring and accepts that the Federal Awarding Agency may terminate the Federal Award, including for the reasons stated in 2 CFR § 200.340(a).

SECTION 8 - TERMINATION

A. Termination by OBDD. In addition to terminating this Contract upon an Event of Default as provided in Sections 6 and 7, OBDD may terminate this Contract, in whole or in part, upon 30 days written notice to Recipient under any of the following circumstances:

(1) If OBDD anticipates a shortfall in applicable revenues or OBDD fails to receive sufficient funding, appropriations or other expenditure authorizations to allow OBDD, in its reasonable discretion, to continue making payments under this Contract.

(2) There is a change in federal or state laws, rules, regulations or guidelines so that the uses of the Grant are no longer eligible for funding.

(3) If OBDD, in its discretion, desires to terminate the Contract for convenience. In the event of such termination not the fault of Recipient, Recipient may be reimbursed for costs and non-cancellable commitments incurred in connection with the Contract, up to the date of termination.

The right to terminate the Contract as provided in this Section 8A. will be in addition to any other remedy available to the State under the Grant, at law or in equity.

B. Mutual Termination. This Contract or a Project within this Contract may be terminated at any time by mutual written consent of the parties.

C. Termination by Recipient. Recipient may request termination of this Contract or a Project within this Contract by sending notice to OBDD that includes the reasons for the termination and the requested effective date of the termination. Approval of termination shall be at the sole discretion of OBDD, which may condition approval upon return of some, or all, of any Financing Proceeds.

D. Termination by the Federal Awarding Agency or OBDD. The Grant may be terminated in whole or in part by the Federal Awarding Agency or OBDD (pass-through entity) for the reasons stated in 2 CFR § 200.340(a). This includes termination for the reason that Recipient fails to comply with the terms and conditions of the Federal Award, including, to the extent authorized by law, if the Grant no longer effectuates the Program goals or the Federal Awarding Agency's priorities.

SECTION 9 - MISCELLANEOUS

A. Time is of the Essence. Recipient agrees that time is of the essence under this Contract.

B. Relationship of Parties; Successors and Assigns; No Third-Party Beneficiaries.

(1) The parties agree that their relationship is that of independent contracting parties and that Recipient is not an officer, employee, or agent of the State of Oregon as those terms are used in ORS 30.265.

(2) Except for the parties' respective successor and assigns described below in (3) and (4) of this Section 9B, nothing in this Contract gives, or is to be construed to give, directly or indirectly, to any third persons any rights and benefits greater than those enjoyed by the general public.

(3) This Contract will be binding upon and inure to the benefit of OBDD, Recipient, and their respective successors and permitted assigns.

(4) Recipient may not assign or transfer any of its rights or obligations or any interest in this Contract without the prior written consent of OBDD. In addition, Recipient acknowledges that any such assignment or transfer requires prior written approval by NTIA and the Department of Commerce's Federal Grant Officer and must be in compliance with federal BEAD requirements. OBDD may grant, withhold or impose conditions on such consent in its sole discretion. In the event of an assignment, OBDD may require Recipient to pay, or cause to be paid to OBDD, any fees or costs incurred because of such assignment, including but not limited to attorneys' fees of OBDD's Counsel. Any approved assignment is not to be construed as creating any obligation of OBDD beyond those in this Contract, nor does assignment relieve Recipient of any of its duties or obligations under this Contract.

(5) Recipient hereby approves and consents to any assignment, sale or transfer of this Contract that OBDD deems to be necessary for any of its rights or obligations or interests in this Contract.

C. Force Majeure.

Neither OBDD nor Recipient shall be liable to the other or be deemed to be in breach of this Contract for any failure or delay in rendering performance arising out of unforeseeable causes beyond the parties' reasonable control. Such causes may include natural disasters, an act of God or of a public enemy, epidemics, and catastrophes. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under this Contract. Typical weather patterns are foreseeable and shall not constitute cause pursuant to this paragraph. OBDD shall determine in good faith using reasonable discretion whether a delay or failure results from an Act of God or force majeure based on its review of all facts and circumstances. Dates or times of performance, including a Project under the Contract, may be extended to account for delays excused by this paragraph, provided that the party whose performance is affected notifies the other promptly of the existence and nature of such delay. This Contract shall be completed with such adjustments as are reasonably required by the existence of Force Majeure.

D. Disclaimer of Warranties; Limitation of Liability. Recipient agrees that:

(1) The State makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the Project or any portion of the Project, or any other warranty or representation.

(2) In no event is the State or its agents liable or responsible for any direct, indirect, incidental, special, consequential or punitive damages in connection with or arising out of this Contract or the existence, furnishing, functioning or use of the Project.

E. Notices and Communication. Except as otherwise expressly provided in this Contract, any communication between the parties or notices required or permitted must be given in writing by personal delivery, email, or by mailing the same, postage prepaid, to Recipient or OBDD at the addresses set forth below, or to such other persons or addresses that either party may subsequently indicate pursuant to this section.

Any communication or notice by personal delivery will be deemed effective when actually delivered to the addressee. Any communication or notice so addressed and mailed will be deemed to be received and effective five (5) days after mailing. Any communication or notice given by email becomes effective (1) upon the sender's receipt of confirmation generated by the recipient's email system that the notice has been received by the recipient's email system; or (2) the recipient's confirmation of receipt, whichever is earlier. Notwithstanding this provision, the following notices may not be given by email: notice of default or notice of termination.

If to OBDD:	Deputy Director Oregon Business Development Department 775 Summer Street NE Suite 310 Salem, OR 97301-1280
With Copy to:	Oregon Broadband Office Krystal Stone, BEAD Coordinator 775 Summer Street NE Suite 310 Salem, OR 97301-1280
If to Recipient:	Brad Crawford, Information Technology Director City of Sherwood 22560 SW Pine Street Sherwood, OR 97140

F. Confidentiality of Submissions.

(1) To the extent not prohibited by federal law, reports, documentation and other information that Recipient submits to OBDD and its agents pursuant to this Contract ("Submissions"), including but not limited to the Grant Application and reports required in Exhibit A, are subject to the Oregon Public Records Law found in ORS Chapter 192.

(2) In addition, Recipient acknowledges that any information that the State submits, including Recipient's Submissions, for its federal reporting and compliance obligations established by DOC, NTIA and NIST, may be publicly disclosed.

(3) Recipient should not submit any information to the State that it is not required to submit that it does not want publicly disclosed, and Recipient should assume that all Submissions are subject to public disclosure without any prior notice, even if marked confidential.

(4) Recipient may mark Submissions or portions of a Submission that Recipient believes qualify under a Public Records Law exemption or other law that exempts from disclosure the Submission or portion of the Submission. To mark a Submission or portion of a Submission believed exempt from disclosure, Recipient shall clearly identify in the body of the Submission the material that is believed exempt from disclosure with words such as "CONFIDENTIAL – DO NOT DISCLOSE" or other words or markings to the same effect. Notwithstanding the foregoing, Recipient's failure to mark a Submission or portion of a Submission, shall not be conclusive evidence as to whether a Submission was submitted in confidence or is subject to disclosure.

(5) OBDD will disclose Submissions or portions of Submissions to the extent required by Oregon Public Records Law and to the extent disclosure is required by other law, court order or government order, including orders from the Attorney General.

G. Ensuring Timely and Effective Deployment of BEAD Projects.
The Grantee, and any agency, instrumentality, or subdivision thereof, agrees not to enforce any law, regulation, executive order, contracting requirement, or other enforceable obligation that directly or indirectly regulates in any way the rates, terms, and conditions of broadband internet service, whether on a retail, wholesale, or network basis, or imposes net neutrality rules, open access, or other utility style rules on broadband internet service, against the Subgrantee or its affiliates anywhere it provides service within the Grantee's jurisdiction, while that Subgrantee has any subgrant that is still within its period of performance, extended period of performance, or federal interest period.

For purposes of this provision, a "net neutrality rule" is any law, order, contracting requirement, or other enforceable obligation by the Grantee that prohibits internet service providers from, among other things, blocking content, throttling speeds, imposing data caps, or engaging in paid prioritization, or that imposes a general conduct or similar standard upon internet service providers.

Consistent with defined terms of the Contract, "the Grantee" means OBDD, "Subgrantee" means Recipient, and "subgrant" means Project Subaward under this Contract, in this Section 9G.

H. No Construction against Drafter. This Contract is to be construed as if the parties drafted it jointly.

I. Severability. If any term or condition of this Contract is declared by a court of competent jurisdiction as illegal, invalid or unenforceable, that holding will not invalidate or otherwise affect any other provision or Project of this Contract, which shall remain in full force and effect, provided that the parties can continue to perform their obligations under this Contract in accordance with the intent of this Contract.

J. Amendments, Waivers; Letter Amendment for Project Completion Deadline Extension.

(1) This Contract may not be amended without the prior written consent of OBDD (and when required, the Department of Justice) and Recipient. This Contract may not be amended in a manner that is not in compliance with the Act. No waiver or consent is effective unless in writing and signed by the party against whom such waiver or consent is sought to be enforced. Such waiver or consent will be effective only in the specific instance and for the specific purpose given.

(2) (a) Notwithstanding Section 9J.(1) above, the parties agree that OBDD may extend the Project Completion Deadline by sending a written notice of amendment to Recipient ("Letter Amendment"), and Recipient will not be required to provide written consent to effect the amendment. Any extension shall require OBDD's consultation with the NTIA and the approval of the Assistant Secretary as provided by Section 28 of the General Terms and Conditions for the NTIA BEAD Program Funds.

(b) If Recipient anticipates that the Project cannot be completed by the Project Completion Deadline, Recipient must request, in writing, an extension, at least 90 days before the initial Project Completion Deadline. The request must contain a narrative explaining the need for the extension. Approval of the request is contingent upon OBDD's funding limitations, and at the discretion of OBDD, and shall not be extended beyond the period of performance for the Award and any extension granted by the Assistant Secretary.

(3) Any Project Completion Deadline that is extended by written amendment of the parties or Letter Amendment shall specify the applicable Project number.

(4) Notwithstanding Section 9J.(1) above, OBDD reserves the right to unilaterally amend the Contract to align with updated Federal BEAD Program Requirements.

(5) Recipient acknowledges and agrees that all Project scope changes, including but not limited to decreases in Project BSLs, must comply with the terms of 2 CFR 200.308. As required by the Award to OBDD, requested Project scope changes must be submitted to NTIA and NIST for approval. That is, OBDD may not approve any scope change requested by Recipient without receiving the requisite NTIA and NIST approval as applicable, except for the limited exceptions found in Section 32 of the Award's Specific Award Conditions as amended March 19, 2026. Recipient must not begin work or incur costs prior to the approval of a Project scope change.

K. <u>Attorneys' Fees and Other Expenses</u>. To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, the prevailing party in any dispute arising from this Contract may be entitled to recover its reasonable attorneys' fees and costs at trial and on appeal. Reasonable attorneys' fees cannot exceed the rate charged to OBDD by its attorneys.

L. <u>Choice of Law; Designation of Forum; Federal Forum</u>.

(1) The laws of the State of Oregon (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Contract, including, without limitation, its validity, interpretation, construction, performance, and enforcement.

(2) Any party bringing a legal action or proceeding against any other party arising out of or relating to this Contract shall bring the legal action or proceeding in the Circuit Court of the State of Oregon for Marion County (unless Oregon law requires that it be brought and conducted in another county). 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.

(3) Notwithstanding the prior paragraph, if a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for the District of Oregon. This paragraph applies to a claim brought against the State of Oregon only to the extent Congress has appropriately abrogated the State of Oregon's sovereign immunity and is not consent by the State of Oregon to be sued in federal court. This paragraph is also not a waiver by the State of Oregon of any form of defense or immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.

M. <u>Survival</u>.

(1) All provisions of this Contract intended by their terms to survive termination or expiration shall survive termination or expiration of this Contract and shall be enforceable by the other party.

(2) For the avoidance of doubt, Recipient acknowledges that there are ongoing obligations of the Recipient, notwithstanding the closeout of the Project under this Contract, and include, but are not limited to the requirements of Sections 15-18 of Exhibit E of this Contract.

N. Integration. This Contract (including all exhibits, schedules, appendices and attachments) constitutes the entire agreement between the parties on the subject matter. There are no unspecified understandings, agreements or representations, oral or written, regarding this Contract.

O. Execution in Counterparts. This Contract may be signed in several counterparts, each of which is an original and all of which constitute one and the same instrument.

Recipient, by its signature below, acknowledges that it has read this Contract, understands it, and agrees to be bound by its terms and conditions.

STATE OF OREGON
acting by and through its Oregon
Business Development Department

By: ______________________________
Chris Cummings, Deputy Director

Date: ______________________________

CITY OF SHERWOOD

By: ______________________________
Craig Sheldon, City Manager

Date: ______________________________

APPROVED AS TO LEGAL SUFFICIENCY IN ACCORDANCE WITH ORS 291.047:

/s/ Wendy Johnson per email dated 03 June 2026 providing a group approval
Wendy Johnson, Senior Assistant Attorney General

EXHIBIT A
PROJECT DESCRIPTION AND REPORTING REQUIREMENTS

Project Description: Recipient will, with the assistance of a professional engineer licensed in Oregon, create, design, construct, install and deploy a fully-functioning, commercially serviceable broadband network that meets all of the Project Completion Standards below for all of the Project's Broadband Serviceable Locations and Community Anchor Institutions listed in the attached **Appendix 1** for the Project, which is incorporated herein by reference. Recipient shall deploy service to end users and Community Anchor Institutions listed therein. Pursuant to 47 U.S.C. § 1702(g)(2)(C)(ii) and 47 U.S.C. § 1702(h)(4)(C), operators of networks funded by this Contract shall deploy access to broadband service to each customer served by the Project that desires broadband service on terms and conditions that are reasonable and non-discriminatory, not later than fours years after the Effective Date of the Project (unless the Project Completion Deadline is extended). All work on the Project will materially conform to the plans set forth in the **Grant Application** submitted by Recipient, unless OBDD approves a material change to the Project, in which case the work shall conform to the Grant Application plans and the material change, as applicable. Any material changes to the Project must be approved in advance by OBDD.

Project Work:

Recipient will do each of the following:

1. Design, install, construct, test, maintain and operate the Project's broadband network to serve the Project BSLs and Community Anchor Institutions as provided in **Appendix 1**.
2. Comply with the requirements of all applicable federal, state, and local environmental laws, regulations, and standards, including those required and described in **Exhibit E** ("Grant Federal Provisions") and securing all Environmental and Historical Preservation approvals as required and described in **Exhibit H** ("Environmental and Historical Preservation ("EHP") Compliance: Specific Award Conditions") as well as securing all necessary permits for the Project. Recipient will provide all information necessary to facilitate OBDD's use of NTIA's Environmental Screening and Permitting Tracking Tool (ESAPTT) as required by the BEAD Restructuring Policy Notice.
3. Acquire and install such Equipment as is necessary to install, create, and maintain the Project's broadband network.
4. Construct and install necessary related Facilities for the Project to create and maintain the Project's broadband network.
5. Acquire all necessary permits, real property interests or access rights to real property for the purpose of installing Equipment and Facilities for the Project.
6. Submit all required reports and information to OBDD and applicable federal agencies, including but not limited to the Project Reporting Requirements provided below.
7. Complete the Project Closeout Requirements including submitting documentation to OBDD as described in Section 5C.(7) of this Contract. Recipient shall provide notice and required certifications of the Project's completion and schedule final inspections as necessary. Pursuant to 2 CFR 200.201(b)(3), the Recipient must certify in writing to OBDD that the Project (i.e. the broadband infrastructure project) funded under this Contract was timely completed. In addition, Recipient, having received a BEAD Fixed Amount Subaward under this Contract, must certify to OBDD in writing that the broadband infrastructure Project was "placed into service", as defined in 47 USC 1702(h)(4)(C) for a last-mile broadband deployment project,

or for all other broadband infrastructure projects in the Contract, by the Project Completion Deadline.

Project Completion Standards:

Recipient agrees that upon Project completion, the network will serve no less than the BSLs and Community Anchor Instutions listed in Appendix 1. A network is considered to "serve" a Project Service Location if Recipient can initiate service meeting the Service Quality Requirements below through a standard installation. For purposes of this requirement, a "standard installation" is the initiation by an ISP of fixed broadband internet access service within 10 business days of a request with no charges or delays attributable to the extension of the network of the provider. Recipient may charge standard installation fees to subscribers on the BEAD-funded network but may not require subscribers to make modifications to their own or surrounding property or charge fees for the same in connection with installation of broadband services funded by the BEAD Program.

Recipient agrees to the following additional Project Completion Standards:

1. Recipient shall ensure that the final outcome of the Project will be increased access to high-speed broadband service which will result in improved broadband infrastructure and meet required BEAD performance standards and any standards committed to in Recipient's approved BEAD Grant Application as incorporated by reference in Exhibit B.
2. The Project shall be designed and built to provide Community Anchor Institutions and end users at all Project BSLs service that upon Project completion meets the following requirements (collectively, **"Service Quality Requirements"**):

   A. Network Speed: Reliably meet or exceed 100 Mbps download speed and 20 Mbps upload speed, and can easily scale speeds over time to meet the evolving connectivity needs of households and businesses and support the deployment of 5G, successor wireless technologies, and other advanced services. Connections to eligible Community Anchor Institutions, as defined in the BEAD Guidelines, shall be capable of delivering service at speeds not less than one (1) Gigabit per second for downloads and one (1) Gigabit per second for uploads. Recipient shall ensure that such connections can be used to provide business data services. Service must remain available at or near minimum speeds (100/20 Mbps) to all Project BSLs, regardless of peak network load times.

   B. Latency: Service that has a measured latency less than or equal to100 milliseconds.

   C. Network Outages: Each Project's network outages shall not exceed, on average, forty-eight (48) hours over any three-hundred sixty-five (365) day period except in the case of natural disasters or other force majeure occurrence. Recipient shall ensure a prospective network is designed to meet this requirement and shall develop metrics for measuring outages to be utilized in connection with this requirement once the Project's network is operational.

   D. Conduit Access Points: If Recipient's Project involves laying fiber-optic cables or conduit underground or along a roadway, Recipient shall include interspersed conduit access points at regular and short intervals. If the Project lays conduit, Recipient shall deploy excess conduit capacity and conduit access point interval as indicated in the approved Grant Application.

   E. Risk Management: Recipient shall satisfy the statutory requirement (see 47 U.S.C. §1702(g)(1)(C)) to incorporate best practices defined by NTIA for ensuring reliability and resilience of broadband infrastructure by establishing risk management plans that account for technology infrastructure reliability and resilience, including from natural disasters (e.g., wildfires, flooding, tornadoes, hurricanes, etc.), as applicable, as well as cybersecurity best practices. See, e.g., National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity, Cybersecurity Supply Chain Risk Management Practices for Systems and Organizations, NIST 800- 161 Rev.1 and Key Practices in Cyber Supply Chain Risk Management: Observations from Industry, NIST IR 8276.

F. Provision of Service Requirements: Consistent with 47 USC § 1702(h)(4)(E), 47 USC § 1702(h)(4)(H) and the Award, if Recipient's Project includes construction of Middle Mile Infrastructure, Recipient must deploy broadband infrastructure in or through any area required to reach interconnection points or otherwise to ensure the technical feasibility and financial sustainability of a project providing broadband service to an unserved location, underserved location, or eligible community anchor institution. If the Recipient, at any time, is no longer able to provide broadband service to the end user locations covered by the Project at any time on a retail basis, OBDD may take remedial action to ensure continuity of service. In consultation with NTIA and OBDD, if the Recipient is no longer able to provide broadband service to the locations covered by the Project at any time, the State may sell the network capacity at a reasonable, wholesale rate on a nondiscriminatory basis to other broadband service providers or public sector entities.

Project Reporting Requirements:

1. **Compliance with Reporting Requirements**
Recipient understands and agrees that, because the Award funding this Contract arises out of federal funding, Recipient must adhere to timely federal reporting mandates for the BEAD Program and this Contract's reporting requirements (collectively, "Project Reporting Requirements"). Recipient agrees to respond in writing with information and reports requested by the State, NTIA or any other federal agency. All Project testing information in reports, including but not limited to download and upload speeds, shall comply with the requirements of NTIA Broadband Equity, Access, and Deployment (BEAD) Program: Performance Measures for BEAD Last-Mile Networks Policy Notice (last modified September 19, 2025), available at: https://broadbandusa.ntia.gov/sites/default/files/2025-09/Performance_Measures_Policy_Notice.pdf. Recipient acknowledges that NTIA reserves the right to ask for additional information at any time and that the Semi-Annual Report, Annual Performance Report and Project Closeout Report requirements described below are subject to change. Recipient certifies that the information in each submitted report is accurate. Further, Recipient shall maintain sufficient records to substantiate all information submitted in reports under this Contract. OBDD must make all reports available to NTIA upon NTIA's request.

2. **Mandatory Disclosures**
The Oregon Secretary of State Audits Division maintains a fraud, waste, abuse and whistleblower reprisal hotline and online complaint form. The Division's online website is hosted by NAVEX EthicsPoint at the following web address: https://secure.ethicspoint.com/domain/media/en/gui/82025/index.html. The hotline phone number is 1-800-336-8218. Recipient shall publicize this hotline and online complaint form along with any internal ethics office contact information Recipient has for the purpose of reporting fraud, waste, or abuse related to this BEAD Program Subaward. This information shall be provided on Recipient's website and in any public-facing materials related to the BEAD-funded project.

Recipient must promptly disclose whenever, in connection with this Contract or any Project within it (including any activities or subcontracts thereunder), it has credible evidence of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations as indicated in 2 C.F.R. § 200.113. Recipient acknowledges the responsibility to produce copies of materials used for such purposes, upon request of the State or Federal government.

3. **Semi-Annual Reports**

A. Pursuant to 47 U.S.C. § 1702(j)(2)(A), Recipient shall submit to OBDD reports, at least semiannually, for the duration of this Contract. Recipient shall use reporting templates authorized by or provided by OBDD, which must include such information as is necessary for OBDD to comply with the reporting requirements established by NTIA. Recipient must certify that the information in the report is accurate.

B. The Semi-Annual Reports will provide information on the BEAD Project funded, and the reports shall contain the information required by 47 U.S.C. § 1702(j)(2)(B). Anticipated Project reporting details include but are not limited to the following as applicable:

- Project Financing Proceeds and Match Amount expended to date;
- Project status by milestone and by location identification to be served;
- Project BSLs served during the reporting period;
- Project technology used during the period (including notation as to buried, aerial, or mixed as applicable);
- The distance of fiber laid during the period, if any, for the Project;
- Network performance for the Project indicators including speed (peak and off-peak actual speeds);
- Project build progress (e.g., Facilities completed, Equipment purchased, applicable mileage completed, etc.);
- Right-of-way fees, permit fees, and franchise fees paid for the Project;
- Delays encountered when obtaining right-of-way permission/permits for the Project;
- Project jobs;
- The Project locations at which broadband service was utilized along with the "take rate," meaning the percentage of households or businesses that subscribe to the service out of the total number of households or businesses to which that service is available;
- Pricing for the different tiers of broadband service provided by the Project;
- BABA info;
- Federal BEAD Program Requirements compliance certifications, requirements of Section 60102 of the Infrastructure Act, additional performance reporting information as prescribed by 2 C.F.R. § 200.329, and any additional reporting requirements prescribed by the Assistant Secretary; and
- Community Anchor Institution service information for the Project.

C. Recipient shall include in the Semi-Annual Reports any other data that would be required to comply with the data and mapping collection standards of the Federal Communication Commission under Section 1.7004 of title 47, Code of Federal Regulations, or any successor regulation, for the broadband infrastructure Project.

D. Recipient's Semi-Annual Report for the Project shall also include:

- A completed Form SF-425, Federal Financial Report that meets the requirements described in the Department of Commerce Financial Assistance General Terms and

Conditions (issued September 22, 2025), and the requirements described in 2 C.F.R. § 200.328;

- A completed Form SF-429, Real Property Status Report that meets the requirements described in the Department of Commerce Financial Assistance General Terms and Conditions (issued September 22, 2025); and
- A completed Form SF-428, Tangible Personal Property Report that meets the requirements described in the Department of Commerce Financial Assistance General Terms and Conditions (issued September 22, 2025).

Report Name	Frequency	Due Dates for Recipient Submission to OBDD
Semi-Annual Report	2 times per year	July 10 (for January 1-June 30 period), January 10 (for July 1- December 31 period)**

**OBDD's Semi-Annual Report due dates are January 30 and July 30. The due dates in the above Contract table apply to Recipient as they are earlier dates and allow time for OBDD to submit required cumulative Semi-Annual Reports to NTIA.

4. **Annual Performance Reports**

Annual Performance Report requirements are anticipated to include but are not limited to the following components:

A. A high-level overview of Recipient's actual uses of Project Financing Proceeds and progress made during the period covered, and an overview of key outcomes and any noteworthy challenges or opportunities identified during the period covered.

B. A short narrative describing the intended and actual use of Project Financing Proceeds and Match Funds, and the performance of the Project that describes the activities implemented and still planned.

C. Project Data, including but not limited to the following:

- The number of homes and businesses supported with broadband network services by Recipient's Project;
- The number of additional homes and businesses that Recipient expects to serve through the Project within the following year;
- The broadband network speed tiers and services that Recipient offers to customers through the BEAD-funded Project; and
- Other Project performance metrics as requested.

5. **Project Closeout Report**

Recipient will submit Project Closeout Requirements and ensure the requirements for Project closeout under 2 CFR §200.344 are met by Recipient and can be met by OBDD. Recipient's reporting requirements for the final Project Closeout Report will be later detailed by NTIA and OBDD. Reporting is to confirm that all Project activities, financial obligations, and BEAD program requirements have been completed. Project Closeout Reports are anticipated to include, but are not limited to the following components:

A. Any Project Budget updates.

B. Information describing the Project (including start, completion and operation dates) and any update changes to that information.

C. Project obligations and expenditures for current period and cumulatively.

D. Project status.

E. Certifications of compliance with applicable federal, state and local laws, including but not limited to BABA, state PWR requirements, Section 60102 of the Infrastructure Act and with any additional reporting requirements prescribed by the Assistant Secretary.

F. Project data (including but not limited to identification of type of delivery technology; number and type of locations served – planned/actual; speed and latency data; etc.).

G. Geographic location of Project locations served.

H. Comparative demographics of those served.

I. A final completed Form SF-425 (Federal Financial Report, reflecting all Project expenditures, including matching funds).

J. A final Annual Performance Report (Technical).

Contract Number: C2026575

District Grant Area Name and Project ID Number: Newberg SD 29J - 86933

1. The Project's BSLs provided in this Appendix can be described as serving the following District Grant Area: Newberg School District 29J.

2. The broadband network infrastructure serving the Project BSLs will be owned by City of Sherwood at the Project's completion.

3. The Internet Service Provider(s) ("ISPs") for the Project BSLs at Project completion shall be City of Sherwood doing business as Sherwood Broadband.

4. **Project Community Anchor Institutions.** Recipient agrees that upon Project completion, the network will serve no less than the following Community Anchor Institutions (CAIs):

   1295089971

5. **Project BSLs.** Recipient agrees that upon Project completion, the network will serve no less than the following 1,112 BSLs (by FCC Fabric ID)**:**

   Fabric ID:

1295059214	1295063902	1295064001	1295064124	1295064857
1295059224	1295063910	1295064002	1295064126	1295064858
1295062964	1295063917	1295064003	1295064129	1295064859
1295063773	1295063929	1295064007	1295064130	1295064860
1295063780	1295063935	1295064009	1295064138	1295064861
1295063781	1295063941	1295064010	1295064139	1295064862
1295063788	1295063942	1295064011	1295064144	1295064863
1295063803	1295063943	1295064012	1295064145	1295064864
1295063805	1295063951	1295064015	1295064148	1295064981
1295063808	1295063963	1295064016	1295064149	1295064982
1295063810	1295063965	1295064019	1295064153	1295064983
1295063811	1295063978	1295064070	1295064154	1295064984
1295063818	1295063979	1295064076	1295064155	1295064986
1295063822	1295063980	1295064077	1295064158	1295064989
1295063824	1295063981	1295064079	1295064474	1295064990
1295063851	1295063982	1295064080	1295064475	1295064991
1295063856	1295063985	1295064082	1295064476	1295064993
1295063857	1295063987	1295064084	1295064477	1295064994
1295063858	1295063988	1295064088	1295064478	1295064997
1295063859	1295063989	1295064089	1295064480	1295064998
1295063860	1295063990	1295064111	1295064482	1295065001
1295063899	1295063996	1295064119	1295064851	1295065003
1295063900	1295063997	1295064120	1295064855	1295065005
1295063901	1295064000	1295064123	1295064856	1295065009

1295065010	1295066688	1295081764	1295085313	1295086095
1295065338	1295066689	1295081766	1295085314	1295086097
1295065339	1295066690	1295081769	1295085315	1295086101
1295065340	1295066692	1295081771	1295085316	1295086102
1295065341	1295066697	1295081772	1295085317	1295086104
1295065342	1295066715	1295081773	1295085319	1295086114
1295065344	1295066747	1295081774	1295085320	1295086121
1295065345	1295081112	1295081782	1295085323	1295086484
1295065346	1295081113	1295081792	1295085325	1295086499
1295065347	1295081117	1295081793	1295085329	1295086655
1295065348	1295081118	1295081796	1295085335	1295086656
1295065349	1295081119	1295081801	1295085336	1295086657
1295065350	1295081121	1295081802	1295085338	1295087690
1295065351	1295081123	1295082077	1295085339	1295087691
1295065352	1295081125	1295083309	1295085340	1295087692
1295065353	1295081127	1295083311	1295085341	1295087693
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1295065355	1295081129	1295083338	1295085346	1295087983
1295065356	1295081130	1295083362	1295085347	1295087984
1295065662	1295081131	1295083363	1295085350	1295087985
1295066350	1295081132	1295084089	1295085351	1295087986
1295066356	1295081133	1295084680	1295085353	1295087987
1295066357	1295081134	1295084690	1295085356	1295087988
1295066358	1295081136	1295085264	1295085358	1295087989
1295066359	1295081138	1295085266	1295085359	1295087990
1295066360	1295081139	1295085267	1295085361	1295087991
1295066361	1295081140	1295085269	1295085362	1295087992
1295066362	1295081141	1295085270	1295085368	1295087994
1295066366	1295081142	1295085272	1295085370	1295087996
1295066368	1295081143	1295085273	1295085371	1295087997
1295066377	1295081145	1295085274	1295085372	1295087999
1295066378	1295081146	1295085278	1295085376	1295088001
1295066379	1295081147	1295085279	1295085377	1295088002
1295066382	1295081148	1295085280	1295085378	1295088003
1295066384	1295081149	1295085281	1295085379	1295088004
1295066385	1295081150	1295085282	1295085380	1295088005
1295066387	1295081151	1295085283	1295085381	1295088006
1295066394	1295081152	1295085284	1295085382	1295088007
1295066395	1295081153	1295085286	1295085383	1295088008
1295066404	1295081154	1295085289	1295085384	1295088009
1295066426	1295081156	1295085296	1295085388	1295088011
1295066641	1295081158	1295085298	1295085389	1295088013
1295066648	1295081734	1295085300	1295085390	1295088015
1295066650	1295081738	1295085303	1295085392	1295088016
1295066653	1295081742	1295085305	1295085753	1295088017
1295066655	1295081744	1295085307	1295085754	1295088020
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1295088033	1295088171	1295088236	1295088425	1295089173
1295088035	1295088172	1295088237	1295088426	1295089176
1295088052	1295088173	1295088238	1295088429	1295089177
1295088061	1295088174	1295088239	1295088430	1295089198
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1295088163	1295088228	1295088404	1295089164	1295089371
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1295089381	1295089470	1295089549	1295089936	1295090519
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1295089390	1295089477	1295089555	1295089943	1295090900
1295089391	1295089478	1295089556	1295089944	1295090901
1295089392	1295089479	1295089557	1295089945	1295090902
1295089393	1295089480	1295089558	1295089946	1295090903
1295089394	1295089481	1295089569	1295089947	1295090905
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1295089424	1295089492	1295089595	1295089958	1295090918
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1295089427	1295089496	1295089599	1295089960	1295090920
1295089429	1295089497	1295089602	1295089962	1295090921
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1295089433	1295089502	1295089614	1295089968	1295090925
1295089434	1295089503	1295089872	1295089970	1295090926
1295089435	1295089505	1295089878	1295089997	1295090927
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1295089441	1295089511	1295089893	1295090191	1295090931
1295089442	1295089512	1295089894	1295090195	1295091226
1295089443	1295089527	1295089896	1295090202	1295091227
1295089444	1295089530	1295089908	1295090203	1295091228
1295089446	1295089532	1295089909	1295090206	1295091229
1295089452	1295089533	1295089923	1295090292	1295091231
1295089453	1295089534	1295089924	1295090293	1295091232
1295089454	1295089535	1295089925	1295090297	1295091233
1295089456	1295089536	1295089926	1295090299	1295091234
1295089457	1295089537	1295089927	1295090454	1295091235
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APPENDIX 2-NEWBERG SD 29J - 86933: PROJECT WORK PLAN WITH MILESTONES AND DISBURSEMENT NOT TO EXCEED AMOUNTS

Contract Number: C2026575

District Grant Area Name and Project ID Number: Newberg SD 29J - 86933

Milestone Disbursement Schedule (non-LEO)
For the purposes of this Contract, the Milestone/Payment Table in this Appendix with the Grant Amount and Match Amount will serve as the budget for this Project ("Project Budget"). As a federal Fixed Amount Subaward, Recipient warrants that the Project Budget is based on a reasonable estimate of actual costs for this Project.

Grant Amount: The Grant Amount for this Project is $15,630,250.43.

Funds may be disbursed for this Project upon completion of each milestone defined in the table below. To request reimbursement for a milestone, as specified in this Appendix of the Contract for this Project, the Recipient is required to submit adequate supporting documentation to OBDD. Once OBDD or its agent has reviewed and approved the submission, the request will be processed for payment, subject to the conditions and procedure specified in Section 3 of the Contract.

Match Amount: The Recipient has agreed to contribute $5,210,083.48 as the Match Amount for this Project.

Match Proportional Percentage: Recipient shall contribute its share of the Match Amount for this Project at least at the same proportional rate as Grant disbursements are made to Recipient (i.e. proportional percentage) for this Project. The proportional percentage for this Project is 25.0%. However, Recipient may contribute the required Match Amount for this Project at a faster rate than drawdowns of Grant payments are made to Recipient for this Project.[1] Nothing prohibits Recipient from contributing the full Match Amount up front if desired by Recipient. Recipient shall record contributions of the Match Amount to this Project in a manner that complies with these requirements in its Disbursement Requests to OBDD. OBDD may, at any time, request additional documentation of the source, amount, and disposition of contributions composing the Match Amount.

Responsible Administrator: Recipient shall provide the following administrator for this Project with the following contact information:

Brad Crawford, Information Technology Director ("Responsible Administrator")
22560 SW Pine Street
Sherwood, OR 97140
(503) 625-4203
CrawfordB@SherwoodOregon.gov

If the Responsible Administrator is an agent of Recipient, Recipient must have signature authority to bind Recipient with respect to this Project within the Contract. The Responsible Administrator is considered essential to the completion of this Project as key personnel. Recipient shall immediately notify OBDD if the Responsible Administrator ceases to provide services for this Project. Recipient may replace the Responsible Administrator only after obtaining OBDD's prior written approval, which shall be at OBDD's reasonable discretion, as the State executed this Contract in part in reliance on Recipient's representations regarding key personnel. Recipient's request for such approval shall specify, in writing, why the change is necessary, who the proposed replacement is, what their qualifications are, and when

[1] Please see NTIA's BEAD Subgrantee Qualifications and Match Evaluation Guide, Appendix B: BEAD Match Primer. See also Section 21 of OBDD's Notice of Award Amendment #3.

the change will take effect. Any time key personnel cease to provide services for a Project under this Contract, Recipient shall notify OBDD in writing and the State, in its sole discretion, may direct Recipient to suspend Project work until such time as a replacement is approved.

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
1	Project Plan [2]	• Detailed Project Plan that incorporates a high-level network design (including network and electronics), permitting requirements, thorough acquisition strategy and material sourcing plan, and appropriate deployment phasing and associated deployment milestones necessary to complete the Project • Project Plan must integrate realistic NEPA and NHPA obligations and associated permitting requirements • Validate that the approved Project Budget aligns with the Project Plan. If any changes or gaps are identified, those must be documented and approved by OBDD in accordance with its grants management practices and the requirements of 2 CFR 200 • Project Plan must be submitted within 120 days of the Effective Date of the Project and the submission to OBDD/agent shall be certified in writing by the Recipient's Authorized Organizational Representative	Project Plan and associated documentation reviewed and approved by OBDD/agent	3%

[2] The Project Plan, including schedule and deployment milestones, will be incorporated into OBDD's monitoring and oversight plan for long-term oversight of the Recipient's Project. Should the Recipient request, or should the circumstances

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
	IMPORTANT NOTE: Recipient may NOT request payments or conduct work for milestones 4-7 until Recipient receives written **Notice to Proceed with Deployment** from OBDD. Notice to Proceed will not be made until the EHP (Milestone 3) process has been concluded and formally approved by OBDD and NTIA (see Milestone 3b). Once Recipient has received a Notice to Proceed, Recipient may begin work for Milestones 4-7 and finish any Milestone 2 work, and work is not required to be completed in numerical order. That is, the Recipient may and is encouraged to work on different Project milestones simultaneously.			
2a	Design Review and Permit Submissions	• Engineering design reviews completed for at least 50% of Project BSLs • Copies of permits submitted to the relevant permitting authority for at least 50% of Project BSLs	• OBDD/agent review and approval of engineering designs • OBDD/agent review of permit documentation and submissions	2%
2b		• Engineering design reviews completed for 100% of Project BSLs • Copies of permits submitted to the relevant permitting authority for 100% of Project BSLs	• OBDD/agent review and approval of engineering designs • OBDD/agent review of permit documentation and submissions	2%
3a	Environmental & Historic Preservation (EHP) (including NEPA and NHPA requirements)	• EHP documentation, including evidence of consultations with regulatory, government, tribal, and other agencies that may be required to assess, avoid, minimize, or mitigate potential negative impacts, completed for 100% of Project area (100% BSLs) • EHP documentation submitted to OBDD for review	• OBDD/agent approval of EHP analysis, documentation, and consultations • OBDD submits final EHP documentation NTIA for review and acceptance	4%
3b		• EHP documentation curing as requested by NTIA (as needed)	• NTIA approves EHP analysis and decisions and approves deployment activities • OBDD receipt of NTIA Decision Memo for 100% of Project area (100% BSLs)	2%

require, future changes to the Project Plan, those changes must be submitted in writing by the Recipient and reviewed and verified by OBDD through an identical process, followed by similar adjustments to OBDD's monitoring and oversight plan.

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
4a	Engineering and Permitting Approvals	• Completed engineering drawings and permits approved by the relevant permitting authority for 80% of Project BSLs	• OBDD/agent desk reviews, documentation reviews, and site visits as necessary	2%
4b		• Completed engineering drawings and permits approved by the relevant permitting authority for 100% of Project BSLs	• OBDD/agent desk reviews, documentation reviews, and site visits as necessary	2%
5a	Pre-Construction	• Contracted labor/materials and pole attachment agreements for at least 50% of Project BSLs Examples of supporting documentation: ○ Documentation of binding agreements for required contracted labor, materials, and pole attachment agreements (to demonstrate that the 50% threshold is met) ○ Evidence of construction staging for Project with materials delivery ○ Proof of payment for eligible Project materials	• OBDD/ agent desk reviews, documentation reviews, site visits and field inspections as necessary	4%

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
5b		• Contracted labor/materials and pole attachment agreements for 100% of Project BSLs Examples of supporting documentation: ○ Documentation of binding agreements for required contracted labor, materials, and pole attachment agreements (to demonstrate that the 50% threshold is met) ○ Evidence of construction staging for Project with materials delivery ○ Proof of payment for eligible Project materials	• OBDD/ agent desk reviews, documentation reviews, site visits and field inspections where necessary	4%

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
6a	Construction/ Deployment, Network Activation and Testing	• Documentation demonstrating completion of placement of broadband infrastructure and associated as-built documentation for 25% of Project BSLs • Submission of Project Reporting Requirements to also include for this milestone: ➢ if 50 or fewer active subscribers- submission of subscriber test data for 5 locations ➢ if 51-500 active subscribers- submission of subscriber test data for 10% of the total subscribed locations ➢ if 500+ active subscribers- submission of subscriber test data for 50 locations	• OBDD/ agent desk reviews, documentation reviews, site visits and field inspections as necessary	16%

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
6b		• Documentation demonstrating completion of placement of broadband infrastructure and associated as-built documentation for 50% of Project BSLs • Submission of Project Reporting Requirements to also include for this milestone: ➢ if 50 or fewer active subscribers- submission of subscriber test data for 5 locations ➢ if 51-500 active subscribers- submission of subscriber test data for 10% of the total subscribed locations ➢ if 500+ active subscribers- submission of subscriber test data for 50 locations	• OBDD/ agent desk reviews, documentation reviews, site visits and field inspections where necessary	16%

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
6 c		• Documentation demonstrating completion of placement of broadband infrastructure and associated as-built documentation for 75% of Project BSLs • Submission of Project Reporting Requirements to also include for this milestone: ➢ if 50 or fewer active subscribers- submission of subscriber test data for 5 locations ➢ if 51-500 active subscribers- submission of subscriber test data for 10% of the total subscribed locations ➢ if 500+ active subscribers- submission of subscriber test data for 50 locations	• OBDD/ agent desk reviews, documentation reviews, site visits and field inspections as necessary	16%

#	Milestone	Supporting Documentation (to be Provided by the Recipient)	OBDD/Federal Verification Method	Disbursement (Percentage of Grant Amount)
6d		• Completed placement of broadband infrastructure and associated as-built documentation for 100% of Project BSLs • Submission of Project Reporting Requirements to also include for this milestone: ➢ if 50 or fewer active subscribers- submission of subscriber test data for 5 locations ➢ if 51-500 active subscribers- submission of subscriber test data for 10% of the total subscribed locations ➢ if 500+ active subscribers- submission of subscriber test data for 50 locations	• OBDD/agent desk reviews, documentation reviews, site visits and field inspections as necessary	16%
7	Closeout	• As-built documentation for 100% of Project BSLs • Submission of all Project Closeout Requirements listed in Contract	• As-built documentation reviewed and approved by OBDD/agent • Documentation submitted as Project Closeout Requirements reviewed and approved by OBDD/agent • Closeout documentation submitted to NTIA and approved by NTIA, as applicable	11%

Recipient, by its signature below, acknowledges that it has read the Appendix 1 and Appendix 2 for this Project within the Contract, understands them, and agrees to be bound by the terms and conditions therein.

STATE OF OREGON
acting by and through its Oregon
Business Development Department

By: ________________________________
Chris Cummings, Deputy Director

Date: ________________________________

CITY OF SHERWOOD

By: ________________________________
Craig Sheldon, City Manager

Date: ________________________________

APPROVED AS TO LEGAL SUFFICIENCY IN ACCORDANCE WITH ORS 291.047:

/s/ Wendy Johnson per email dated 03 June 2026 providing a group approval
Wendy Johnson, Senior Assistant Attorney General

EXHIBIT B- GRANT APPLICATION

Recipient's BEAD Grant Application submitted to OBDD is incorporated in this Contract by reference and may be accessed through Amplifund at the following link: https://gotomygrants.com/Public/Opportunities/Details/dd0e8347-529d-4259-9b71-55406c3d2583.

EXHIBIT C- DISBURSEMENT REQUEST SAMPLE FORM

Name of BEAD Grant Recipient: ____

Contract Number: ___________________________

District Grant Area Name and Project ID Number: ____

Request Number: __________ **Request Date:** ___________________

Milestone for Which Payment is Requested (insert description from Contract):

____

Supporting documentation for the Grant funds requested, demonstrating completion of the Milestone for which payment is requested is attached.

Payment Request Amount: $_________________

Match Amount Submitted with this Disbursement Request: $________________
Supporting documentation for the contributed Match Funds demonstrated with this Disbursement Request are attached.

Match Amount Previously Submitted Requested to be Applied to this Disbursement Request Payment:

Request Number: ______________ **Request Date:** __________ **$** __________________

Certifications:

The undersigned hereby certifies that:

(1) Recipient is in compliance with the approved Project Plan, as it may be amended from time to time;

(2) Recipient has and will maintain financial records to document eligible Project costs to support the Fixed Amount Subaward payment and the corresponding required Match Amount requested by this submission to OBDD, and the payment of BEAD funds will not be used for ineligible costs as defined by the Contract;

(3) All of the information contained in this Disbursement Request, including the attachments, is complete, true and accurate;

(4) to the best of my knowledge, Recipient and its contractors are complying with all terms of the BEAD Contract, including terms that are required to be flowed down through Recipient's contractor agreements;

(5) Recipient has completed the requirements indicated for the milestone for which payment is requested; and

(6) Recipient acknowledges and agrees that OBDD's acceptance of the Project work for the above milestone(s) is *NOT* confirmed by payment of this request.

Certified by: ____

Printed Name: ___________________________

Title: ___________________________________

Email: _________________ Telephone: _________________

EXHIBIT D- CERTIFICATION – PROTECTING BEAD PROGRAM FROM DEFAULTS
(CERTIFICATION RE FUTURE FEDERAL FUNDING)

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. Recipient and any of its affiliates will not require or accept any additional Federal funds to support a BEAD Project during the BEAD Contract's period of performance, extended period of performance, or Federal Interest Period; and

2. Recipient and any of its affiliates will not require or accept any additional Federal broadband service subsidies for the Project(s) and/or Broadband Serviceable Location (BSL) to be served by this Contract during the BEAD Contract's period of performance, extended period of performance, or Federal Interest Period, other than any such subsidies that were committed prior to this BEAD Contract. (This includes, but is not limited to, new operating expenses for any BEAD Project(s) or BSL(s).

I certify that the foregoing is true and correct.

Executed on this _____ day of __________.

Signature: ___________________________________

Printed Name: ____

Title of official authorized to execute BEAD Contract: ______________________________________

Email Address: _________________ Telephone: __________________________________

EXHIBIT E – GRANT FEDERAL PROVISIONS

The Contract to which this Grant Federal Provisions Exhibit is attached has been funded, in whole or in part, with a Federal Award. The State is accountable to the Federal Awarding Agency for oversight of their "Subrecipients" (called Recipient throughout his Contract), including ensuring their compliance with federal statutes, the Federal Award's terms and conditions, and reporting requirements, as applicable.

Subgrantees, Contractors and Subcontractors. Without limiting the generality of the Compliance with Laws Section of the Contract above in Section 5B., Recipient shall comply with and shall cause its subgrantees, contractors and subcontractors to comply with the requirements of this Exhibit, as applicable, and as they are adopted or modified from time to time. Recipient is responsible for ensuring that all contracts, including but not limited to those necessary for the design and construction of the Project, are implemented in compliance with the terms and conditions of the Federal Award. See also NOFO Section IX.G.4. Any revisions to the Federal BEAD Program Requirements shall automatically become a part of this Exhibit E, without the necessity of either party executing any further instrument. OBDD, at its discretion, may provide written notification to Recipient of such revisions, but such notice shall not be a condition precedent to the effectiveness of such revisions.

All contracts, subgrants and subcontracts entered into by Recipient in connection with this Contract shall require compliance with all applicable federal, State and local government laws and regulations, and shall be subject to all applicable provisions of this Contract.

The capitalized terms used within this Exhibit shall have the meanings ascribed to them in the main Contract if not otherwise defined in this Exhibit. The respective Grant Federal Provisions listed herein are each hereby incorporated by reference in this Contract.

1. Recipient will comply with the following terms, conditions and requirements of the federal BEAD Program, as they may be amended from time to time, to the extent that those changes do not conflict with state laws and rules (collectively, "Federal BEAD Program Requirements"):

   (a) the Infrastructure Investment and Jobs Act of 2021, Public Law 117-58 (November 15, 2021), Division F, Title I—Broadband Grants for States, District of Columbia, Puerto Rico, and Territories ("IIJA"), including the terms of section 60102 of that Title, which establishes the BEAD Program (47 U.S.C. § 1702). The text of the IIJA is available at: https://www.congress.gov/bill/117th-congress/housebill/3684/text.

   (b) the BEAD Program Notice of Funding Opportunity ("BEAD NOFO" or "NOFO") requirements issued by the NTIA in May 2022 (as amended by NTIA's Restructuring Policy Notice in June 2025) accessible at https://broadbandusa.ntia.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf;

   (c) the Oregon Business Development Department's Financial Assistance Award from the U.S. Department of Commerce, Award Number 41-20-B110, as amended ("Award" or "Federal Award"). The Award includes the General Terms and Conditions for the NTIA BEAD Program Funds (updated November 2025), the Specific Award Conditions (SAC) (dated March 19, 2026), and the Department of Commerce Financial Assistance General Terms and Conditions (dated September 22, 2025). The Award and amendments are accessible at: https://gotomygrants.com/Public/Opportunities/Details/dd0e8347-529d-4259-9b71-55406c3d2583. The Department of Commerce Financial Assistance General Terms and Conditions (dated September 22, 2025) are incorporated by reference into every NTIA grant award, including this Contract.

(d) the State of Oregon's BEAD Program Initial Proposal (Volumes 1 and 2) and the State of Oregon's BEAD Program Final Proposal, each as approved by NTIA and accessible under Additional Resources section here: https://www.oregon.gov/biz/programs/bead/pages/default.aspx;

(e) NTIA's BEAD Restructuring Policy Notice (June 6, 2025) accessible at: https://www.ntia.gov/sites/default/files/2025-06/bead-restructuring-policy-notice.pdf;

(f) Final Proposal Guidance for Eligible Entities, Version 2.1, July 2025 accessible at https://broadbandusa.ntia.gov/sites/default/files/2025-08/DOC_NTIA_Final_Proposal_Eligible_Entity_Guidance_07_2025.pdf; and

(g) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), codified at 2 CFR Part 200, unless provided otherwise by NTIA. See NTIA Guidance for provisions of the Uniform Guidance that NTIA has determined are inapplicable for Fixed Amount Subawards for broadband infrastructure projects, including but not limited to: https://broadbandusa.ntia.gov/sites/default/files/2023-12/BEAD_Policy_Notice_of_Part_200_Exceptions_Related_Issues.pdf.

(h) The Uniform Guidance Policy Notice published by NTIA on December 26, 2023, titled "Policy Notice: Tailoring the Application of the Uniform Guidance to the BEAD Program." ("UGPN") available at https://broadbandusa.ntia.doc.gov/sites/default/files/2023-12/BEAD_Policy_Notice_of_Uniform_Guidance_Part_200_Exceptions_Related_Issues.pdf

(i) All other applicable federal laws and regulations required by the Federal Award.

(j) Other applicable guidance released by NTIA, NIST or DOC for the BEAD Program, including but not limited to FAQs, Fact Sheets, etc.

In any case where language among two or more authorities appears inconsistent, the relevant authorities should be read and interpreted in a manner which emphasizes consistency and harmonization across all relevant authorities. Where harmonization is impossible, the parties agree to prioritize following the language contained in these authorities in the following order (from highest to lowest priority): 47 U.S.C. § 1702; the Award's Specific Award Conditions; the General Terms and Conditions for the NTIA BEAD Program Funds (updated November 2025); the BEAD Restructuring Policy Notice (June 2025); the BEAD NOFO; the Department of Commerce Financial Assistance General Terms and Conditions (GT&C) (issued September 22, 2025) (formerly called Standard Terms and Conditions), Oregon's BEAD Initial and Final Proposals; and other federal guidance.

2. In compliance with 47 U.S.C. §1702(h)(1)(A)(iv)(IV), as required by the BEAD Restructuring Notice, Recipient by execution of this Contract, certifies it is in compliance with federal labor and employment laws for the Project.

3. Federal Single Audit Requirements. The Financing Proceeds provided for in this Contract is federal financial assistance, and the associated CFDA Number and Name is 11.035- Broadband Equity, Access, and Deployment Program. Recipient is a subrecipient as that term is defined in the Unform Guidance. 2 CFR Part 200, Subpart F—Audit Requirements of the Uniform Guidance, implementing the Single Audit Act (2 CFR § 200.501 et seq), shall apply to this Contract except as otherwise provided by the NTIA.

(a) If Recipient expends federal funds in excess of $1,000,000 in Recipient's fiscal year and is not otherwise exempt from 2 CFR Part 200, Subpart F, Recipient shall procure or arrange for a single or program-specific annual audit for that year that is (see 2 CFR § 200.507 for program-specific audits election eligibility) conducted in accordance with the provisions of 2 CFR part 200, Subpart F. Recipient shall at its own expense submit to OBDD a copy of, or electronic link to, each annual audit subject to this requirement covering the funds expended under this Contract and shall submit or cause to be submitted to OBDD the annual audit of any subrecipient(s), contractor(s), or subcontractor(s) of Recipient responsible for the financial management of funds received under this Contract.

(b) Notwithstanding 3(a), a Recipient that is a for-profit entity that is exempt from 2 CFR Part 200 that expends $1,000,000, or more in federal grant funds during their fiscal year must submit to OBDD either: (i) a financial related audit of each federal award or subaward in accordance with Generally Accepted Government Auditing Standards (GAGAS); or (ii) a Project specific audit in accordance with the requirements contained in 2 C.F.R. § 200.507.

(c) Recipient shall make records and financial statements available for review or audit by appropriate officials of the Federal Awarding Agency and the State as necessary for Recipient to meet the requirements of 2 C.F.R. Part 200.

(d) Recipient shall save, protect and hold harmless the State from the cost of any audits or special investigations performed by NTIA or any federal agency with respect to the funds expended under this Contract. Recipient acknowledges and agrees that any audit costs incurred by Recipient as a result of allegations of fraud, waste or abuse are ineligible for reimbursement under this or any other agreement between Recipient and the State of Oregon.

4. Protections for Whistleblowers.

(a) In accordance with 41 U.S.C. § 4712, an employee or contractor (including subcontractors, subgrantees and personal service contractors) of Recipient, a contractor, subcontractor or personal services contractor, may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a Federal award, subgrant, or a contract under a Federal award or subgrant, a gross waste of Federal funds, an abuse of authority relating to a Federal award or subgrant or contract under a Federal award or subgrant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal award, subgrant, or contract under a Federal award or subgrant. See statutory requirements for whistleblower protections at 10 U.S.C. § 4701, 41 U.S.C. § 4712, 41 U.S.C. § 4304, and 10 U.S.C. § 4310.

(b) The list of persons and entities referenced in the paragraph above includes the following:
   (i) A member of Congress or a representative of a committee of Congress;
   (ii) An Inspector General;
   (iii) The Government Accountability Office;
   (iv) A NTIA employee responsible for contract or grant oversight or management;
   (v) An authorized official of the Department of Justice or other law enforcement agency;
   (vi) A court or grand jury; or
   (vii) A management official or other employee of Recipient or its subcontractors who has the responsibility to investigate, discover, or address misconduct.

(c) Recipient shall inform its employees in writing of the rights and remedies provided under 41 U.S.C. § 4712, in the predominant native language of the workforce. A person that believes they have been the subject of retaliation for protected whistleblowing can contact the Department of Commerce, Office of Inspector General Hotline, as indicated at https://www.oig.doc.gov/Pages/Hotline.aspx, or the U.S. Office of Special Counsel, toll free at 1-800-872-9855.

5. Lobbying. By signing this Contract, Recipient certifies, to the best of Recipient's knowledge and belief that:

   (a) The costs of the Project will not include any unauthorized lobbying costs or expenses incurred by Recipient or any person on behalf of Recipient, and that Recipient will comply with federal restrictions on lobbying at 2 C.F.R. § 200.450 (Lobbying), which incorporates the provisions of 31 U.S.C. § 1352, and OMB guidance and notices on lobbying restrictions. Recipient will not request payment or reimbursement for Lobbying costs and expenses.

   (b) No federal appropriated funds have been paid or will be paid, by or on behalf of Recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

   (c) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan or cooperative agreement, Recipient shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying" in accordance with its instructions. Recipient shall forward any disclosure statements to OBDD.

   (d) Recipient shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients and subcontractors shall certify and disclose accordingly.

   (e) This certification is a material representation of fact upon which reliance was placed when this Contract was made or entered into. Submission of this certification is a prerequisite for making or entering into this Contract imposed by the Byrd Anti-Lobbying Amendment, Section 1352, Title 31, U.S. Code and 31 CFR Part 21. Any person who fails to file the required certification will be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

   (f) No part of any federal funds paid to Recipient under this Contract may be used, other than for normal and recognized executive legislative relationships, for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, electronic communication, radio, television, or video presentation designed to support or defeat the enactment of legislation before the United States Congress or any state or local legislature itself, or designed to support or defeat any proposed or pending regulation, administrative action, or order issued by the executive branch of any state or local government itself.

   (g) No part of any federal funds paid to Recipient under this Contract may be used to pay the salary or expenses of any grant subrecipient or contractor, or agent acting for the Recipient, related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or executive order proposed or pending before the United States Congress or any state government, state legislature or local legislature or legislative body, other than for normal and recognized executive-legislative relationships or participation by an agency or officer of a state, local or tribal government in policymaking and administrative processes within the executive branch of that government.

6. Federal Employment. OBDD's payments to Recipient under this Contract will be paid by funds received from the United States Federal Government. Recipient, by signing this Contract certifies that neither it nor its employees, contractors, subcontractors, subgrantees or subrecipients who will administer this Contract are currently employed by an agency or department of the federal government.

7. Domestic Preference for Procurements (Build America Buy America). Congress passed the Build America, Buy America Act ("BABA") on November 15, 2021, as part of the Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. 117-58, 135 Stat. 429, 70901-70927. BABA established domestic content procurement preference requirements for federal financial assistance projects for infrastructure, including the BEAD Program, consistent with Section 70912(2) of the IIJA. Recipient shall comply with BABA consistent with applicable legal authorities, including but not limited to the IIJA, Executive Order 14005, 2 CFR Part 184, OMB Memo M-24-02, and any applicable waivers issued by the Department of Commerce or NTIA. All waivers applicable to BEAD will be posted on the Build America, Buy America page maintained by the Department of Commerce Office of Acquisition Management at https://www.commerce.gov/oam/build-america-buy-america. This includes but is not limited to the waiver issued by the Department of Commerce entitled National Telecommunications and Information Administration Limited General Applicability Nonavailability Waiver of the Buy America Domestic Content Procurement Preference as Applied to Recipients of Broadband Equity, Access, and Deployment Program and available at https://www.commerce.gov/sites/default/files/2024-02/BABA%20Waiver%20Signed.pdf.

8. Prohibited Use of Financing Proceeds for Covered Communications Equipment or Services. Recipient (including contractors, subcontractors and subgrantees of Recipient) shall not use Financing Proceeds or the Match Amount to purchase or support any communications equipment or service covered by either the Secure and Trusted Communications Networks Act of 2019 (47 USC 1608) or 2 CFR 200.216 (prohibition on certain telecommunications and video surveillance services or equipment). This includes but is not limited covered telecommunication and video surveillance services or equipment provided or produced by entities owned or controlled by the Peoples's Republic of China and telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities). Recipient acknowledges that by accepting the Financing Proceeds under this Contract, Recipient is certifying compliance with the prohibitions of 47 USC 1608 and 2 CFR 200.216. In addition, upon submitting Disbursement Requests and financial reports under this Contract, Recipient is certifying compliance with this provision.

9. Conflicts of Interest. Recipient acknowledges that all Public Officials, as defined by ORS 244.020, are subject to the requirements of Oregon's ethics laws as provided in ORS Chapter 244. Recipient shall refrain from any practices, activities or relationships that reasonably create or appear to create a "potential conflict of interest" or "actual conflict of interest", as those terms are defined in ORS Chapter 244, with the full performance of Recipient's obligations under this Contract. If a conflict or the appearance of a conflict arises regarding this Contract, or if Recipient is uncertain whether a conflict or the appearance of a conflict has arisen, Recipient shall submit to OBDD a disclosure statement setting forth the relevant details for the State's consideration. Failure to promptly submit a disclosure statement or to follow OBDD's direction in regard to the actual or potential conflict constitutes an Event of Default of the Contract. Recipient shall disclose in writing to OBDD any potential or actual conflict of interest affecting the Grant funds disbursed or to be disbursed under this Contract, in accordance with 2 CFR § 200.112.

10. Debarment and Suspension. This Contract is subject to 2 CFR Part 180 and NTIA's implementing regulation at 31 CFR Part 19. These provisions prohibit Recipient from entering into contracts with suspended or debarred parties for work under this Contract. In addition, by signing this Contract, the signor certifies Recipient is not listed on the U.S. Government debarment list. Recipient shall disclose, in a timely manner, in writing to OBDD and the Federal Awarding Agency, all violations of federal or State criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal

Award. The State or the Federal Awarding Agency may impose any penalties for noncompliance allowed under 2 C.F.R. Part 180 and 31 U.S.C. § 3321, which may include, without limitation, suspension or debarment.

11. System for Award Management Registration and Compliance and Unique Entity ID Requirements. Recipient shall comply with all applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA or "Transparency Act") of 2006 (Public Law 109-282), as amended by §6202 of Public Law 110-252, and the regulations issued pursuant thereto. Recipient must comply with applicable requirements regarding the federal Universal Identifier and System for Award Management ("SAM"). SAM is the federal repository into which Recipient must enter the information required under the Transparency Act, which is currently accessible at https://www.sam.gov. Recipient shall register and maintain the currency of its information in SAM until Recipient completes it required reporting under this Contract. Recipient shall review and update SAM information at least annually, and more frequently if required by changes in its information. Recipient shall provide its Unique Entity ID to OBDD. Unique Entity ID (UEI) is the universal identifier for federal financial assistance applicants, as well as recipients and their direct subrecipients (first tier subrecipients). (Recipient is a grant subrecipient under federal law.) Recipient shall not contract with any parties listed on the government-wide exclusions in the SAM.

12. Executive Compensation Reporting in SAM.

(a) "Total Compensation" means the cash and noncash dollar value earned by an Executive during Recipient's preceding fiscal year (see 48 CFR § 52.204-10, as prescribed in 48 CFR § 4.1403(a)) and includes the following:

(i) Salary and bonus;

(ii) Awards of stock, stock options, and stock appreciation rights, using the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2005) (FAS 123R), Shared Based Payments;

(iii) Earnings for services under non-equity incentive plans, not including group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of Executives and are available generally to all salaried employees;

(iv) Change in present value of defined benefit and actuarial pension plans;

(v) Above-market earnings on deferred compensation which is not tax-qualified; and

(vi) Other compensation, if the aggregate value of all such other compensation (e.g., severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the Executive exceeds $10,000.

(b) Recipient shall include Total Compensation in SAM for each of its five most highly compensated Executives for the preceding fiscal year if:

(i) The total federal funding authorized to date under this Contract is $30,000 or more; and

(ii) In the preceding fiscal year, Recipient received:

A. 80% or more of its annual gross revenues from federal procurement agreements and subcontractors and/or federal financial assistance awards or subawards subject to the Transparency Act; and

B. $30,000,000 or more in annual gross revenues from federal procurement agreements and subcontractors and/or federal financial assistance awards or subawards subject to the Transparency Act; and

C. The public does not have access to information about the compensation of such Executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

13. False Statements. Recipient acknowledges that 31 U.S.C. § 38 (Administrative Remedies for False Claims and Statements) applies to Recipient's actions pertaining to this Contract and that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.

14. Public Notice and Awareness Campaign.

Pursuant to 47 U.S.C. §1702(h)(4)(F) and (G), Recipient shall:

(a) once Recipient's funded Project network has been deployed, provide public notice, online and through other means, to individuals residing in the locations to which broadband service has been provided of the fact and share the public notice with OBDD; and

(b) carry out public awareness campaigns in Recipient's Project service areas that are designed to highlight the value and benefits of broadband service in order to increase the adoption of broadband service by consumers, including sharing information about low-cost broadband service options for eligible subscribers.

(c) implement the public awareness campaign within twelve (12) months of the Project's Effective Date.

15. Project Property Restrictions; Federal Interest in Project Property for Federal Interest Period.

(a) Recipient agrees that any Equipment, Facilities, or real property purchased, or in the case of real property, improved, using the Financing Proceeds, will be subject to federal BEAD requirements, and the requirements of 2 CFR § 200.311 (Real Property) and 2 CFR § 200.313 (Equipment) and as applicable, and any other restriction NTIA may impose. Note: Pursuant to exceptions approved by the United States OMB as described in the UGPN, the property standards set forth in 2 CFR §§ 200.314 -315 for supplies and intangible property, respectively, shall not apply to this Contract.

(b) While title to real property or Equipment acquired or improved under the Grant (i.e. the broadband infrastructure installed pursuant to this Contract for the Project) ("Project Property") vests in Recipient upon acquisition or improvement thereof the federal government maintains a federal interest in the Project Property and continues for ten years after the year of the Closeout Date (the "Federal Interest Period"). For example, if this Contract is closed out in 2027, regardless of the month, the Federal Interest Period will last until December 31, 2037.

16. Project Property Restrictions Including Encumbrances.

(a) Subject to the exception below, Recipient must not encumber Project property without prior disclosure to and approval from the State, NTIA and NIST. Recipient may not enter into any encumbrances that interfere with the construction, intended use, operation, or maintenance of the Project property (including that which is Match-funded) during the Federal Interest Period.

(b) Encumbrances on Project Property- Exception. The following exception applies if the major purpose of this Contract is a broadband infrastructure project. Recipient may encumber real property or Equipment acquired or improved under such Contract only after provision of notice to the State, NTIA and to the Federal Grant Officer, and subject to a requirement that the DOC receives either a first priority security interest (preferred) or a shared first lien position in the real property or Equipment such that, if the real property or Equipment were foreclosed upon and liquidated, the DOC would be entitled to receive the portion of the fair market value of the property that is equal to the DOC's percentage contribution to the Project costs. For example, in the case in which the DOC had contributed 50% of the Project costs, DOC would receive 50% of the fair market value of the Project Property when liquidated. Recipient shall use standard forms of liens, covenants, and intercreditor agreements provided or approved by NTIA to implement this requirement. NTIA will address the notice requirement for encumbrances in future guidance.

(c) Recipient must comply with the use and equipment disposition requirements of 2 CFR 200.313(c)(4) and 200.313(e).

i. When acquiring replacement equipment under 2 CFR 200.313(c)(4) for a Project, Recipient may treat the Equipment to be replaced as "trade-in" even if the Recipient elects to retain full ownership and use over the Equipment. As with trade-ins that involve a third party, the Recipient will have to record the fair market value of the equipment being replaced in its Tangible Personal Property Status Reports to the DOC to ensure adequate tracking of the federal percentage of participation in the cost of the Project's activities. The Recipient will also be responsible for tracking the value of the replacement Equipment, including both the federal and non-federal share.

ii. Recipient may sell, lease, or transfer equipment only after (A) securing the agreement of the successor or transferee to comply with these requirements and the acknowledgement of the successor or transferee of the federal interest in the subject Equipment, and (B) obtaining consent to the sale or transfer from NTIA. NTIA will provide additional information concerning the review and approval process for transactions involving BEAD-funded Equipment, as well as real property, in subsequent guidance.

iii. Recipient must notify OBDD and NTIA upon the filing of a petition under the U.S. Bankruptcy Code, whether voluntary or involuntary, with respect to the Recipient or any affiliate that would impact the Recipient's ability to perform in accordance with this Contract.

17. Ongoing Obligations for the Federal Interest Period.
For the duration of the Federal Interest Period, Recipient, and successors or transferees of Recipient:

(a) must use the Project Property for the authorized purposes of the Project in the same manner as they use comparable real property and Equipment within their networks in the ordinary course of their business, subject to the restrictions within this Contract;

(b) must continue to provide broadband service as provided in Exhibit A for the Project.

(c) must offer the Low-Cost Broadband Service Option to Eligible Subscribers as provided in Section 5C.(6) of this Contract.

(d) must comply with the requirements of section 200.310 of the Uniform Guidance (Insurance), including but not limited to: comprehensive general liability insurance (bodily injury and property damage); professional liability insurance; and insurance coverage as outlined in Exhibit G (Insurance Requirements), which may be satisfied by adequate self-insurance.

(e) must follow its existing commercial practices for managing Project Equipment in the normal course of business, and must use inventory controls indicating the applicable federal interest and loss prevention procedures. This requirement is in lieu of the requirements contained in 2 CFR § 200.313(d), pursuant to an exception from OMB. If Recipient does not have existing commercial practices for managing Equipment in the normal course of business, it must comply with 2 CFR § 200.313(d).

(d) in carrying out the Project, will comply with prudent cybersecurity and supply chain risk management practices, as specified by the Assistant Secretary, in consultation with the Director of the National Institute of Standards and Technology and the Federal Communications Commission and as provided in 47 U.S.C. § 1702(g)(1)(B). Recipient previously provided attestations regarding Recipient's cybersecurity risk management plan and supply chain risk management plan that were required prior to allocating BEAD funds to Recipient. Recipient shall reevaluate and update these plans on a periodic basis and as events warrant. If Recipient makes any substantive changes to the plans, Recipient shall submit a new version of the respective plan to OBDD within 30 days of the changes. OBDD must provide a copy of the plans to NTIA upon NTIA's request.

18. Project Property Restrictions; Recording Federal Interest in the BEAD-Funded Project Property.

(a) Useful Life and Compliance with 2 CFR 200.311, 200.313. For the purposes of this Contract, the useful life of the real property or Equipment acquired or improved using the Project's Grant Amount or Match Amount shall coincide with the Federal Interest Period as defined herein. During the useful life of the BEAD-funded property, the Recipient must adhere to the requirements contained in the terms and conditions of the Award, including adherence to the use, management, and disposition requirements set forth in 2 CFR 200.311 or 200.313, as applicable. NTIA will provide additional information concerning the review and approval process for transactions involving BEAD-funded real property and Equipment in subsequent guidance and Recipient agrees to comply with such guidance.

(b) Real Property. To document the federal interest in the Project's real property, Recipient must prepare and properly record a Covenant of Purpose, Use and Ownership ("Covenant"). The Covenant differs from a traditional mortgage lien in that it will not establish a traditional creditor relationship requiring the periodic repayment of principal and interest to NTIA or OBDD. Rather, pursuant to the Covenant, Recipient shall acknowledge that it holds title to the Project's real property in trust for the public purposes of the BEAD Federal Award and agrees, among other commitments, that it will repay the Federal interest if it disposes of or alienates an interest in such real property, or uses it in a manner inconsistent with the public purposes of the BEAD Federal Award, during the Federal Interest Period. The Covenant must be properly recorded in the real property records in the jurisdiction in which the real property is located in order to provide public record notice to interested parties that there are certain restrictions on the use and disposition of the BEAD-funded property during the Federal Interest Period and that NTIA retains an undivided equitable reversionary interest (Federal interest) in the Project's real property during the Federal Interest Period. NTIA will provide a suggested sample form to use for the Covenant to record notice of the Federal interest in real property.

(c) Personal Property.

(i) Pursuant to 2 C.F.R. § 200.316, after acquiring all or any portion of the Equipment or other personal property under this Contract with the Project's Grant Amount or Match Amount, Recipient shall properly file a UCC-1 with the appropriate State office where the personal property will be located in accordance with the State's Uniform Commercial Code (UCC). This security interest shall be executed in advance of any sale or lease and not later than Closeout of the grant or subgrant, as applicable. The UCC filing(s) must provide public notice of the Federal interest in the Project's personal property. Also, a clear and accurate inventory of the subject equipment must be attached to and filed with the UCC-1.

(ii) The UCC filing must include the below or substantively similar language:

The Equipment set forth at Attachment A hereto was acquired with funding under a financial assistance award (award number 41-20-B110) issued by the National Institute of

Standards and Technology, U.S. Department of Commerce. As such, the U.S. Department of Commerce retains an undivided equitable reversionary interest (Federal interest) in the Equipment for ten years after the end of the year in which the award is closed out in accordance with 2 CFR 200.344.

(iii) Within fifteen (15) calendar days following the required UCC filing(s), Recipient shall provide OBDD and the Federal Grant Officer with complete and certified copies of the filed UCC forms and attachments for the Equipment acquired with the BEAD Grant Amount and Match Amount, including all subgrants, along with a certification from legal counsel, licensed by the State within which the filings were made (Attorney's Certification), that the UCC filing was properly executed and filed in accordance with applicable state law. The Attorney's certification must include the below or substantively similar language:

NIST Award Number: 22-20-B061

Pursuant to 28 USC 1746, I hereby certify as follows: I am legal counsel at ____. I am licensed to practice law in the State of ______________ having been a license holder of said state and in good standing since ________. Attached hereto is a certified copy of UCC-1 form(s) reflecting that this document was filed in the _____________________on __________, 202x, bearing the following filing information [insert filing data, e.g., instrument number, etc.] and consists of ____ recorded pages as certified by the Secretary of State of ____________. I certify that this UCC-1 form(s) has/have been validly executed and properly recorded as noted above. I certify under the penalty of perjury that the foregoing is true and correct.

Executed on this ____day of _______.

____

(Attorney name and title) (Address and phone number)

(iv) During the Federal Interest Period of the Project Property, Recipient shall timely file any necessary UCC-3 continuation statements (or other filings) for the subject Equipment consistent with NTIA's BEAD Grant requirements. Copies of all filed UCC continuation statements, together with an Attorney's certification, must be submitted to OBDD and the Federal Grants Officer within fifteen (15) calendar days following each such filing. The UCC filing(s) and the accompanying Attorney's certification(s) must be acceptable in form and in substance to OBDD, NTIA, and the Federal Grants Officer.

(d) Recipient must comply with 2 CFR § 200.312, to the extent any federally owned real property or equipment is used by Recipient.

19. <u>Restriction on Human Subjects Research Work and Expenses Incurred</u>.

Recipient shall not use the Financing Proceeds for Human Subjects Research as those terms are defined in 5 C.F.R. § 27.102(e). In addition, the Project shall not include Human Services Research. The BEAD Program Human Subjects Research Guidance (dated September 29, 2022) is available here: https://broadbandusa.ntia.gov/sites/default/files/2022-08/BEAD-Planning-Grant-HSR-Guidance-Final-9-29-2022.pdf and is incorporated by reference.

20. <u>Permitting Process</u>.

To ensure that broadband-related permit applications are promptly accepted, and requests are approved or denied within 90 days, Recipient will follow applicable FCC rules regarding permit timelines, rates, and terms and conditions, across their footprint of poles that Recipient owns. This requirement is clarified in

Frequently Asked Questions and Answers Version 20 Broadband Equity, Access, and Deployment (BEAD) Program, National Telecommunications and Information Administration, Section 6.9.

21. Procurement Standards.

Because the Project within this Contract is funded and issued as a Fixed Amount Subaward, Recipient is generally not required to comply with the Procurement Standards set forth in 2 CFR § 200.318-320 and § 200.324-326 for the Project. All other federal Procurement Standards, i.e., 2 CFR § 200.317, § 200.321-200.323, and § 200.327, remain as requirements.

22. Requirements During Construction.
During the Project's construction, Recipient, as applicable, is responsible for:

- Ensuring that it meets all deadlines in approved plans and specifications;
- Monitoring the progress of Grant-funded activities;
- Reporting Project progress, including to OBDD;
- Providing for required construction permits and adequate construction inspection;
- Promptly paying costs incurred for Grant-funded activities;
- Monitoring contractors' compliance with Federal, State, and local government requirements; and
- Constructing and maintaining in good condition throughout the construction period a lawful sign or signs, at the site of Grant-funded activities in a conspicuous place indicating that the Federal Government is participating in the activities.

23. Inspection and Testing of Materials.

The Recipient, as applicable, shall ensure that all materials and equipment used in the completion of the Project shall be subject to adequate inspection and testing in accordance with accepted standards. Materials of construction, particularly those upon which the strength and durability of any structure may depend, shall be subject to inspection and testing to establish conformance with specifications and suitability for intended uses. The Recipient shall ensure that documentation of same is cataloged and retained.

24. Eminent Domain.

As applicable, in accordance with Executive Order 13406, "Protecting the Property Rights of the American People" (June 28, 2006), the Recipient agrees:

- Not to use any power of eminent domain available to the Recipient (including the commencement of eminent domain proceedings) for use in connection with the Project for the purpose of advancing the economic interests of private parties;
- Not to accept title to land, easements, or other interest in land, acquired by the use of any power of eminent domain for use in connection with the Project for the purpose of advancing the economic interests of private parties; and
- Any use of the power of eminent domain to acquire land, easements, or interests in land, whether by the Recipient or any other entity that has the power of eminent domain, in connection with the Project requires prior written consent from the State and NTIA. Any use of eminent domain without prior written consent of the State and NTIA constitutes an unauthorized activity and/or use of funds under this Contract and subjects the Recipient to appropriate enforcement action by the State and NTIA, including but not limited to the disallowance of Financing Proceeds and the termination of the Contract or the Project.

EXHIBIT F - INFORMATION REQUIRED BY 2 CFR § 200.332(b)(1)

Federal Award Identification:

(i) Subrecipient* name (which must match registered name in SAM): City of Sherwood

(ii) Subrecipient's Unique Entity Identifier (SAM): HM2FL8NEFD61

(iii) Federal Award Identification Number (FAIN): 41-20-B110

(iv) Federal Award Date: 19 March 2026

(v) Sub-award Period of Performance Start and End Dates: Beginning at Contract execution and ending on the last day of the month occurring four years after the date of this Contract

(vi) Sub-award Budget Period Start and End Dates: Beginning at Contract execution and ending on the last day of the month occurring four years after the date of this Contract

(vii) Total Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient: $15,630,250.43

(viii) Total Amount** of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation: $15,630,250.43

(ix) Total Amount** of the Federal Award committed to the subrecipient by the pass-through entity: $15,630,250.43

(x) Federal award project description as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA): The BEAD Program provides federal funding for grants to States and Territories for broadband deployment activities. The Program's principal focus is deploying broadband infrastructure to unserved locations and underserved locations. The proposed project includes the following activities: 1) Last-mile broadband deployment projects; 2) programmatic activities associated with BEAD (e.g., Challenge and Subgrantee Selection Processes), 3) Funds set aside for future broadband-related activities, and 4) administration of the grant. The intended beneficiaries are the State of Oregon and principally broadband unserved and underserved communities in the State.

(xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity:

(a) Name of Federal awarding agency: Department of Commerce Notice of Award (NoA) National Institute of Standards and Technology (NIST)

(b) Name of pass-through entity: Oregon Business Development Department

(c) Contact information for awarding official of the pass-through entity: Chris Cummings, Deputy Director, chris.cummings@biz.oregon.gov, 503-991-9722

(xii) The Federal Assistance Listing (formerly CFDA) Number and Title: 11.035-Broadband Equity, Access, and Deployment Program

Amount: $15,630,250.43

(xiii) Is Award R&D? No

(xiv) Indirect cost rate for the Federal award: 10%

* For the purposes of this Exhibit F, "Subrecipient" refers to Recipient and "pass-through entity" refers to OBDD.

** The total amount of federal funds obligated or committed to the Subrecipient by the pass-through entity is the total amount of federal funds obligated or committed to the Subrecipient by the pass-through entity during the current state fiscal year, which runs from July 1 through June 30.

EXHIBIT G – INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS:

Recipient shall obtain at Recipient's expense the insurance specified in this Exhibit prior to substantial performance and any disbursements under this Contract. Recipient shall maintain such insurance in full force and at its own expense throughout the duration of this Contract, as required by any extended reporting period or continuous claims made coverage requirements, and all warranty periods that apply. Recipient shall obtain the following insurance from 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 OBDD. All coverage shall be primary and non-contributory with any other insurance and self-insurance, except for Professional Liability and Workers' Compensation. Recipient shall pay for all deductibles, self-insured retention, and self-insurance, if any.

If Recipient maintains broader coverage and/or higher limits than the minimums shown in this Exhibit, OBDD requires and shall be entitled to the broader coverage and/or higher limits maintained by Recipient. All references to requirements for Recipient's subcontractors in this Exhibit is to include Recipient's contractors, subgrantees and the like.

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY:

All employers, including Recipient, that employ subject workers, as defined in ORS 656.027, shall comply with ORS 656.017, and provide Workers' Compensation Insurance coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Recipient shall require and ensure that each of its subcontractors complies with these requirements. If Recipient is a subject employer, as defined in ORS 656.023, Recipient shall also obtain Employers' Liability insurance coverage with limits not less than $500,000 each accident.

If Recipient is an employer subject to any other state's workers' compensation law, Contactor shall provide Workers' Compensation Insurance coverage for its employees as required by applicable workers' compensation laws including Employers' Liability Insurance coverage with limits not less than $500,000 and shall require and ensure that each of its out-of-state subcontractors complies with these requirements.

As applicable, Recipient shall obtain coverage to discharge all responsibilities and liabilities that arise out of or relate to the Jones Act with limits of no less than $5,000,000 and/or the Longshoremen's and Harbor Workers' Compensation Act.

COMMERCIAL GENERAL LIABILITY:

Recipient shall provide Commercial General Liability Insurance covering bodily injury and property damage in a form and with coverage that are satisfactory to the State of Oregon. This insurance must include personal and advertising injury liability, products and completed operations, contractual liability coverage for the indemnity provided under this Contract, and have no limitation of coverage to designated premises, project, or operation. Coverage must be written on an occurrence basis in an amount of not less than $2,000,000 per occurrence and not less than $4,000,000 annual aggregate limit.

AUTOMOBILE LIABILITY INSURANCE:

Recipient shall provide Automobile Liability Insurance covering Recipient's business use including coverage for all owned, non-owned, or hired vehicles with a combined single limit of not less than $1,000,000 for bodily injury and property damage. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for Commercial General Liability and Automobile Liability). Use of personal Automobile Liability insurance coverage may be acceptable if evidence that the policy includes a business use endorsement is provided.

PROFESSIONAL LIABILITY:
Recipient shall provide Professional Liability Insurance covering any damages caused by an error, omission or any negligent acts related to the services to be provided under this Contract by the Recipient and Recipient's subcontractors, agents, officers or employees in an amount not less than $1,000,000 per claim and not less than $2,000,000 annual aggregate limit.

If coverage is provided on a claims made basis, then either an extended reporting period of not less than 24 months shall be included in the Professional Liability insurance coverage, or the Recipient shall provide Continuous Claims Made coverage as stated below.

POLLUTION LIABILITY:
Recipient shall provide Pollution Liability Insurance covering Recipient's or appropriate subcontractor's liability for bodily injury, property damage and environmental damage resulting from sudden accidental and gradual pollution and related cleanup costs incurred by Recipient, all arising out of the goods delivered or Services (including transportation risk) performed under this Contract is required with a combined single limit per occurrence not less than $1,000,000 and not less than $2,000,000 annual aggregate limit.

An endorsement to the Commercial General Liability or Automobile Liability policy, covering Recipient's or subcontractor's liability for bodily injury, property damage and environmental damage resulting from sudden accidental and gradual pollution and related clean-up cost incurred by the Recipient that arise from the goods delivered or Services (including transportation risk) performed by Recipient under this Contract is also acceptable.

DIRECTORS, OFFICERS, AND ORGANIZATION LIABILITY:
Recipient shall provide Directors, Officers and Organization Liability Insurance covering the Recipient's Organization, Directors, Officers, and Trustees actual or alleged errors, omissions, negligent, or wrongful acts, including improper governance, employment practices and financial oversight - including improper oversight and/or use of grant funds and donor contributions which includes state or federal funds - with a combined single limit of not less than $5,000,000 per claim.

CRIME PROTECTION COVERAGE: EMPLOYEE DISHONESTY or FIDELITY BOND:
Recipient shall provide Employee Dishonesty or Fidelity Bond coverages for dishonest acts of an employee of the Recipient. Coverage limits not less than $5,000,000.

EXCESS/UMBRELLA INSURANCE:
A combination of primary and Excess/Umbrella Insurance may be used to meet the required limits of insurance. When used, all the primary and Excess or Umbrella policies must provide all of the insurance coverages required herein, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Excess or Umbrella or policies must be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, must be called upon to contribute to a loss until the Recipient's primary and excess liability policies are exhausted.

If Excess/Umbrella Insurance is used to meet the minimum insurance requirement, the Certificate of Insurance must include a list of all policies that fall under the Excess/Umbrella insurance.

ADDITIONAL INSURED:
All liability insurance, except for Workers' Compensation, Professional Liability, Directors and Officers Liability and Network Security and Privacy Liability (if applicable), required under this Contract must include an Additional Insured endorsement specifying the State of Oregon, its officers, employees, and

agents as Additional Insureds, but only with respect to Recipient's activities to be performed under this Contract. Coverage shall be primary and non-contributory with any other insurance and self-insurance.

Regarding Additional Insured status under the General Liability policy, OBDD requires Additional Insured status with respect to liability arising out of ongoing operations and completed operations, but only with respect to Recipient's activities to be performed under this Contract. The Additional Insured endorsement with respect to liability arising out of Recipient's ongoing operations must be on, or at least as broad as, ISO Form CG 20 10 and the Additional Insured endorsement with respect to completed operations must be on, or at least as broad as, ISO form CG 20 37.

WAIVER OF SUBROGATION:
Recipient shall waive rights of subrogation which Recipient or any insurer of Recipient may acquire against OBDD or State of Oregon by virtue of the payment of any loss. Recipient shall obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether OBDD has received a Waiver of Subrogation endorsement from the Recipient or the Recipient's insurer(s).

CONTINUOUS CLAIMS MADE COVERAGE:
If any of the required liability insurance is on a claims made basis and does not include an extended reporting period of at least 24 months, then Recipient shall maintain continuous claims made liability coverage, provided the effective date of the continuous claims made coverage is on or before the date the Contract is effective, for a minimum of 24 months following the later of:

(i) Recipient 's completion and OBDD's acceptance of all Services required under the Contract, or
(ii) OBDD or Recipient termination of this Contract, or
(iii) The expiration of all warranty periods provided under this Contract.

CERTIFICATE(S) AND PROOF OF INSURANCE:
Recipient shall provide to OBDD Certificate(s) of Insurance for all required insurance before delivering any goods and performing any Services required under this Contract. The Certificate(s) of Insurance must list the State of Oregon, its officers, employees, and agents as a Certificate holder and as an endorsed Additional Insured. The Certificate(s) of insurance must also include all required endorsements or copies of the applicable policy language effecting coverage required by this Contract. If Excess/Umbrella Insurance is used to meet the minimum insurance requirement, the Certificate(s) of Insurance must include a list of all policies that fall under the Excess/Umbrella Insurance. As proof of insurance, OBDD has the right to request copies of insurance policies and endorsements relating to the insurance requirements in this Exhibit.

NOTICE OF CHANGE OR CANCELLATION:
Recipient or its insurer must provide at least 30 calendar days' written notice to OBDD before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s).

INSURANCE REQUIREMENT REVIEW:
Recipient agrees to periodic review of insurance requirements by OBDD under this Contract and to provide updated requirements as mutually agreed upon by Recipient and OBDD.

STATE ACCEPTANCE:
All insurance providers are subject to OBDD acceptance. If requested by OBDD, Recipient shall provide complete copies of insurance policies, endorsements, self-insurance documents and related insurance documents to OBDD's representatives responsible for verification of the insurance coverages required under this Exhibit.

EXHIBIT H – ENVIRONMENTAL AND HISTORICAL PRESERVATION (“EHP”) COMPLIANCE: SPECIFIC AWARD CONDITIONS

Recipient must comply with the requirements of all applicable federal, state, and local environmental and historic preservation (EHP) laws, regulations, and standards and must ensure that Recipient’s contractors (including subcontractors and subgrantees) for the Project comply with all such requirements as well. Recipient shall comply with conditions placed on the Project’s activities as the result of NEPA or NHPA consultations or processes under other applicable laws—for example: mitigation requirements, best management practices, and other measures necessary to reduce environmental impacts. Recipient is required to ensure both initial and ongoing compliance with such environmental and historic preservation laws, regulations, and standards.

A. Recipient’s EHP Pre-Implementation and Grant Funding Conditions

Recipient will not commence implementation of any Grant-funded activities for a Project nor expend or disburse any federal BEAD funds until any necessary EHP review is complete and NTIA has approved any necessary decision document, except for the limited permissible activities identified in the General Terms and Conditions for the NTIA BEAD Program Funds as provided in Section 13.E of those General Terms and Conditions (and as listed for convenience below in Section C.). Specifically, necessary EHP review completion and NTIA approval for the Project includes the following:

- The completion of any review required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321, *et seq*.) (“NEPA”), and issuance by NTIA and OBDD, as required, of a Categorical Exclusion (Cat Ex) determination, Record of Environmental Consideration (REC), Finding of No Significant Impact (FONSI), or Record of Decision (ROD) (hereinafter “Decision Documents”) that meets the requirements of NEPA;
- The completion of reviews required under Section 106 of the National Historic Preservation Act of 1966 (54 U.S.C. 300101, *et seq*.) (“NHPA”), including any consultations required by federal law, to include consultations with the State Historic Preservation Office (“SHPO”) and federally recognized Native American Tribes;
- The completion of consultations with the U.S. Fish and Wildlife Service (USFWS) or the National Marine Fisheries Service (NMFS), as applicable, under Section 7 of the Endangered Species Act (16 U.S.C. 1531, *et seq*.), and/or consultations with the U.S. Army Corps of Engineers (USACE) under Section 404 of the Clean Water Act (33 U.S.C. 1251, *et seq*.), as applicable; and
- Demonstration of compliance with all other applicable federal, state, and local environmental laws and regulations.

<u>Recipient may not begin implementation of Project activities (site preparation, demolition, construction, ground disturbance, or any other project implementation activities) prior to the completion of the above activities.</u>

B. Recipient Compliance with NEPA and NHPA

(1) Recipient must timely prepare any required NEPA documents and obtain any required permits, and Recipient must adhere to any applicable statutory deadlines as described in 42 U.S.C. 4336a(g).

(2) Recipient must timely comply with NHPA requirements, including but not limited to the NTIA Memorandum for: State Historic Preservation Officers (SHPO), Tribal Historic Preservation Officers (THPO) and Recipients of NTIA Infrastructure Grants, Effective

January 2024 through December 2030, and available here: https://broadbandusa.ntia.gov/sites/default/files/2025-10/NTIA_Section_106_NHPA_Grant_Recipient_Delegation_Notice.pdf

(3) Recipient acknowledges OBDD and its consultants will initiate Section 106 of NHPA review of Project activities as required by Section 13 of the General Terms and Conditions for the NTIA BEAD Program Funds, and Recipient will work in cooperation with the review. Such review may include applying the Advisory on Historic Preservation (ACHP) Program Comment to Avoid Duplicative Reviews for Wireless Communications Facilities, Program Comment for Federal Communications Projects, other applicable program comment or program alternative, and the ACHP rules at 36 CFR 800 Subpart B.

(4) **Schedule for EHP Compliance**

Recipient must create a draft schedule plan for each Project, identifying environmental review and permitting activities, dependencies, and specific deadlines and describing how the Recipient proposes to meet the NEPA and NHPA compliance deadlines, including, as required, the completion of consultations, the completion of NEPA and Section 106 of NHPA reviews, and the submission of applicable Environmental Assessments (EAs) and Environmental Impact Statements (EISs) if anticipated. In addition, the schedule plan shall include anticipated dates for any necessary federal permit applications, including application acceptance and permit decisions.

Within 120 days of executing this Contract, the Recipient must provide the draft schedule plan to OBDD (or to its consultant if so directed). OBDD may stipulate the format of the schedule plan and, upon review, request revisions to reflect statutorily driven sequencing requirements.

Recipient agrees to work in cooperation with OBDD and its contracted consultants on finalizing this schedule plan (aka NEPA and NHPA schedule). The final NEPA and NHPA schedule must not conflict with the schedule and milestones provided for in the Project's Appendix 2 and the approved Project Plan.

Recipient acknowledges that OBDD will track, publicly post, and submit to NTIA information on Recipient's compliance with the finalized schedule plan.

(5) Recipient acknowledges and agrees that OBDD and its contracted consultants will submit documentation requested by NTIA to NTIA through the Environmental Screening and Permitting Tracking tool (ESAPTT) within the NTIA Grants Portal (NGP) for review and approval as required by the Award. Recipient will work in cooperation with OBDD and its contracted consultants in preparing the documentation, allowing supervision, review and verification of documents as necessary, prior to timely transmittal to NTIA. Recipient must take reasonable measures to safeguard protected personally identifiable information and other confidential or sensitive personal or business information created or obtained in connection with the Project.

C. Limited Permissible Project Pre-Implementation Activities

The allowable use of Financing Proceeds prior to the completion of all EHP review completion and NTIA approval is limited to the following:

- Pre-construction planning, including design, walkout, and collecting information necessary to complete environmental reviews;
- Applications for environmental permits;

- Studies including, but not limited to, Environmental Assessments (EA), wetland delineations, biological assessments, archaeological surveys, and other environmental reviews and analyses;
- Activities supporting consultations required under the NHPA, the Endangered Species Act, and the Clean Water Act; and/or
- Limited, preliminary procurement, including the purchase or lease of equipment, or entering into binding contracts to do so; the purchase of applicable or conditional insurance; and/or funds used to secure land or building leases (including right-of-way easements).

If Recipient undertakes unauthorized Project activities (as determined by NTIA and OBDD) in contravention of this Subsection C., the Recipient proceeds at their own risk and may face de-obligation of funding. In addition, notwithstanding the list of allowable uses provided in this section, the purposes and allowable uses of BEAD funding will vary throughout the phases of the BEAD Program. Recipient is also responsible for being aware of restrictions related to allowability found in the BEAD NOFO.

D. OBDD's Permitting Obligations

To help ensure that the Recipient's BEAD Project is carried out in a timely and effective manner, consistent with any relevant legal requirements and authorities applicable to OBDD:

(1) OBDD will establish procedures to ensure that broadband-related permit applications are promptly accepted, and requests are approved or denied within 90 days, including by:

a. Assisting state and local authorities in establishing a single, dedicated point of contact, which has knowledge of the application and review processes, for broadband-related permits.
b. Providing technical assistance to permitting agencies to ensure sufficient capacity
c. Providing deference to the construction techniques chosen by Recipient (without seeking to influence those decisions), absent any identified safety concerns.
d. Maximizing streamlined processing through permitting by rule; batch processing of substantially similar permit requests; and waiving or expediting duplicative or burdensome broadband permitting requirements where possible.
e. Following FCC rules regarding timelines, rates, terms, and conditions for access to municipally owned poles and conduit for broadband projects—including provisions in the FCC's rules providing for "one-touch make-ready" and "self-help"—and requiring Oregon BEAD Grant recipients that own poles (including Recipient, if applicable) to comply with FCC rules across their footprint.

(2) OBDD will seek to minimize state and local permitting-related costs for broadband deployments and ensure (1) permitting fees are a reasonable approximation of the state or local government's costs, (2) only objectively reasonable costs are factored into those fees, and (3) the fees are no higher than the fees charged to similarly situated competitors in similar situations.

(3) OBDD will establish Permitting Roundtables and/or working groups of relevant federal, state, local, and tribal authorities and representatives of impacted industries—including utility pole owners, railroads, communications providers, and Oregon BEAD Grant recipients —that will:

a. Meet regularly to identify and facilitate resolution of any delays or disputes related to deploying BEAD-funded facilities.
b. Collect complaints (and supporting information) from Oregon BEAD Grant recipients that are not timely resolved through this process and escalate such complaints through the appropriate Permitting Roundtable or working group.

(4) OBDD will track, publicly post, and submit to NTIA, as part of its Semi-Annual Report, information on Oregon BEAD Grant recipients' compliance with the NEPA milestone schedules and data regarding unresolved complaints from Oregon BEAD Grant recipients, including: (1) permitting issues escalated through the Permitting Roundtable or working group; (2) delays in broadband-related projects that such recipients attribute to a state or local prohibition on using its preferred construction techniques; and (3) delays in broadband related projects that such recipients attribute to state and/or local authorities failing to follow FCC rules regarding pole attachment timelines, rates, terms, and conditions for access to municipally owned poles and conduit for broadband projects.

E. Recipient's Obligation to Timely Provide EHP Documents and Permits

The Recipient is required to timely provide any information requested by OBDD (including its consultant) and NTIA to support initial and ongoing compliance with environmental and historic preservation laws and regulations. Once consultation activities have been completed, OBDD (including its consultant) will review all documentation and determine sufficiency. Projects with potentially significant impacts to environmental or historic resources may face de-obligation of funding if impacts cannot be mitigated.

The Recipient shall notify OBDD within 24 hours upon receipt of any notices of foreclosure; requests for additional consultation received from the SHPO, THPO, Tribal representative, USFWS, or other consulting party; or notices of noncompliance received from consulting authorities or regulatory agencies.

The Recipient must notify OBDD of any requested change to the approved project scope that has the potential for altering the nature or extent of environmental or cultural resources impacts. Projects with such potential will be re-evaluated for compliance with applicable regulatory requirements.

The parties acknowledge that any change to the approved scope of grant funded activities proposed after the completion of environmental and historic preservation review that has the potential for altering the nature or extent of environmental or historic preservation impacts must be brought to the attention of NTIA and will be re-evaluated for compliance with applicable requirements.

F. Unanticipated Discoveries – Archaeological Resources

Burial sites, human remains, and funerary objects are subject to the requirements of all applicable Federal, Tribal, state, and local laws and protocols, such as the Native American Graves Protection and Repatriation Act (NAGPRA), in addition to Section 106 of the NHPA.

Recipient must notify OBDD of inadvertent discoveries and potential impacts to these resources and identify and follow all applicable laws or protocols.

Recipient should have an archaeologist who meets the Secretary of the Interior's Professional Qualification Standards monitor ground disturbance for grant funded activities proposed in the vicinity of National Register eligible archaeological sites and suspected or known burials.

If any potential archeological resources or buried human remains are discovered during construction, Recipient must immediately stop work in that area, secure that area, and keep information about the discovery confidential, except to notify OBDD, NTIA and the interested SHPO, THPO, and potentially affected Tribes. Such construction activities may then only continue with the written approval of OBDD and NTIA.

City Council Meeting Date: September 1, 2026

Agenda Item: Consent Agenda

TO: Sherwood City Council

FROM: Rich Sattler, Public Works Director
Through: Craig Sheldon, City Manager and Ryan Adams, City Attorney

SUBJECT: **Resolution 2026-057, Authorizing the City Manager to enter into an Intergovernmental Agreement with Clean Water Services regarding Cooperative Management**

Issue:

Shall the City Council authorize the City Manager to enter into an Intergovernmental Agreement (IGA) with Clean Water Services (CWS) for continued Cooperative Management?

Background:

The City of Sherwood and Clean Water Services (CWS) entered an Intergovernmental agreement (IGA) on January 4, 2005 (and subsequently amended on March 17, 2006, July 1, 2008, July 1, 2009, and June 6, 2017) for the operation of the sanitary sewer and surface water facilities.

CWS holds; 1) and integrated watershed-based National Pollutant Discharge Elimination System (NPDES) permit for the wastewater treatment facilities, sanitary and storm water conveyance covering the urbanized portion of CWS service area, and 2) the Municipal Separate Storm Sewer permit (MS4) designed to collect or convey Stormwater that discharges to water of the state that is not part of the sanitary conveyance.

The city as a co-implementer of the Permits has certain delegated legal authority and responsibility for performing operations and maintenance of the city's local Sanitary Sewer System and public Stormwater infrastructure within the incorporated limits of the city.

CWS and the City have enjoyed a strong and effective partnership that has greatly enhanced the protection of the public health and environment. In the spirit of collaboration and partnership, the Parties agree to work jointly toward compliance with the Permits, understanding that both agencies share goals of supporting development while achieving regulatory compliance, protecting public health and employee safety, and protecting and restoring the natural environment.

The IGA has since expired and is in the interest of both parties to renew an IGA.

Financial Impacts:

There is no additional financial impact on the Stormwater or Sanitary Sewer budgets resulting from the adoption of this resolution. A Memorandum of Understanding or IGA will be brought forward to the City Council for the fees that CWS will pay for administrative fee', customer billing, SDC's and SDC's credits.

Recommendation:

Staff respectfully recommends City Council approval of Resolution 2026-057, authorizing the City Manager to enter into an IGA with Clean Water Services regarding Cooperative Management.

City of Sherwood Oregon

Home of the Tualatin River National Wildlife Refuge

RESOLUTION 2026-057

AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH CLEAN WATER SERVICES REGARDING COOPERATIVE MANAGEMENT

WHEREAS, the City of Sherwood and Clean Water Services (CWS) entered into an Intergovernmental agreement (IGA) on January 4, 2005 (and subsequently amended on March 17, 2006, July 1, 2008, July 1, 2009, and June 6, 2017) for the operation of sanitary sewer and surface water facilities; and

WHEREAS, the previous IGA for Cooperative Management of the Sanitary Sewer System and Stormwater and Surface Water System and subsequent amendments have expired; and

WHEREAS, CWS holds the National Pollutant Discharge Elimination System (NPDES) permit and Municipal Separation Storm Sewer System (MS4) permit and is responsible for administering the permit reporting, compliance oversight, Permit renewal and negotiating Permit conditions; and

WHEREAS, the City owns and is responsible for all public Stormwater infrastructure within the incorporated limits of the city; and

WHEREAS, the City owns and is responsible for all public Sanitary Sewer System with pipe diameters generally less than 24" inches while CWS owns and is responsible for public sanitary pump stations and pressure lines and conveyance lines 24' inches in diameter and greater; and

WHEREAS, the IGA recognizes CWS to pay reasonable administrative fees to process customer utility billings, SDC's and SDC credits under a separate Memorandum of Understating (MOU) or IGA; and

WHEREAS, the CWS Board is scheduled to approve the Cooperative Management IGA on September 22, 2026.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1. The City Council authorizes the City Manager to sign the Intergovernmental Agreement with Clean Water Services, in a form substantially similar to the attached Exhibit A and to take such other action as may be necessary to finalize and approve said agreement.

Section 2. This Resolution shall be effective upon its approval and adoption.

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Duly passed by the City Council this 1st day of September, 2026.

____
Kim Young, Council President

Attest:

____
Sylvia Murphy, MMC, City Recorder

INTERGOVERNMENTAL AGREEMENT
BETWEEN CITY OF SHERWOOD AND CLEAN WATER SERVICES
REGARDING COOPERATIVE MANAGEMENT

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") dated ________ is between the **City of Sherwood**, a municipal corporation within the State of Oregon ("City"), and **Clean Water Services** ("District"), a county service district within the State of Oregon organized under Oregon Revised Statutes (ORS) Chapter 451 (together referred to as the "Parties"). This Agreement replaces the January 4, 2005 agreement between the City and the District including amendments dated March 30, 2006, July 1, 2008, and July 1, 2009.

I. RECITALS

A. The District has the legal authority for the Sanitary Sewer System and Stormwater and Surface Water System within its service boundaries consistent with relevant laws, rules, and agreements.

B. The City has certain legal authority to own, operate, and maintain the local Sanitary Sewer System and Stormwater and Surface Water System as provided for under its charter, relevant laws, rules, and this Agreement. The City performs a variety of functions including owning, operating, maintaining, and managing the local portions of the Sanitary Sewer System and Stormwater and Surface Water System as outlined in the Agreement. It is anticipated that this Agreement may periodically require updating or modification by agreement of the Parties as described in Section XII(E).

C. The City and District previously entered into an agreement for the cooperative management of the Sanitary Sewer System and Stormwater and Surface Water System and its subsequent amendments, which expired. The City and District agree this is a new Agreement that supersedes all past agreements and amendments.

D. The City and District recognize the Agreement describes a new and changing relationship. As such both Parties anticipate that the City and District will continue to strengthen their relationship, find efficiencies in the work they collectively conduct, and will identify and resolve new issues that may be added to the Agreement, as appropriate.

E. The District holds: 1) the integrated watershed-based National Pollutant Discharge Elimination System (NPDES) permit (Permit) that covers wastewater treatment, including four Water Resource Recovery Facilities, and sanitary and Stormwater conveyance covering the urbanized portion of the District's service area, and 2) the Municipal Separate Storm Sewer System (MS4) (as defined in the Permit) designed to collect or convey Stormwater that discharges to waters of the state and is not part of a sanitary conveyance.

F. The District is responsible for administering the Permit including reporting, compliance oversight, application for Permit renewal, and negotiating Permit conditions.

G. As a municipal corporation within the District's service boundaries, the City is a Co-Implementer of the Permit, and it must aid in implementation of the Permit. As a Co-Implementer, the City has certain delegated legal authority and responsibilities to perform operation and maintenance activities, programs, and projects related to the sanitary conveyance, Stormwater, and surface water management systems as identified within this Agreement referred to as "responsibilities."

H. The District and the City have enjoyed a strong and effective partnership that has greatly enhanced the protection of public health and the environment. In the spirit of collaboration and partnership, the Parties agree to work jointly toward compliance with the Permit, understanding that both agencies share goals of supporting development while achieving regulatory compliance, protecting public health and employee safety, and protecting and restoring the natural environment.

I. The City owns and is responsible for all the public Stormwater infrastructure within the incorporated limits of the City including infrastructure located within the public Right-of-Way (ROW), tracts, parcels, property, and Easements (granted to the City), unless otherwise mutually agreed by way of a separate written agreement, or in Appendix A.

J. The City owns and is responsible for the local public Sanitary Sewer System with pipe diameters generally less than 24 inches while the District owns and is responsible for public sanitary pump stations and pressure lines and conveyance lines 24 inches in diameter and greater.

K. The City and District have authority to enter into contracts for the cooperative financing and operation of service facilities under ORS 451.560 and ORS Chapter 190.

L. The City and Washington County are the entities responsible for floodplain management within the City boundary. The District and City will coordinate with the County where either entity is: 1) conducting work in the floodplain, or 2) conducting work that could alter the floodplain within the City boundary.

NOW, THEREFORE, in consideration of the covenants and agreements to be kept and performed by the Parties, it is agreed as follows:

II. OVERVIEW

The City and District share a common vision for serving the public through collaborative efforts to achieve positive environmental outcomes and regulatory compliance, maintain the safety of the public and staff; and ensure wise use of public funds. This Agreement guides the collaborative interaction between the City and District to accomplish common goals.

The District and City work collaboratively to communicate expectations, with the City responsible for implementing activities generally within the City, and the District providing support as requested for compliance with Permit conditions.

A. District Responsibilities

1. The District holds the integrated watershed-based Permit that covers wastewater treatment and conveyance and the MS4 systems designed to collect or convey Stormwater (e.g., storm drains, pipes, ditches) that discharges to waters of the U.S. and is not part of a sanitary conveyance.
2. The District retains the regulatory authority necessary to achieve compliance with the Permit. The District may establish Regional Programs to ensure compliance with Permit and program requirements.
3. The District is responsible for oversight and administrative support, and it will take appropriate action to ensure Permit compliance. It owns, operates, and maintains the Water Resource Recovery Facilities, portions of the public Sanitary Sewer System and Stormwater and Surface Water System within the unincorporated area of its service boundaries, and components associated with the Regional Program within the City Boundaries generally including, but not limited, to force mains, pump stations, and large diameter pipes equal to or larger than 24 inches.
4. The District will conduct master planning for the regional Sanitary Sewer System. The District agrees to accommodate review and input by the City during its plan development processes.
5. The District may conduct subbasin planning focusing on the development of ecologically based approaches that can support the Stormwater master planning within the City.
6. The District is responsible for capacity planning and modeling for projected changes to population, industry, and business growth that affect usage of sanitary sewer trunk lines conveying waste to the Water Resource Recovery Facilities.

B. City Responsibilities

1. The City is responsible for implementing Local Program elements, ensuring compliance, providing documentation for compliance reporting, and adaptively managing the City sanitary sewer and Stormwater management programs.
2. The City is responsible for complying with the Permit requirements and operating and maintaining the: a) local public Sanitary Sewer System, generally less than 24 inches in diameter; and b) Stormwater and Surface Water System, regardless of diameter, within the City boundaries.
3. The City is responsible for implementing City compliance programs for Development and environmental stewardship, in concert with the Permit; collecting fees and billing residents within the City; and will provide data to the District as needed for Permit compliance and reporting.
4. The City will conduct master planning for the Sanitary Sewer System and Stormwater and Surface Water System within the City boundary. The City agrees to accommodate review and input by the District during its plan development processes.
5. The City will make projections for population growth and industrial development to support the District's modeling of future regional capacity needs under Section II(A)(6) above.

C. District and City Responsibilities

1. The District and City will achieve compliance with Permit requirements by cooperatively implementing a regulatory approach that considers various factors including, but not limited to, geography, urban development patterns, treatment options, infrastructure, and capital improvement projects.
2. The District and City agree to facilitate the annexation of unincorporated parcels within the City's Urban Planning Area Agreement (UPAA). At the time of infrastructure transfer, the District and City will enter into an Infrastructure Transfer Agreement (ITA). The ITA will document the current condition based on mutually agreeable industry standards and projected remaining useful life of the asset as defined by the UPAA subcommittee of the Capital Improvement Program Prioritization (CIPP) Committee. This information will be used in part to define the maximum District cost-sharing participation in the future replacement of that asset and will be reflected in the ITA or other agreed upon documentation.
3. The District and City each agree to do a cost of services analysis in support of their respective fee structures.

III. DEFINITIONS

This section defines terms that are commonly used throughout the Agreement. Terms defined herein will be capitalized throughout the document.

A. 1200-C, 1200-CN: 1200-C Construction Stormwater Series National Pollutant Discharge Elimination System General Permits issued by Oregon Department of Environmental Quality (DEQ) for the control of Stormwater associated with construction activities.

B. 1200-Z: Refers to the 1200-Z Industrial Stormwater National Pollutant Discharge Elimination System General Permit issued by Oregon DEQ for the control of Stormwater associated with industrial activities.

C. Asset Data Status and Reconciliation (ADSR) Committee: A collaborative District and City group composed of operations and GIS staff that meets as needed to review asset data and status, complete reconciliation of GIS information, review jurisdictional boundaries and transferred assets, address training and reporting needs, and elevate ownership questions to the executives of each party as needed.

D. Board: The Board of Directors to the District, its governing body.

E. Capacity Management Operations and Maintenance (CMOM): A framework developed by the Environmental Protection Agency to establish an information-based approach to setting priorities for activities and investments in sanitary collection/conveyance systems. CMOM embodies many asset management principles as they apply to sanitary collection/conveyance systems such as defining goals, using an information-based approach to set priorities, evaluating capacity and taking steps to ensure it is adequate, developing a dynamic, strategic approach to preventive maintenance, and conducting periodic program audits to identify program deficiencies and ways to address those deficiencies.

F. Capital Improvement Program Prioritization (CIPP) Committee: A collaborative District and City committee that supports NPDES Permit compliance by considering geography, urban development patterns, treatment options, infrastructure, and capital improvement projects.

G. City: The City of Sherwood.

H. Co-Implementers: Local government partners that share responsibility with the District for implementing the NPDES Permit to maintain compliance with the Permit conditions. This includes Washington County, and the cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Hillsboro, King City, North Plains, Sherwood, Tigard, and Tualatin.

I. Connection (Sanitary Sewer System): The physical act or process of tapping a public sewer line, or joining onto an existing side sewer, for the purpose of connecting private plumbing or industrial systems to the public Sanitary Sewer System. Connection also means the increasing of fixtures or increasing the quantity or strength of the sewage discharge to the Sanitary Sewer System.

J. Connection (Stormwater and Surface Water System): The physical act or process of tapping a public Stormwater sewer line, or joining onto an existing side sewer, for the purpose of connecting private impervious surface or other Stormwater and surface water sources or systems to the public Stormwater sewer system; and shall also include the increasing of the quantity or strength of the Stormwater discharge to the Stormwater and Surface Water System. Connection to the Stormwater and Surface Water System also shall mean the construction or creation of impervious surface, or other human activity that causes or is likely to cause an increase from the natural state of Stormwater runoff quantity or pollution, a decrease in water quality, or a combination thereof, to the Stormwater and Surface Water System.

K. Council: The Sherwood City Council, the governing body of the City.

L. Design and Construction Standards (Standards): The administrative and technical requirements for development and construction activities that occur within CWS' jurisdictional boundary. The Standards can be developed either by the District or the City in accordance with the Permit requirements. The Standards address a range of topics including the design and construction of Sanitary Sewer Systems, Stormwater and Surface Water Systems, erosion control methods, and natural resources protection.

M. Development: As defined in the District's most current Design and Construction Standards as of the date of this Agreement (District Resolution and Order 19-5 as amended by District Resolution and Order 19-22, adopted November 12, 2019) inclusive of future amendments.

N. District: Clean Water Services.

O. Easement: An Easement is a legal right to occupy or use another person's land for specific purposes. The use of the land is limited, and the original owner retains legal title of the land.

P. Equivalent Dwelling Unit (EDU): An average number of fixtures (e.g., sinks) in a residence, which is used to estimate the strength and flow from any type of customer. EDUs are the basis for the base portion of the Sanitary Sewer System Development Charge or Service Charge.

Q. Equivalent Service Unit (ESU): The average amount of impervious surface on a single-family residential property (currently equal to 2,640 square feet). Used to calculate the Storm and Surface Water System Development Charge and Service Charge.

R. Geographic Information System (GIS): A system used to collect, manage, maintain, analyze, and display geographically referenced data.

S. Illicit Discharge: Any discharge to the municipal separate storm sewer system (MS4) that is not composed entirely of Stormwater, except discharges pursuant to an NPDES permit (other than the NPDES permit for the discharges from the municipal separate storm sewer); discharge resulting from firefighting activities; authorized under Schedule A.14.a.iv of the CWS 2022 permit (or any similar authorized updated by permits); or discharges otherwise exempted or authorized by DEQ.

T. Industrial User: A user that introduces pollutants into the publicly owned treatment works from any nondomestic source regulated under section 307(b), (c), or (d) of the federal Water Pollution Control Act.

U. Industrial Waste: Any waste other than domestic waste. The following, without limitation, are nondomestic wastes: discharges from fire hydrant flushing; discharges from chlorinated water line flushing; discharges of pumped groundwater; discharges from aquifer storage and recovery flushing; Stormwater intentionally discharged to the publicly owned treatment works; discharges from draining swimming pools, hot tubs, and spas.

V. Infrastructure Transfer Agreement (ITA): A document associated with the change of ownership describing the assets, location, date of transfer, reason for change of ownership, maintenance responsibilities, and the reason for and amount of money exchanged with the assets. The agreement will be memorialized in the Geographic Information System (GIS) platforms of the respective Parties.

W. Local Program: The portion of the Sanitary Sewer System, or Stormwater and Surface Water System, program of construction, operation, maintenance, and regulation within the District's service area which may be performed by the District or by a City, County, or by intergovernmental agreement. For the purpose of this Agreement, the responsibilities the City agrees to perform are identified in Appendix A.

X. Maintenance Hole: A structure that provides access to underground utilities for maintenance and inspection purposes (commonly known as a manhole and abbreviated “MH”) and having the same meaning as used in the Permit.

Y. Municipal Separate Storm Sewer System (MS4): As defined under Schedule D.14.d.xxv of the CWS 2022 Permit, or as otherwise updated by DEQ.

Z. Nondomestic Waste Discharge Permit: A control mechanism issued by the District to regulate the discharge of nondomestic waste to the publicly owned treatment works. Nondomestic waste discharge permits include industrial wastewater discharge permits, wash water permits, best management practices permits, letters of authorization, and any document designated by the District as a nondomestic waste discharge permit.

AA. Performance Standards: District performance and reporting requirements for certain work programs, including the operation, maintenance, and repair programs for the Sanitary Sewer System and Stormwater and Surface Water System within the District’s jurisdictional boundary. The Performance Standards also include requirements for engineering, inspection, source control, and capital projects. The Performance Standards were adopted by District Resolution and Order 17-6 as amended by District Resolution and Order 18-11 on May 22, 2018, inclusive of future amendments.

BB. Permit: The District's watershed-based National Pollutant Discharge Elimination System (NPDES) permit, issued by DEQ, which regulates the discharge of pollutants into the Tualatin River watershed from the four Water Resource Recovery Facilities and the MS4.

CC. Regional Program: The responsibilities of providing broader services across multiple jurisdictions related to the Sanitary Sewer System and Stormwater and Surface Water System (e.g., permit compliance and oversight, training, basin planning, pump stations, and large diameter interceptors). For the purposes of this Agreement the Regional Program includes those responsibilities that the District agrees to perform: a) within the incorporated limits of the City identified in Appendix A, and b) outside the City within the District's service boundary.

DD. Right-of-Way (ROW): A strip of land acquired by the public for specific uses including roadways, bridge structures, public utilities, etc. Right-of-Ways are available for use by the public at large and are administered by the jurisdiction (City, State, or County) in which they lie.

EE. ROW Fee: Includes the following: franchise fees, ROW fees, ROW usage fees, privilege tax, or any other interchangeable term for a City-imposed charge for the use of the ROW in the City.

FF. Road: The area within the Right-of-Way that is intended for the operation of motor vehicles and bicycles where so marked.

GG. Roadside Ditches: Manmade ditches on one or both sides of roadways, within the road Right-of-Way and generally intended for the collection and conveyance of Stormwater runoff generated by the road and adjacent properties.

HH. Roadside Piping: Shallow pipes, inlets, or other associated structures on one or both sides of a Road, within the road Right-of-Way, which are generally at a similar grade as typical Roadside Ditches, and generally lack Maintenance Holes.

II. Sanitary Sewer Overflow (SSO): A release of untreated or partially treated sewage from a municipal sanitary sewer.

JJ. Sanitary Sewer System: All publicly owned treatment works, pumping or lift facilities, interceptor and main sewer pipelines, force mains, maintenance holes, laboratory facilities and equipment, and related facilities for the collection, conveyance, treatment, recycling, reclamation, and disposal of sewage, comprising the total publicly owned sanitary sewerage system, to which Stormwater, surface water, and ground water are not intentionally admitted.

KK. Service Provider Letter: A letter from the District, which specifies the conditions and requirements associated with vegetated corridors and Sensitive Areas necessary to issue a Stormwater Connection Permit pursuant to Ordinance 27 and the Design and Construction Standards.

LL. Sewer Use Information Form: A form filled out for a nonresidential sanitary sewer permit and Certification of Occupancy submitted to the District to provide information needed to determine if a pretreatment permit is required consistent with procedures required by 40 CFR 403.8(f)(2).

MM. Stormwater: As defined under Schedule D.14.d.xxxv of the CWS 2022 Permit, or as otherwise updated by DEQ.

NN. Stormwater Management Plan (SWMP): The SWMP, as approved by DEQ, describes the comprehensive structural and nonstructural best management practices, actions, control measures, and activities that are implemented by the District and Co-Implementers (through intergovernmental agreements) to reduce the discharge of pollutants from the MS4 to the maximum extent practicable in accordance with the terms of the Permit. The SWMP groups Stormwater best management practices into program areas that typically include, but are not limited to, Illicit Discharge detection and elimination; industrial and commercial facilities; construction site runoff control; education and outreach; public involvement and participation; post-construction site runoff and retrofit programs; pollution prevention for municipal operations; and Stormwater management facilities operation and maintenance. The SWMP outlines the framework, measurable goals, tracking measures, and reporting metrics for annual reporting on the Stormwater program to DEQ.

OO. Stormwater and Surface Water System: The entire Stormwater and Surface Water System inclusive of:

1. Conveyance Facilities (Stormwater and surface water), including five subtypes: Includes all portions of the Stormwater and Surface Water System, either natural or manmade, that transport Stormwater and surface water runoff. The purpose of the Stormwater and surface water conveyance system is to drain Stormwater and surface water from properties to provide protection to property and the environment. There are five categories of Stormwater and surface water Conveyance Facilities:

    a. Storm Drains and Pipes

    b. Open Conveyance

    c. Roadside Stormwater Conveyance Facilities

    d. Large Culverts

    e. Small Culverts

2. Stormwater Infrastructure: Any structure, feature, or drainage ditch that is designed, constructed, and maintained to collect, filter, convey, retain, or detain Stormwater runoff during and after a storm event for the purpose of water quality improvement, conveyance, or quantity management. It includes, but is not limited to, features such as constructed water quality wetlands, water quality swales, landscaped retention areas, and detention ponds that are maintained as Stormwater quality or quantity control facilities.

3. Storm Drains and Pipes: The pipes designed to carry Stormwater that were built to a standard generally equivalent to the District's current Standards, or the standards in

place at the time of construction. They are characterized by being constructed of substantial, long-lasting material, are relatively deep, constructed at a uniform grade and alignment, have standard Maintenance Hole access points, are fed by full-sized catch basins, and are typically connected to the catch basins by laterals.

4. Water Quality or Quantity Approach: An engineered or natural feature designed or protected to provide Stormwater management. Approaches consist of water quality and quantity facilities, natural systems and other low impact Development approaches.

PP. System Development Charges (SDCs): An assessment provided under Oregon law that is paid at the time a Connection permit is issued to recognize the cost of growth. The Sanitary Sewer SDC has two components: "reimbursement," which is based on the value of the existing collection and treatment systems, and "improvement," which is based on the anticipated future cost of system improvements and enhancements. The Storm and Surface Water SDC is based on improvements to the system. Both Sanitary Sewer and Storm and Surface Water SDCs include a regional component and a local component. SDCs are sometimes referred to as a Connection charge.

QQ. Urban Planning Area Agreement (UPAA): Agreements required by the State of Oregon that describe and coordinate long-range planning for areas of mutual interest within regional Urban Growth Boundaries.

RR. Water Quality Sensitive Area or Sensitive Area (as defined in the latest Design and Construction Standards at 1.03.65): Includes existing and created wetlands; rivers, streams, and springs, whether flow is perennial or intermittent; or natural lakes, ponds, and in-stream impoundments. Water Quality Sensitive Areas do not include Stormwater infrastructure; vegetated corridors (a buffer) adjacent to the Sensitive Area; off-stream recreational lakes, wastewater treatment lagoons, fire ponds or reservoirs; or drainage ditches.

SS. Water Resource Recovery Facility (also known as a wastewater treatment plant or publicly owned treatment works): A treatment works treating domestic sewage that is owned by a municipality or State. Considered part of the Sanitary Sewer System.

IV. GENERAL AGREEMENTS

A. Regulatory Requirements, Associated Program Elements, and Compliance Procedures

1. The District and the City:

   a. Acknowledge that Permit compliance requires creating and implementing work programs, tracking measures, and reporting procedures to demonstrate compliance. These actions include, but are not limited to: orders; Stormwater management plans; Capacity, Management, Operations, and Maintenance

(CMOM) for the conveyance system; enforcement procedures; construction standards; industrial controls, and Performance Standards.

b. Agree to collaborate to ensure that the: 1) actions needed to comply with the Permit are clear, 2) procedures to coordinate programs are in place, and 3) District is able to perform compliance oversight.

2. The District agrees to:

a. Administer the Permit, including, but not limited to: reporting, performing compliance oversight, applying for Permit renewal, and negotiating Permit conditions.

b. Collaborate with the Co-Implementers, review new ordinances, and direct internal coordination to ensure compliance with the Permit.

c. Coordinate administrative processes, including Permit renewal, to provide opportunities for meaningful engagement with the City and regulatory agencies.

d. Notify the City of any modification to the Permit affecting City operations, as soon as practicable, but not more than 14 days after the District receives notice of the modification.

e. Collaborate with the City and other Co-Implementers to develop orders, ordinances, or other actions necessary to ensure compliance with the Permit for adoption by the District's Board of Directors (Board).

f. Provide a copy of all proposed Board, enforcement, or other District actions to the City with at least 60 days' written notice to allow the City to provide meaningful comment, unless the Parties agree on a reduced notice period, or emergency circumstances do not allow for this timeline.

g. Maintain a list of adopted Resolutions and Orders and related regulatory documents that the City is responsible for implementing, including, but not limited to, the Nondomestic Waste Ordinance, Standards, Performance Standards, the Stormwater Management Plan (SWMP), and the Permit.

3. The City may elect to collaborate with the District to create city-specific compliance implementation programs and standards to ensure Permit compliance.

B. <u>Permitting Authority</u>

The City and District, upon mutual agreement, may delegate permitting and inspection authority related to Stormwater Connection, sanitary conveyance, and erosion control to one agency when a development project is within both the City and the District's jurisdictional boundaries. "Development project" includes both onsite and associated offsite public improvements and new or modified connections to Stormwater or sanitary sewer infrastructure.

C. Stormwater Management Plan

The SWMP, as approved by the Oregon Department of Environmental Quality (DEQ), describes the comprehensive structural and nonstructural best management practices, actions, and activities that are implemented by the District and Co-Implementers (through intergovernmental agreements) to reduce the discharge of pollutants from the MS4, to the maximum extent practicable, in accordance with the terms of the Permit. The SWMP groups Stormwater best management practices into program areas that typically include, but are not limited to, Illicit Discharge detection and elimination; industrial and commercial facilities; construction site runoff control; education and outreach; public involvement and participation; post-construction site runoff and retrofit programs; pollution prevention for municipal operations; and Stormwater management facilities operation and maintenance. The SWMP outlines the framework, measurable goals, tracking measures, and reporting metrics for annual reporting on the Stormwater program to DEQ. The SWMP may be modified through the adaptive management provision of the Permit.

1. The District must:
    a. Collaborate with the City on any updates to the SWMP, including, but not limited to: City-specific metrics, basin planning, adaptive management, and the overall metrics and measures outlined in the SWMP.
    b. Review any City SWMP and adaptive management changes to ensure they are consistent with the Permit if the City elects to create its own SWMP pursuant to subsection (2)(b) below.
    c. Facilitate DEQ's approval of the adaptive management proposals consistent with the Permit.
2. The City:
    a. Must timely provide data and information that demonstrate compliance with the SWMP requirements to the District to include in the Stormwater Annual Report.
    b. May elect to create its own SWMP to reflect local best practices in its jurisdiction.

D. Capacity Management Operation and Maintenance (CMOM)

1. *Current CMOM Information*. The District and Co-Implementers have created metrics and processes and established communication that ensures compliance with the Permit requirements related to both District and City Sanitary Sewer Systems. This information has not been accumulated into a single CMOM document; however, the programs as they exist, and taken as a whole, provide the elements of a CMOM program. Information supporting a CMOM framework provides effective guidance for evaluating compliance for the Sanitary Sewer System. As outlined below in subsection IV(D)(2)(a) as Option A, the District agrees to compile existing

Performance Standards and document existing processes demonstrating an effective CMOM program that can be used to demonstrate compliance with certain Permit requirements, such as responding to Sanitary Sewer Overflows (SSOs).

2. *Options for City's CMOM Document*. If the City determines that a common CMOM guidance document is needed to communicate program equivalence and demonstrate compliance, the District agrees to collaborate with the City and lead the creation of a CMOM document. To ensure compliance with the SWMP and Standards, the City must elect to follow one of the options below for developing a CMOM program within 90 days of the execution of this Agreement. If the City at any point chooses to change to the other option, the City must provide the District with at least 90 days' notice before switching to the other option.

   a. Option A: The City utilizes the District's current CMOM information to demonstrate compliance with the Permit.

   b. Option B: The District creates a comprehensive CMOM program document that serves as a baseline for the City to modify to document its local CMOM program. The document will describe differing approaches that meet program objectives and may be used to demonstrate compliance with certain Permit conditions, such as responding to SSOs. The District agrees to review documentation of the City's CMOM program to ensure compliance with Districtwide program objectives.

E. <u>Reporting and Training</u>

1. Reporting

   a. The District must:

      i. Develop reporting and tracking procedures for information required for Permit compliance.

      ii. Provide to the City an explicit description, structure, and schedule of information needed for compliance reporting.

      iii. Collaborate with the City to establish timely and effective procedures.

      iv. Provide reasonable notice to the City to allow the City enough time to develop the infrastructure needed to report accurately if reporting procedures change.

   b. The City must:

      i. Use agreed-upon procedures to certify and provide required reports with necessary information as established by the Permit.

      ii. Compile the information, certify accuracy, and provide timely submittal to the District of required information for regulatory compliance.

      iii.

c. The District and City agree to:

   i. Compile and provide the information or data as soon as is reasonably practicable when additional information or data is requested by the District from the City, or by the City from the District.

   ii. Allow access to the Sanitary Sewer System and Stormwater and Surface Water System within 72 hours of a request from the other party, or immediately, in the case of an emergency, to collect data and communicate a sampling plan.

2. Training

   a. The District will provide training or oversight to the City as required by the Permit, including annual training on SSO response, regulatory reporting procedures, and Illicit Discharge detection and elimination (IDDE) response.

F. <u>Compliance</u>

1. The City and District agree to:

   a. Establish and maintain adequate legal authority to implement Permit-required compliance programs.

   b. Have a process for tracking and reporting on enforcement of the Permit.

   c. Provide opportunities for meaningful input on any changes in orders, programs, plans, or other mechanisms used to ensure Permit compliance. Meaningful input includes notice of the planned change, opportunity for constructive input, and participation in any formal review process.

   d. Collaborate in developing a response to an enforcement action that affects the City including supporting any investigation, and providing data, records, and testimony as requested should any compliance action be received by the District or City.

   e. Distribute any reimbursements, or fines for work expenditures, based on the proportion of the degree of responsibility assigned to each party by a mutually agreed upon or appropriate third party through the dispute resolution process when the Parties share responsibility.

2. The District:

   a. Delegates to the City the authority to enforce the District's code and ordinances within the City boundary and to use and follow the City's processes to enforce these codes and ordinances.

   b. Acknowledges that as the holder of the Permit, the District may receive formal enforcement actions, including civil penalties and compliance orders, for occurrences within the City's jurisdiction.

c. Agrees that the City may take responsibility for defending its own interest in any enforcement action, including paying fines and committing to implementing any compliance orders.

d. Agrees to reimburse payments, including costs incurred for defense, or expenditures incurred, in response to enforcement actions tied directly to and resulting from the District's responsibility.

3. The City agrees to reimburse any payments, including any costs incurred for defense, by the District, or expenditures incurred by the District, in response to enforcement actions resulting from the City's responsibility, as determined by DEQ or court settlement.

G. Coordination

1. *Intergovernmental Agreement Review*. The City and District agree to meet annually to facilitate continued coordination between the City and the District of their responsibilities under this Agreement. Representatives at the executive level, or delegated key staff, will review the efficacy of the Agreement and determine if any modifications are warranted to better address compliance needs, address resource constraints, facilitate Permit implementation, and increase efficiency.

2. *GIS and Asset Management*.

   a. The District and City GIS staff will form an Asset Data Status and Reconciliation (ADSR) group composed of respective operations and GIS staff that will meet as needed to review asset data and status and complete a reconciliation.

   b. The District is responsible for convening the meeting, summarizing the discussion, drafting the agreed upon outcomes, and documenting and memorializing the information presented in the GIS overlays, including ITAs. Topics covered will include reviewing GIS data, jurisdictional boundaries, assets transferred during the previous year, training, and reporting. As needed, the ADSR may elevate questions on ownership to the executives for each party.

3. *Program*. The District and City agree to participate in established routine meetings including the CIPP Committee, Co-Implementers, Billing Information Technical Committee, and operations and management meetings as scheduled or modified to facilitate compliance and coordination as needed. Additionally, following the budget approval process, the City and District will coordinate through the CIPP Committee, along with representatives from other cities within the District's boundary, to recommend the prioritization and funding of Sanitary Sewer System and Stormwater and Surface Water System projects. The District and the City will then establish a UPAA subcommittee through the CIPP to develop the process for evaluating information associated with the transfer of assets including, but not limited to, asset status, value, anticipated life, and process for transfer agreements.

H. Emergency Response

The City and the District agree to collaboratively support each other during emergencies. The most frequent emergencies are short-term events (e.g., responding to an SSO, a storm event, or an odor issue); however, emergency response also includes more significant areawide emergencies where Oregon Water/Wastewater Agency Response Network (ORWARN) agreements may apply. The following guidelines are in place to help the City's staff and the District's staff respond to emergency situations:

1. Both the City and the District will work together to address emergency situations in a safe and timely manner with the least amount of environmental and public impact.
2. The primary purpose for collaboration on emergency response is to address issues that may impact public health and safety, or adversely impact the environment, in as timely a manner as possible. Responsibility for documentation and reporting can be determined once the issue causing the emergency is being addressed.
3. The agency that is first aware of, or responds to, the emergency is the lead agency. Usually, that will be the agency whose jurisdiction includes the source of the emergency.
4. The initial designation of the lead agency is typically a verbal discussion between the two supervisors or senior crew members responding to the emergency. This discussion typically happens in the field as crews are responding to a situation.
5. The lead agency responding to the emergency can be handed off once more information is gathered, or if the agency accepting responsibility is better suited to address the situation. Coordination between the agencies may change based on the needs of field crews and the knowledge of staff available to address the emergency from each agency.
6. On occasion an agency may not have resources available, or the necessary skill set, to address a specific emergency. In that situation, the other agency may be asked to take over as the lead agency.
7. The City's staff and the District's staff should work together to determine which agency will take the lead on providing documentation and initiating required reporting for SSO (e.g., calling Oregon Emergency Response Services (OERS) and DEQ to report an SSO). Typically, the agency whose assets are affected, or whose

jurisdiction is the source of the emergency, will be the lead on documentation and reporting efforts.

8. If it is unclear whose asset or which jurisdiction is the source, the City and the District will agree upon which agency takes the lead role.

V. FINANCE

A. Cost of Service

The District and the City agree that the cost of service differs between the Local Program service providers based on a variety of factors including: infrastructure age and condition, differences in operating costs, customer accounts, and the local jurisdictions' decision on level of service.

Beginning ________________:

1. The District and City agree to establish a methodology that includes a common sanitary Equivalent Dwelling Unit (EDU) and Stormwater Equivalent Service Unit (ESU) that must be used to calculate monthly rates and System Development Charges (SDCs) for both regional and local services.

2. The City agrees to:

   a. Develop and implement, at a minimum, a level of service for the Sanitary Sewer System, Stormwater and Surface Water System, and related service adequate to comply with the Permit requirements. The level of service will be reviewed by the District for conformance with the Permit requirements and consistency with the DEQ-approved SWMP.

   b. Set the local sanitary sewer rates and charges, including SDCs and industrial charges, to meet the Local Program needs for services provided by the City.

   c. Set the local Stormwater rates and charges, including SDCs, to meet the Local Program needs for services provided by the City.

3. The District agrees to:

   a. Set the regional sanitary sewer and Stormwater rates and charges, including SDCs, for services provided by the District to meet regional needs.

   b. Set the local sanitary sewer and Stormwater rates and charges, including SDCs, to meet the Local Program needs when the District provides local services.

   c. Allow the City to develop its own rate structure for City provided services based on the City's own formal cost of services study, rather than relying on the District's rate structure.

B. Setting Rates and Charges

1. The District agrees to:

   a. Set rates and charges for the regional sanitary sewer and Stormwater program services, which the Board will consider and adopt.

   b. Set SDCs for the regional Sanitary Sewer System. As of the date of this Agreement, the SDC is divided with 96% going to the District and 4% allocated to the City. The District and City will continue to coordinate when updating the local and regional SDCs.

   c. Set sanitary sewer rates for Industrial Users. As of the date of this Agreement, the rate for industries within City limits is divided with 84% going to the District for the regional system and 16% allocated to the City for the Local Program.

   d. Consider setting regional Stormwater program rates for Industrial Users, but it is not required to set these rates.

2. The City agrees to:

   a. Set rates and charges for the local sanitary sewer and Stormwater program services, which the City Council will consider and adopt. The City may elect to use the District's Rates and Charges.

   b. Set SDCs for the local Sanitary Sewer System and Stormwater and Surface Water System within the City boundary, as adopted by the City Council.

   c. Consider assessing ROW Fees to account for the use of the City ROW to deliver and convey utility services, including sanitary sewer and Stormwater. If the City considers changing the ROW Fee to a percentage above this range, the City will conduct a public process and providing notice to the District to allow participation by the District, and outreach to Industrial Users billed by the District.

   d. Set local Stormwater program rates for Industrial Users.

C. Administrative Fees:

The District agrees to pay reasonable administrative fees to process customer utility billings, SDCs, and SDC credits. These fees will be adopted under a separate Memorandum of Understanding (MOU) or Intergovernmental Agreement (IGA).

D. Billing and Collecting Rates and Charges

1. The District must bill and collect the following fees for the sanitary sewer and Stormwater programs:

   a. Regional and local SDCs in areas where the District issues connection permits.

b. Regional and local monthly service rates in areas where the District bills customers for these services.

c. ROW Fees for Industrial Users located within the City limits when the District provides the billing function. ROW Fees are applied to gross regional and local volume service charge revenue, exclusive of the ROW Fees, collected for Industrial Users located in the City.

2. The City must bill and collect the following fees for the sanitary sewer and Stormwater programs:

   a. Regional and local SDCs in areas where the City issues Connection permits.

   b. Regional and local monthly service rates in areas where the City bills customers for these services.

   c. If applicable, the City may charge ROW Fees applied to gross service charge revenue collected, exclusive of the ROW Fees, for residential and commercial customers when the City provides the billing function.

E. <u>Suspension or Recalculation of Stormwater and Sanitary Sewer Charges</u>

1. The City will suspend a customer base and use portions of the Sanitary Sewer Service Charge if a suspension request is approved in accordance with the District and City's current Rates and Charges Resolution and Orders.

2. In accordance with the current Rates and Charges Resolution and Order, the City reserves the right to recalculate a property's EDUs and ESUs at any time. Additions or reductions will be reflected in the remittance to the District.

F. <u>Refund of Services Charges</u>

The City has the authority to refund services based on overpayments, as defined in the Rates and Charges Resolution and Order and in accordance with the City's Utility Bill Refund Policy.

G. <u>Transfer and Remittance of Funds</u>

1. District Responsibilities

   a. The District bills certain Industrial Users directly. For Industrial Waste fees, the District will remit to City the local portion of SDCs and the local portion of the volume service charges collected within the City's limits as set by the City.

   b. The District will also remit the City ROW Fees collected for Industrial Users within the City.

c. The District will retain 100% of the annual Industrial Waste permit fee, and any penalty fees, charges for high-strength waste, and other fees related to Industrial Waste that may be assessed.

d. The District will retain 100% of the administrative fee collected from the Industrial Users within the City.

e. The District will use a mutually agreed upon monthly remittance form to submit industrial fees to the City. The remittance forms will include a report of all revenue collected for flow, SDCs, ROW Fees, and other amounts remitted to the City. The District will maintain forms showing the methodology for implementing remittance and distribute them to City.

2. City Responsibilities

a. The City will remit to the District for the Stormwater and sanitary sewer programs:

i. Revenue from the regional SDCs collected by the City.

ii. Revenue from the regional monthly service charge rates collected by the City.

b. The City will use a mutually agreed upon monthly remittance form to submit regional fees to the District. The remittance forms will include a report of all revenue collected for service fees, ROW Fees, SDCs, and other amounts remitted to the District.

H. Timing to Implement Rates and Charges

1. The District typically determines rates and charges as a part of the annual fiscal year budget process. However, the District may adjust these rates and funding levels mid-year to recognize changes that occur outside the normal budget cycle after coordination and communication with the City. The Board will only implement such midyear changes are necessary to comply with state or federal permits, laws, or regulations, or to reflect changes in the Parties responsibilities.

2. The District agrees to give the City no less than 30 days to implement changes in its billing software any time the Board makes changes to any rates or charges.

3. The City typically determines its rates and charges on an annual basis, with changes beginning in July. However, the City reserves the right to adjust rates and funding levels outside the normal budget cycle after coordination and communication with the District.

I. Operating Procedures Relating to Revenue

1. The District and the City must remit payments monthly using designated forms. The District will ask for input from the City to update the forms as necessary.
2. The District and the City must remit revenue payments to the billing party by the 20th of each month, unless the billing party appeals the payment.
3. The District and the City must institute administrative procedures to diligently and regularly bill customers and collect fees, adjust billing in response to complaints, follow up on delinquencies, and take reasonable steps to collect late payments.
4. The District and the City will work together with the other Co-Implementers to develop policies and procedures on reporting and reviewing the collection process and writing off uncollectable accounts as regional bad debt. The District and the City will work with Co-Implementers to develop a template for reporting on billing, collections, and writing off uncollectable accounts as regional bad debt.
5. The District and the City agree to identify the necessary datasets for a scheduled cost of service analysis and to complete a scheduled cost of service analysis.
6. The District or the City may inspect and audit the books and records of the other with respect to matters within the purview of this Agreement. The District and the City will provide at least 60 days' notice and ensure audits occur outside standard budget and audit cycles.

J. Replacement and Repair Cost Sharing

Where the Parties agree that replacement or repair is needed for conveyance pipelines that cross jurisdictional boundaries, for facilities that may serve areas outside jurisdictional boundaries, or both, the City and the District may agree to a cost-sharing agreement pursuant to project scoping as defined by the CIPP Committee. A default starting point for the cost-sharing distribution is the proportion of the pipeline reconstruction by ownership as presented in the GIS attribute layers. The UPAA subcommittee as chartered by the CIPP Committee will evaluate for priority those lines that are proposed for, or likely subject to, a future ITA.

K. Indebtedness

Neither the City nor the District will obligate any assets or facilities of the other party's Sanitary Sewer System or Stormwater and Surface Water System for any debt.

VI. SPECIFIC SANITARY AND STORMWATER PROGRAM AGREEMENTS

A. Asset Maintenance and Ownership Responsibility

The City and the District agree to record and maintain asset ownership and maintenance as separate attributes documented in GIS. The City and the District will ensure that the GIS information can be efficiently transferred to enable efficient updates for mapping layers.

The City and the District agree on several principles guiding asset ownership and maintenance responsibilities. These principles are discussed for Stormwater and sanitary conveyance below.

1. For the publicly owned Sanitary Sewer System:
    a. The City owns and is responsible for maintaining gravity sanitary sewer lines within the City that are less than 24 inches in diameter and used to collect and convey sewage to a trunk line. See Appendix A for details.
    b. The District owns and is responsible for maintaining trunk lines used to convey sewage to the Water Resource Recovery Facilities or directly to the pump stations. The trunk lines include: pressurized lines below a pump station; lines leading directly into a District-managed pump station to the upstream Maintenance Hole; typically, gravity lines equal to or greater than 24 inches in diameter; and any other lines agreed to by both the District and the City. See Appendix A for details.
    c. For sanitary conveyance lines that cross jurisdictional boundaries, the City and the District will mutually agree on asset ownership and maintenance responsibility. Both the ownership and maintenance responsibility will be recorded on applicable GIS attribute layers. Generally, and unless the Parties agree otherwise, the jurisdiction where the downstream Maintenance Hole is located maintains the upstream mainline up to but not including the upstream Maintenance Hole.

2. For the Stormwater and Surface Water System:
    a. The City owns and maintains all Stormwater infrastructure and appurtenances within the City boundaries including, but not limited to, public detention and water quality treatment facilities, including outfall structures. See Appendix A for details.
    b. The District owns and maintains assets outside the City boundaries in unincorporated Washington County.
    c. For Stormwater conveyance lines that cross jurisdictional boundaries, the City and the District will mutually agree on asset ownership and maintenance responsibility following the general principles described below.

i. The City and the District will agree on which entity owns lines that cross jurisdictional boundaries and record this on applicable GIS attribute layers. Generally, and unless the Parties agree otherwise, the jurisdiction where the downstream Maintenance Hole is located maintains the upstream mainline up to but not including the upstream Maintenance Hole.

ii. The City and the District recognize that they both are responsible for maintaining certain Stormwater facilities that provide treatment of Stormwater that crosses jurisdictional boundaries (e.g., detention ponds, water quality facilities, filter vaults, etc.). The District and the City agree to meet annually to evaluate the facilities with cross-jurisdictional treatment to ensure the maintenance responsibilities for these facilities are equitable. The cost to maintain and replace the asset will be proportionally shared by the City and District per a methodology mutually agreed upon by both Parties.

B. <u>Annexation</u>

1. The District will transfer its local conveyance assets to the City upon annexation of properties within the UPAA. The City will notify the District of pending annexation and request as-builts, maintenance records, and condition assessments. If the asset is deemed to be in acceptable condition, the City will finalize the asset transfer upon completion of the annexation. Acceptable condition will be defined as in good working repair, in accordance with recognized industry standards for the asset, and meeting or exceeding the agreed-upon performance standards. If the asset is deemed to not be in acceptable condition, it will be placed in priority on the CIPP and UPAA Committees project list and remain under District ownership until it is in acceptable condition as agreed upon by both Parties using procedures developed by the UPAA or resolved through the dispute resolution process.

C. <u>Transfer of Assets</u>

1. The City and the District agree that the ADSR Committee will meet as needed to review jurisdictional boundaries and confirm all assets transferred during the previous year. The City and the District agree that a formal agreement and documentation of each asset transfer should precede updates of the asset attributes in GIS. The asset transfer will include transferring as-builts, line cleaning, inspection, and maintenance records, including closed-circuit television (CCTV) data and the associated video files and the asset's current rating (National Association of Sewer Service Companies score), where available.
2. When the City annexes properties within the UPAA, assets will be transferred from the District to the City in the manner described in Section VI(B)(1).
3. The District and the City agree that when an industrial source permitted under the District's Industrial Pretreatment Program contributes a dominant proportion of the flow in the conveyance line, that leads to unique maintenance issues, human health

concerns, or degradation of structural integrity. When this circumstance arises, the District may accept the transfer of maintenance responsibilities, ownership, or both for that asset. The specific asset will be described in an ADSR report.

D. Erosion Prevention and Sediment Control

The City and the District will strive to set expectations and optimize communication related to inspection for erosion prevention and sediment control at construction sites. Two regulatory structures guide the implementation of the Permit required programs for sediment and erosion prevention:

1. The General 1200-C (series) permit for sediment and erosion control issued by the state.
2. The District's sediment and erosion prevention (local) program developed to implement in part the Tualatin Basin rules at Oregon Administrate Rule (OAR) 340-41-0345(4).

The District currently acts as DEQ's agent to implement the 1200-C series permits. The DEQ is responsible for determining who may act as an agent. Either the District or the City, acting as an agent, agrees to implement the erosion prevention and sediment control program as required by DEQ. The agent is responsible for certain administrative actions such as processing and assigning permits, compliance inspections, and reporting. If the City petitions DEQ to become an agent for implementing the 1200-C within the City Boundary jurisdiction, the District will support the City.

The District established a local erosion and sediment control program to ensure the requirements for the District's Permit are achieved within the City Boundary. The City may establish requirements for its local program equivalent to the District's program through ordinance. The Parties agree that any such ordinance will comply with the following standards:

1. The City agrees to:
   a. Coordinate with the District's Regulatory Affairs Department to review any proposed ordinance to ensure compliance with the Permit and the requirements.
   b. Conduct inspections consistent with the District wide erosion prevention and sediment control programs or similar local ordinances and ensure compliance with the requirements of the Permit conditions for erosion prevention and sediment control.
   c. Provide direct implementation and project oversight as needed to comply with the District's erosion prevention and sediment control program and 1200-C series permit.

d. Undertake control actions as needed, including escalating enforcement to implement the erosion prevention and sediment control program and ensuring compliance with the Permit requirements.

2. The District agrees to:

   a. Collaborate with the City on providing oversight inspections and communication to ensure the implementation complies with the local and state erosion prevention and sediment control programs related to the Permit. The District oversight will focus on outcomes needed to ensure compliance with the Permit.

   b. Coordinate and provide reasonable time for City staff to participate in oversight inspections.

3. The City and District agree to:

   a. Collaborate on the inspections and reporting required to be DEQ's agent for the 1200-C series permit.

   b. Collaborate on oversight inspections and recommendations for follow-up.

   c. Work collaboratively to develop appropriate responses to deficiencies observed during an inspection.

E. Capital Project Review and Prioritization Committee

To collaboratively develop and prioritize a Districtwide Capital Improvement Plan (CIP), the Board established a joint City-District CIP Committee by Resolution and Order 7-46, which was adopted on October 23, 2007. The CIP Committee is currently authorized in the Sanitary, Storm and Surface Water Management Performance and Reporting Standards (Resolution and Order 17-06) which is amended periodically. The District and the City agree to continued participation in the CIP Committee, now known as the CIPP Committee, so long as the Committee remains chartered. The CIPP Committee will generate and prioritize a list of qualifying sanitary conveyance projects, including inflow and infiltration (I&I) abatement projects and capacity-related sanitary pump station projects, with systemwide infrastructure planning in mind. The CIPP Committee will create a list of recommended projects to be included in the regional CIP submittal to the Board as part of the District's annual budget process.

The District is responsible for flow monitoring for regional assets. The City is responsible for flow monitoring for local assets as needed. The District has infrastructure and equipment for measuring flow which are critical to the selection of priority projects by the collaborative CIPP Committee. Therefore, the District may provide flow studies in collaboration with cities as part of the commitment to CIPP Committee project selection and development process.

F. Inflow and Infiltration (I&I) and Capacity Improvement

The District's I&I control is important for maintaining capacity at the water resource recovery facilities, capacity in the regional infrastructure, and preventing SSOs. The City's I&I control is important for maintaining capacity in the local collection system and preventing SSOs. Therefore, both the City and the District have a mutual interest in implementing and funding I&I control. The District and the City may agree to collaborate and share costs on specific I&I abatement projects. Abatement projects are those identified by the District in the capital projects plan as cost-effective ways to reduce extraneous Stormwater and groundwater flows from entering the sanitary conveyance system.

The City will manage I&I abatement projects for City-owned assets. Abatement projects may include repair, replacement, or rehabilitation of private sanitary sewer laterals that are determined to have inflow and/or infiltration, in addition to the public collection system. The cost-sharing of abatement projects between the Parties will be identified in the project-specific Intergovernmental Agreements, or as identified in the CIPP Committee process. The default cost share between the Parties for abatement projects approved by the District for cost sharing is 50% for the District and 50% for the City. Alternatively, the cost share percentages may be proportional to the level of I&I control or lateral repairs as defined in the project Intergovernmental Agreement.

The District will manage and fund I&I abatement projects for regional District-owned lines.

G. Illicit Discharge Detection and Elimination (IDDE) Program

1. The City agrees to:

   a. Work collaboratively with the District to implement the IDDE program as required by the Permit within the City Boundary. This includes performing activities to detect Illicit Discharges through inspections and enforcement on all nonindustrial Stormwater properties within the City, making observations during routine maintenance of Stormwater facilities, and facilitating public reporting of spills and Illicit Discharges.

   b. Forward reports to the District of Illicit Discharge related to industrial Stormwater sites that are permitted under the 1200-Z NPDES permit.

   c. Respond to Illicit Discharges within a timeframe as required by the Permit or administrative rule.

   d. Provide information to the District regarding Illicit Discharge response investigations, including documentation and data needed for reporting by the District for compliance with the Permit.

e. Notify the District as soon as becoming aware of any discharge that has reasonable potential to cause or contribute to an exceedance of the state's water quality standards, as required by the Permit.

2. The District agrees to:

a. Investigate properties within the City Boundary suspected of having an illicit discharge to determine if they require a specific permit issued by the District for Stormwater or wastewater discharges.

b. Take over response efforts for Illicit Discharges within the City Boundary if the City fails to respond in an efficient and timely manner.

c. Provide annual Illicit Discharge response program training and provide a copy of all District Illicit Discharge investigations and reporting procedures to the City.

d. Provide guidance for reporting and follow-up investigations and enforcement.

3. The District and the City agree to collaborate on any potential follow-up, investigation, documentation, or reporting work that may be required to respond to or report the results of water quality investigation to DEQ.

H. Sanitary Sewer Overflow Prevention and Response

1. The City must:

a. Implement Performance Standards to prevent conditions that could create SSOs.

b. Respond to SSOs in a timely manner including reporting to DEQ within 24 hours of the City becoming aware of an event and providing information to the District using the District's Online Reporting Form as soon as practicable to facilitate a 5-Day report as required by the Permit (OAR 340-012-0055(2)(b) and (3)(a)).

c. Report all SSOs that it becomes aware of to the District as soon as possible to allow the District enough time to report the overflow to DEQ within 24 hours as required by the Permit.

d. Complete the District's online reporting form for SSOs and Illicit Discharges as directed by the District.

e. Reimburse the District for any expense, costs, damages, claims, fines, or penalties incurred by the District that result from, or are related to, the City's failure to timely and adequately report or respond.

f. Perform all SSO response documentation, data collection, and reporting as specified by the District.

2. The District must:

a. Take over the response effort, as the Permit holder, if the City fails to respond in an efficient and timely manner.

b. Report all SSOs that it becomes aware of to the City within 24 hours of learning of the overflow in areas of service responsibility within the City's jurisdiction and the City limits that are delegated to the District.

c. Reimburse the City for any expense, costs, damages, claims, fines, or penalties incurred by the City that result from, or are related to, the District's failure to timely and adequately report or respond.

d. Provide annual SSO response program training and a copy of all District SSO responses and reporting procedures to the City.

I. District Sewer Use Information Form

Before issuing any nonresidential Certification of Occupancy, the City will require the applicant to complete and submit to the District a District-provided Sewer Use Information Form, or an agreed-upon alternative form. The District will determine if a Nondomestic Waste Discharge Permit is required. After the District receives a completed form, it will identify next steps and respond to the applicant and, if requested, the City.

J. City Service Provider Letter

The City will require applicants proposing development to obtain a District Service Provider Letter prior to having a complete land use application or obtaining permits not requiring land use. In place of the District's Service Provider Letter process, the City may implement a City Service Provider Letter prescreening process to determine if Water Quality Sensitive Areas exist on or near the project site. If the City determines through the City Service Provider Letter prescreening process that no Water Quality Sensitive Areas exist on or near the site, then the City can issue to the applicant a City Service Provider Letter result of "No Sensitive Area" allowing the applicant to proceed through the land use process or obtain permits not requiring land use. If potential Sensitive Areas are identified, the City will require the applicant to obtain a Service Provider Letter from the District.

K. Sanitary and Stormwater Connection Permit Authorization

As of the date of this Agreement, the District is responsible for the sanitary and Stormwater Connection permit authorization process for Development projects within the City. If the City wishes to assume greater responsibility in this process, the District and City agree to follow the procedure outlined in this section:

The City will ensure that Development projects comply with the requirements of the District-approved Standards before it issues any associated approvals or permits for sanitary sewer and Stormwater connections. If the City assumes greater responsibility in the permit authorization process, the City and District agree to follow the below steps to ensure compliance:

1. The City must comply with the District's Standards or a District-approved City alternative.
2. The City must evaluate capacity and verify with the District that capacity exists within the regional system.
3. The City must review Development plans and notify the District when plans are approved. The City will forward plans to the District.
4. The City must provide updated asset information for public sanitary and Stormwater infrastructure in a format consistent with the GIS mapping.
5. The District and City must work together to schedule and implement audits as needed (initially quarterly and then annually with mutual concurrence) of a subset of the approved Development plans and identify any quality control and assurance issues. The audit may identify recommended and required actions. The City will undertake the appropriate response to the issues identified in the audit.

L. Wastewater System Operator Personnel

Wastewater collection systems must be supervised by a certified wastewater collection system operator at a grade equal to or greater than the wastewater system classification as defined in Oregon Law and Administrative Rule (OAR 340-49-0020) (Classification of Wastewater Systems), which is currently a Level III for the City and Level IV for the District. The City agrees to provide a Level III or higher certified wastewater collection system operator for City owned and operated collection system. The District agrees to provide a Level IV certified wastewater collection system operator for District owned and operated collection system.

VII. INDUSTRIAL PROGRAM AND FOG PROGRAM AGREEMENTS

A. 1200-Z NPDES Industrial Stormwater Permit Program

The District currently acts as DEQ's agent to implement the 1200-Z NPDES Industrial Stormwater Permit (1200- Z). The District and City recognize that where an industrial site within the City Boundary has both a 1200-Z permit and a private water quality facility asset, there is overlap of responsibility between the District implementing the 1200-Z permit and the City implementing the private water quality facility program.

1. The District and City agree to:
   a. Exchange program information and coordinate compliance messages for industrial sites with both 1200-Z and private water quality facility program involvement.
   b. Maintain a list of common industrial sites that includes the associated District and City contacts and exchange this list annually.

c. Clearly communicate that the City inspection does not imply results for the 1200-Z permit and the District inspection does not imply results for the private water quality facility inspections.

d. Work collaboratively when appropriate to facilitate compliance for both programs.

B. Industrial Pretreatment Program

The District implements the federally mandated Industrial Pretreatment program as required by the Permit with the exception of the Fats, Oils, and Grease abatement program, which is administered locally.

1. The City agrees to:

   a. Provide the District information on all potential nondomestic and Industrial Users requesting new discharges to the City Sanitary Sewer System or Stormwater and Surface Water System on the District-approved Industrial User questionnaire.

   b. Request, as needed, support from the District in reaching out to the facilities regulated by the nondomestic waste discharge permit when scheduling access to the Sanitary Sewer System near a permitted nondomestic source.

   c. Request assistance or forward any complaint to the District related to any permitted industrial nondomestic dischargers.

2. The District agrees to:

   a. Maintain an up-to-date GIS layer identifying the location of permitted industrial discharges to the Sanitary Sewer System. The information will be available by request to the City along with the associated nondomestic discharge permit.

C. Fats, Oils, and Grease Abatement Program

1. The City and District agree:

   a. That the City will manage the Fats, Oils, and Grease (FOG) abatement program for local conveyance lines managed or owned by the City.

   b. To collaborate in developing reporting metrics and processes to meet the District's compliance reporting requirements including, but not limited to, inspections of food service establishments, GIS layers showing increased line maintenance due to FOG, and SSO and compliance follow-up resulting from FOG accumulation.

2. The City agrees to:

   a. Implement a FOG abatement program consistent with Section 5c of the District's Ordinance 42, as it exists on the date of this Agreement, commonly referred to as the Nondomestic Waste Ordinance. Subsequent changes to the Ordinance will require agreement of implementation by the City.

b. Have primary responsibility to work with all food service establishments within the City Boundary to address all FOG-related technical assistance, maintenance recommendations and requirements, investigations, and enforcement when necessary for both the Local and Regional Programs.

c. Take regulatory actions to mitigate impacts to regional infrastructure caused by sources of FOG produced at sites from within the City Boundary.

d. Identify and implement those actions needed to prevent recurrence of any SSOs caused by FOG and report on those actions to the District as part of the compliance reporting process to DEQ.

e. Request District support on enforcement actions as needed.

3. The District agrees to:

a. Implement and maintain the FOG abatement program for regionally-owned conveyance assets within and outside the City.

b. Inform the City of any regulatory problems associated with food service establishments within the City Boundary that produce FOG.

D. Nonstandard Uses of the Sanitary Sewer System

1. Other than issuing connection permits, the City will obtain District review and approval prior to entering into any agreement for discharges, including temporary discharges, to the Sanitary Sewer System. District approval ensures compliance with the federally mandated Industrial Pretreatment Program that protects treatment operations.
2. The District will provide City processes to review allowed nonstandard discharges, temporary discharges to the Sanitary Sewer System, and nondomestic connections to the Sanitary Sewer System consistent with the Nondomestic Waste Ordinance and the federal Industrial Pretreatment Program, as required by the Permit.

VIII. DISPUTE RESOLUTION

The City and the District will make every effort to resolve disputes by creating common understanding among staff and managers of program elements. City and District staff are responsible for communicating and resolving differences onsite or by exchanging information as soon as practicable. Should resolution not be reached by professional staff, the dispute will be resolved using the following steps:

A. Step 1:

1. City and District staff will collaborate by documenting and summarizing the issue, the different understandings, and any recommendations for resolution or follow-up actions.

B. Step 2:

1. Once documented, City and District professional staff will forward the document to their respective appropriate level of management for making policy interpretations who will evaluate the document and seek to provide guidance and instruction for resolution. At a minimum, the efforts will include meeting with the appropriate level of management or specific resources within or external to the City and District.
2. Should a resolution not be reached by staff and managers, the executive management will document the disagreement and offer a potential solution for the City Manager/Administrator and District General Manager (GM).

C. Step 3:

1. The City Manager/Administrator and District GM will seek to provide a clear understanding of potential responses to resolve the dispute.
2. The City Manager/Administrator and District GM will seek a resolution by collaborative means, which could include common directives, mutual agreements, programmatic support, and if needed mediation and binding arbitration where appropriate.

D. Step 4:

1. As needed, the City Manager/Administrator and District GM will elevate disputes to the City Council and Board for resolution or policy development.

IX. ADMINISTRATIVE AND OPERATING PROVISIONS

A. Extensions of Service

1. *Coordination*. The District and the City agree that District and City staff will coordinate extensions of service by the District or the City in unincorporated portions of Washington County located within the Urban Planning Area identified in Exhibit A of the Urban Planning Area Agreement (UPAA). The District will not extend local sanitary sewer or stormwater service or establish local improvement districts or reimbursement districts to areas within the UPAA without prior approval of the City.
2. *Preferred Provider*. The City will be the preferred local Sanitary Sewer System and Stormwater and Surface Water System provider for new Connections. Provided a reasonable engineering approach can result in a Connection to facilities within the

City's control, the District will require new Connections to the local Sanitary Sewer System or to the local Stormwater and Surface Water System at locations that are:

a. Within the City;

b. Result in connections to local City-owned lines; or

c. Within the City and result in connections to local City-owned lines.

Any sanitary or storm sewer that is within the City limits, regardless of size, will be considered within the City's control for authorizing new Connections. For Connection to a sewer that crosses jurisdictional boundaries, the sewer will be considered a local City-owned line if the downstream Maintenance Hole is located within City limits.

3. The provisions of this Section IX(A) are not withstanding Section V(J) allowing for a mutually agreeable cost share for replacing and repairing assets that cross jurisdictional boundaries, and Section VI(A) allowing for the mutual agreement of maintenance and ownership of assets that cross jurisdictional boundaries.

B. Indemnification

This Agreement is for the benefit of the Parties only. Each party agrees to indemnify and hold harmless the other party and its officers, employees, and agents, from and against all claims, demands, and causes of actions and suits of any kind or nature for personal injury, death, or damage to property on account of or arising out of the operation of this Agreement, including the performance or nonperformance of duties under this Agreement, or in any way resulting from the negligent or wrongful acts or omissions of the indemnifying party and its officers, employees, and agents. In addition, each party will be solely responsible for any contract claims, delay damages, or similar items arising from or caused by the action or inaction of the party under this Agreement.

If any third party makes any claim and brings any action, suit, or proceeding alleging a tort as now or hereafter defined in ORS 30.260 (Third Party Claims) against the District or the City 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 the District is jointly liable with the City (or would be if joined in the Third-Party Claim), the District should 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 the City in such proportion as is appropriate to reflect the relative fault of the District on the one hand and of the City on the other hand in connection with the events that resulted in such expenses, judgments, fines, or settlement amounts, as well as any other relevant equitable considerations. The relative fault of the District on the one hand and of the City on the other hand will 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. The District'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 the District had sole liability in the proceeding.

With respect to a Third-Party Claim for which the City is jointly liable with the District (or would be if joined in the Third-Party Claim), the City should 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 the District in such proportion as is appropriate to reflect the relative fault of the City on the one hand and of the District 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 the City on the one hand and of the District on the other hand will 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. The City 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 the City had sole liability in the proceeding.

In the event of a compliance action arising from a state or federal regulatory agency, such as DEQ or EPA, such actions are not subject to the paragraphs above. In such circumstances, subsection IV(F)(1)(e) applies.

X. TERM OF AGREEMENT

A. <u>Term of Agreement</u>

The initial term of this Agreement is for five years, or as otherwise agreed. Renewal terms will be for three (3) years as specified in Section X(C). The term and effective date of the Agreement will be from the date of execution and remain in effect in its entirety until terminated or amended.

B. Amendment of Agreement

In the event a party requests to amend this Agreement during the term of the Agreement, both Parties agree to continue performing all programs and responsibilities as specified in this Agreement until an amendment or new agreement is established and signed by both Parties. Amendment of this agreement can be proposed at any time during the initial term or three (3) year renewal term.

C. Continuity of Governance

After the initial term or any three (3) year renewal term of the Agreement has ended, there will be a 180-day extension period in which both Parties will agree whether to renew or amend this Agreement.

During the 180-day extension period or during amendment negotiations, both parties agree to continue performing all programs and responsibilities as specified in this Agreement until the renewal or amendment is established and signed by both parties. When the Agreement is renewed or amended, the term date will be set to five years, or as otherwise agreed, from the effective date of the renewal or amendment.

If the 180-day period ends with no decision to either renew or amend, the Agreement can be temporarily extended for one or more additional 60-day increments, or for a time frame mutually agreed upon between the City Manager/Administrator and District GM.

If the additional extension is not agreed to by both parties, the parties will agree to enter into the dispute resolution process as soon as is reasonably possible. During the process identified in dispute resolution, both parties agree to continue performing all programs and responsibilities as specified in this Agreement until an amendment or new agreement is established and signed by both parties.

XI. TERMINATION OF AGREEMENT

This Agreement may be terminated for any reason with a signed notification letter by either party during the initial term or any renewal term. Termination will be effective 180 days after the date of such notification, or a later date as specified in the written notification. The District and City agree that continued implementation of the Intergovernmental Agreement is appropriate to ensure protection of public health, the environment and effective compliance as required by applicable laws and ordinances. If resolution is not resolved within 180 days of notification the parties will seek binding arbitration.

XII. GENERAL PROVISIONS

A. Severability. In the event a court of competent jurisdiction will deem any portion or part of this Agreement to be unlawful or invalid, only that portion or part of the Agreement will be considered unenforceable. The remainder of this Agreement will continue to be valid.

B. Home Rule Authority. Nothing in this Agreement will be construed as a limitation upon or delegation of the statutory and home rule powers of the City, or as a delegation or limitation of the statutory powers of the District. This Agreement will not be construed as a limitation on the District's authority to implement the Permit. This Agreement will not limit any right or remedy available to the City or the District, against third parties arising from illegal acts of such third parties.

C. Laws of Oregon. The parties agree to abide by all applicable laws and regulations regarding the handling and expenditure of public funds. This Agreement shall be governed by the laws of the State of Oregon. All provisions required by Oregon Revised Statutes (ORS) Chapter 279A and 279C to be included in public contracts are incorporated by reference and made a part of this Agreement as if fully set forth in this Agreement.

D. Documents are Public Records. All records, reports, data, documents, systems, and concepts, whether in the form of writings, figures, graphs, or models which are prepared or developed in connection with this Agreement shall become public records pursuant to Oregon Law.

E. Modification of Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind a party unless in writing and signed by all parties. Such waiver, consent, modification or change, if made, shall be effective only in specific instances and for the specific purpose given. The City and District agree that the City Manager/Administrator and District GM have the authority to modify the Agreement and update exhibits and appendices to this Agreement as necessary to clarify and implement this Agreement.

F. Integration. This Agreement includes the entire agreement of the parties and supersedes any prior discussions or agreements regarding the same subject. There are no understandings, agreements, or representations, oral or written, regarding this Agreement except those in this Agreement.

G. Headings. The headings of this Agreement are for convenience and reference purposes only and in no way define, limit or affect the scope, substance, meaning or interpretation of this Agreement.

CLEAN WATER SERVICES	CITY OF SHERWOOD, OREGON
By:_____________________________________	By:_____________________________________
General Manager or Designee	Title: ___________________________________
Date: ___________________________________	Date: ___________________________________
APPROVED AS TO FORM	APPROVED AS TO FORM
____	____
Clean Water Services Counsel	City of Sherwood Counsel

APPENDIX A:
CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

APPENDIX A:

CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Sanitary Sewer System Asset Ownership	Within City of Sherwood Limits
Treatment Facilities	**Asset Owner**
Wastewater Resource Recovery Facility	District
Conveyance	
Pump stations	District
Force mains	District
Reuse mains	District
Gravity pipes: Greater than or equal to 24 inches in diameter (trunklines)	District
Gravity pipes: Less than 24 inches in diameter	City
Siphons, connected to: Greater than or equal to 24-inch pipe	District
Siphons, connected to: Less than 24-inch pipe	City
Laterals (private)	Property Owner
Mainline: Greater than or equal to 24-inch pipe to lateral connection	District
Mainline: Less than 24-inch pipe to lateral connection	City
Flow monitors	District [1]
Flow monitors	City
Structures	
Maintenance Holes: Greater than or equal to 24-inch diameter line	District
Maintenance Holes: Less than 24-inch diameter line	City
Cleanouts	City
Vaults: Greater than or equal to 24-inch diameter line	District
Vaults: Less than 24-inch diameter line	City
Miscellaneous	
Easements associated with lines less than 24 inches in diameter	City
Easements associated with lines greater than or equal to 24 inches in diameter	District
Access Roads	City and District

1 District provides flow monitoring as needed for Capital Improvement Plan (CIP) and inflow and infiltration (I&I) studies. District will inform City prior to installing flow monitoring equipment in City-owned infrastructure.

APPENDIX A:

CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Stormwater and Surface Water System Assets	Within City of Sherwood Limits
Conveyance	**Asset Owner**
Pipes – any size	City
Detention lines	City
Laterals – private	Property Owner
Mainlines to lateral connections	City
Roadside Ditches and swales in Washington County (County) Right-of-way	County
Roadside Ditches and swales in City Right-of-Way	City
Roadside Piping for a private driveway, all locations	Private
Roadside Piping in City Right-of-Way	City
Culverts: Less than 36-inch diameter in County Right-of-Way	County
Culverts: 36-inch and greater diameter in County Right-of-Way	County
Culverts: 36-inch and greater in City Right-of-Way	City
Culverts: Less than 36-inch in City Right-of-Way, except private	City
Structures	
Maintenance Holes	City
Catch basins and inlets	City
Filter vaults, Maintenance Holes, and catch basins	City
Water quality Maintenance Holes	City
Cleanouts	City
Stormwater Management (SWM) Facilities	
Vegetative water quality facilities	City
Low impact development approaches	City
Miscellaneous	
Bridge: County Right-of-Way	County
Easements	City
Material yard	City

APPENDIX A:
CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Sanitary Sewer Maintenance Programs within City of Sherwood		Local Program	Regional Program	Notes
Sanitary Sewer Lines Less Than 24 inches	1. Ownership of gravity sanitary sewer lines, including Maintenance Holes and lids	--	--	For public sanitary mainlines that cross jurisdictional boundaries: Generally, the jurisdiction where the downstream maintenance hole is located maintains the upstream mainline up to, but not including, the upstream maintenance hole.
	2. Line cleaning	City	--	Boundary conditions (see ownership criteria in item 1).
	3. Root cutting and chemical control	City (root cutting only)	District (chemical control)	
	4. Closed-Circuit Television (CCTV) inspection	City	--	
	5. Vector control	City	--	
	6. Ownership of easement and access road maintenance	City	--	
	7. Siphon maintenance where line leading to siphon is less than 24 inches	City	--	
	8. Utility locates	City	District	City for all City-owned sanitary assets. District for all District-owned sanitary assets.
	9. Minor repairs including point repairs and individual laterals of City-owned conveyance	City	--	Laterals are private up to the main.
	10. Rehabilitation of City-owned conveyance	City	--	
	11. Maintenance hole rehabilitation of City-owned conveyance	City	--	
	12. Force mains	--	District	

APPENDIX A:

CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Sanitary Sewer Maintenance Programs Within City of Sherwood		**Local Program**	**Regional Program**	**Notes**
Sanitary Sewer Lines Greater Than or Equal to 24 inches	13. Ownership of gravity sanitary sewer lines including Maintenance Holes and lids	--	District	
	14. Water resource recovery facilities	--	District	
	15. Pump stations	--	District	
	16. Siphon maintenance where the line leading to the siphon is equal to or greater than 24 inches in diameter	--	District	
	17. Compilation of CCTV data and reports and systemwide evaluation	--	District	
	18. Rehabilitation of conveyance	--	District	
	19. Maintenance hole rehabilitation (sealing)	--	District	
	20. Force mains	--	District	

APPENDIX A:
CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Sanitary Sewer Capital Improvement Projects (CIP)	Local Program	Regional Program	Notes
21. Projects to abate infiltration and inflow: Includes repairs, replacements, reconstruction, and rehabilitation	City	--	Cost-sharing will follow regional project funding guidelines by the CIPP committee as described in of this IGA.
22. Lines less than 24 inches inclusive of Maintenance Holes and lids: Major repairs, replacements, reconstruction, rehabilitation, CIP construction, and improvements	City	District	District will participate in cost-sharing for lines between 12 and 24 inches. See regional project funding guidelines.
23. Lines equal to or greater than 24 inches and all force mains: Repairs, replacements, reconstruction, rehabilitation, CIP construction, and improvements	District	District	

APPENDIX A:
CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Stormwater Maintenance Program Within City of Sherwood	Local Program	Regional Program	Notes
24. Line cleaning	City	--	
25. Maintenance hole repair and grouting	City	--	
26. Maintenance hole maintenance and adjustment	City	--	
27. Root cutting	City	--	
28. CCTV inspection	City	--	
29. Catch basin cleaning	City	--	
30. Water quality maintenance hole cleaning	City	--	
31. Local surface retention/detention and water quality facility maintenance	City	--	
32. Proprietary filter and storage structures (vaults, Maintenance Holes, catch basins, and other etc.) maintenance	City	--	
33. Roadside Ditches and Piping systems in City Roads	City	--	Excluding Ditches in County Roads and ODOT jurisdictional conveyance and treatment.
34. Roadside Ditches on County Roads	--	District	Under contract with the County.
35. Street sweeping	City	--	With the exception of agreed-upon trades between the City and District.
36. Debris management disposal (inclusive of sweeper, catch basin, and other storm system structures, excluding leaves)	City	--	Collection and delivery for disposal of material collected within the City at District-provided debris management site.
37. Materials management disposal yard	--	District	The City and all vendors under contract to perform work on behalf of the City will have regular access and pay no fees to dispose of allowed materials.
38. Leaf management program including leaf hauling, processing, and disposal program	City	--	

APPENDIX A:
CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Stormwater Maintenance Program Within City of Sherwood	Local Program	Regional Program	Notes
39. Culvert [2] maintenance under 36 inches in City roadway systems	City	--	
40. Culvert [2] maintenance 36 inches and larger and bridge maintenance on City Roads	City	--	
41. Culvert [2] maintenance smaller than 36 inches on County Roads	City	--	
42. Control per the Integrated Pest Management Plan that impacts the public Stormwater and Surface Water system	City	--	
43. Utility locates	City	--	
44. Repairs, replacements, reconstruction, rehabilitation, CIP construction, and improvements	City	District	
45. Flooding and emergency response	City	--	
46. Compilation of CCTV data reports and systemwide evaluation	--	District	
2. This Agreement is only for the ownership, maintenance, and operation of Culverts used within the Municipal Separate Storm Sewer System (MS4). Culverts associated with City Roads that cross stream corridors will be inspected and maintained as needed, but are otherwise not part of the inventory identified by this Agreement.			

APPENDIX A:
CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Engineering, Inspection, Support Elements Within City of Sherwood	Local Program	Regional Program	Notes
1. Service Provider Letter prescreening	--	District	
2. Issue District Service Provider Letter for projects within 200 feet or inside Sensitive Areas	--	District	
3. Development Review: Land use review, permitting, and construction plan review	City	--	
4. Stormwater Connection Permit Authorization issuance (SWCPA)	--	District	
5. Sanitary sewer Connection permit issuance	--	District	
6. Regional sanitary sewer Connection permit issuance	--	District	Needed when a development connects to a 24-inch or greater sanitary sewer line.
7. Local Erosion Control Permit issuance (less than 1 acre)	City	--	
8. Erosion Control 1200-C, 1200-CA, 1200-CN permit issuance	--	District	
9. Spill response, investigation, and reporting	City	--	City will communicate with District and applicable state and federal agencies as required by the Permit. District will provide support as needed.
10. Illicit Discharge Detection and Elimination (IDDE) response, investigation, and reporting	City	--	City will communicate with District and applicable state and federal agencies as required by the Permit. District will provide support as needed.
11. Local sanitary sewer master plans	City	--	Excludes flow modeling but includes assessment of city-owned assets.
12. Regional sanitary sewer master plans	--	District	Includes all flow modeling.
13. Local Stormwater and surface water master plans	City	--	
14. Surface water master plans	--	District	Supporting an understanding of the ecological and stream health needs for a basin.
15. Local Stormwater master plan for unincorporated areas	District	--	

APPENDIX A:
CLEAN WATER SERVICES – CITY OF SHERWOOD DIVISION OF RESPONSIBILITIES | 2026

Engineering, Inspection, Support Elements Within City of Sherwood	Local Program	Regional Program	Notes
16. Flow monitoring	--	District	District will inform City prior to installing flow monitoring equipment in City-owned infrastructure. District will do monitoring for CIP and I&I planning and modeling.
17. Flow monitoring	City	--	
18. Erosion prevention and sediment control program inspections	City	--	
19. Public and private Stormwater management facility program inspections	City	--	Includes facilities in construction, warranty, and post-construction program inspections per the Operations and Maintenance Performance Standards.
20. Manage and inspect the DEQ Industrial Stormwater 1200-Z Permit and SWPCP on properties within the City	--	District	SWPCP: Stormwater Pollution Control Plan.
21. Dry weather outfall inspections for Illicit Discharges	--	District	
22. Fats, Oils, and Grease (FOG) reduction program	City	--	
23. Cross-connection investigations and response	City	District	
24. Maintaining local Geographic Information System (GIS) information	City	District	Inclusive of inventory, locations, and engineering records.
25. Industrial pretreatment and waste programs (inspection and management)	--	District	District will inform City on location of industrial sources and lines that carry industrial sources that may impact the City.

City Council Meeting Date: September 1, 2026

Agenda Item: Consent Agenda

TO: Sherwood City Council

FROM: Eric Rutledge, Community Development Director
Through: Craig Sheldon, City Manager and Ryan Adams, City Attorney

SUBJECT: **Resolution 2026-058, Authorizing the City Manager to Execute a Private Access Easement Agreement with Sherwood Group, LLC for the Rock Point Multi-Family Development**

Issue:
Shall the City Council adopt Resolution 2026-058, authorizing the City Manager to execute a private access easement agreement with Sherwood Group, LLC for the Rock Point Multi-Family Development?

Background
The Rock Point Multi-Family development is a 32-unit apartment project located in Old Town Sherwood. As part of the proposed site plan, the primary pedestrian entrance to the building is oriented toward SW Columbia Street. To provide the most direct and convenient pedestrian access to the public sidewalk, a short segment of the pedestrian pathway crosses City-owned property located between the front entrance of the building and the sidewalk.

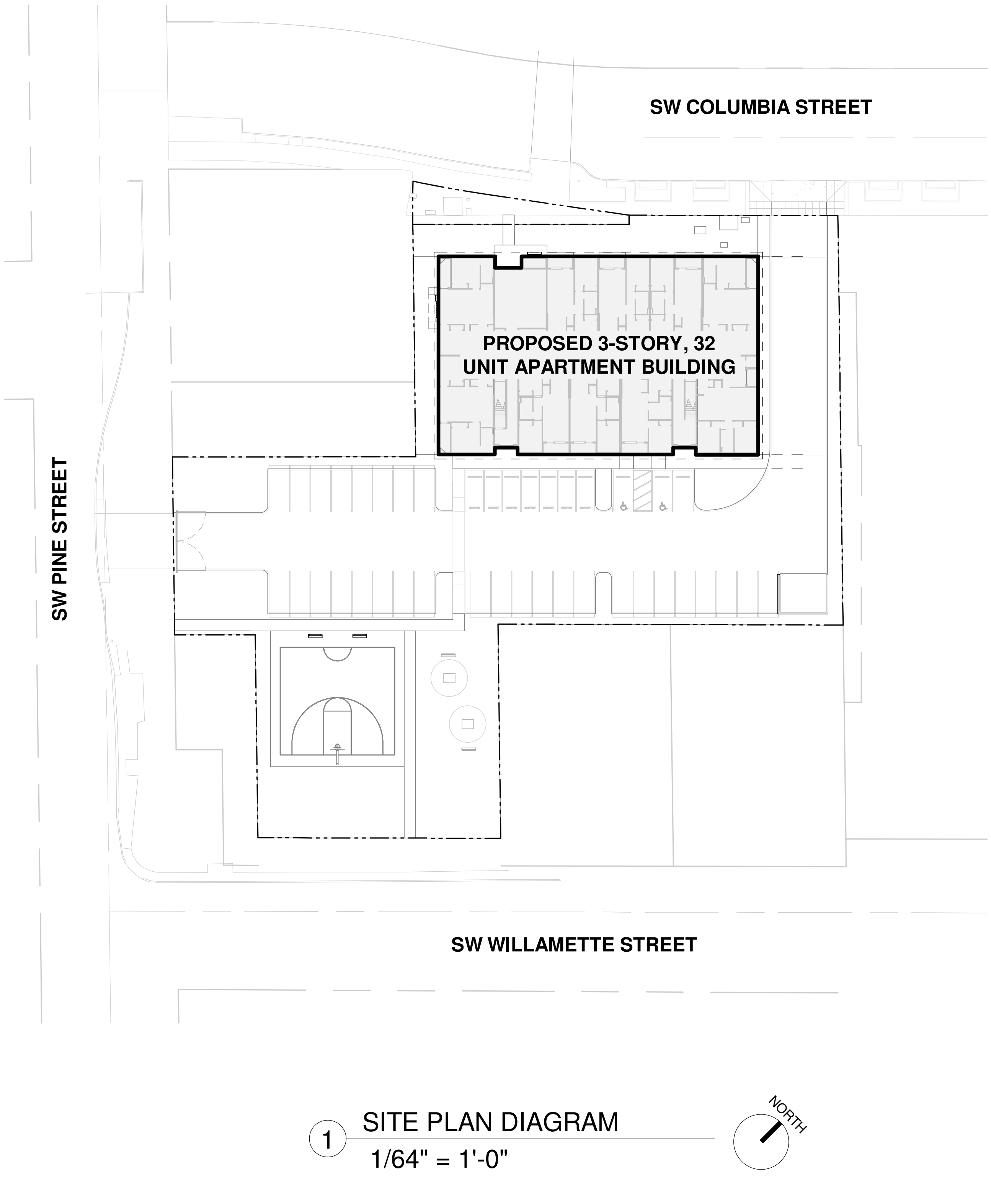
Granting a private access easement allows the pedestrian connection to extend directly to the public sidewalk along SW Columbia Street without requiring the developer to construct a longer, less direct on-site pathway system that would route pedestrians away from their natural path of travel. The proposed design improves accessibility and pedestrian circulation while supporting the walkable character of Old Town.

The easement does not convey ownership of the underlying property. The City will retain ownership of the property while granting Sherwood Group, LLC, and its successors and assigns, the right to construct and maintain the pedestrian improvements. Under the terms of the easement, the developer will be responsible for maintaining the pathway and restoring any City-owned property disturbed during future maintenance, repair, or replacement activities to City standards at no cost to the City.

Financial Impacts:
There is no anticipated fiscal impact associated with granting the easement. All construction, maintenance, repair, replacement, and restoration costs associated with the pedestrian pathway will be the responsibility of Sherwood Group, LLC, or its successors and assigns.

Recommendation:
Staff respectfully recommends approval of Resolution 2026-058, authorizing the City Manager to execute a private access easement agreement with Sherwood Group, LLC for the Rock Point Multi-Family Development.

Attachments: A, Site Map



1 SITE PLAN DIAGRAM
1/64" = 1'-0"

ATTUNE ARCHITECTURE LLC
7888 SE Jefferson St
Milwaukie, OR 97267
info@attunearch.com
(503) 740-9608

SHERWOOD OLD TOWN APARTMENTS

15750 SW COLUMBIA ST
SHERWOOD, OR 97140

SITE PLAN DIAGRAM
SHEET #:
EXH00A
ISSUE DATE: 07/31/26

DRAFT

City of Sherwood Oregon
Home of the Tualatin River National Wildlife Refuge

RESOLUTION 2026-058

AUTHORIZING THE CITY MANAGER TO EXECUTE A PRIVATE ACCESS EASEMENT AGREEMENT WITH SHERWOOD GROUP, LLC FOR THE ROCK POINT MULTI-FAMILY DEVELOPMENT

WHEREAS, Sherwood Group, LLC is developing the Rock Point Multi-Family project within Old Town Sherwood, a 32-unit privately owned apartment building; and

WHEREAS, the project includes pedestrian improvements intended to enhance connectivity between surrounding streets, businesses, residential development, and public facilities; and

WHEREAS, a small portion of the proposed pedestrian pathway is located on City-owned property, requiring the City to grant a permanent private access easement for construction, operation, and maintenance of the pathway; and

WHEREAS, the easement will facilitate safe and convenient pedestrian access from the front entrance of the building on SW Columbia Street to the public right-of-way while allowing the City to retain ownership of the underlying property; and

WHEREAS, under the terms of the easement, Sherwood Group, LLC, and its successors and assigns, will be solely responsible for maintaining the pedestrian pathway and, if any construction, maintenance, repair, or replacement activities disturb City-owned property within the easement area, restoring such property to City standards at no cost to the City; and

WHEREAS, the City Council finds that granting the easement supports the redevelopment of Old Town, improves pedestrian circulation, and serves the public interest.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1: The City Council authorizes the City Manager to execute the Private Access Easement substantially in the form attached as Exhibit 1 to this resolution, together with any non-substantive revisions approved by the City Attorney.

Section 2: This Resolution shall be in effect upon its approval and adoption.

//////
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//////

Duly passed by the City Council this 1st day of September 2026.

____
Kim Young, Council President

Attest:

____
Sylvia Murphy, MMC, City Recorder

PRIVATE ACCESS EASEMENT

DATED: ________________, 20___

AFTER RECORDING RETURN TO:

Sherwood Group, LLC
8101 SW Nyberg Road, Suite 202
Tualatin, OR 97062

BETWEEN:

Grantors:
City of Sherwood
22560 SW Pine St
Sherwood, OR 97140

Grantee:
Sherwood Group, LLC
8101 SW Nyberg Road, Suite 202
Tualatin, OR 97062

This easement is made this __ day of _________, 20__, between the City of Sherwood, an Oregon Municipal Corporation, GRANTOR(S) and the Sherwood Group, LLC, GRANTEE.

In consideration of the sum of $0.00 and other good and valuable consideration, the receipt of which is hereby acknowledged by GRANTOR(S), the GRANTOR(S) do grant and convey to GRANTEE, its successors and assigns a private access easement for the construction, operation and maintenance of a pedestrian way as depicted in EXHIBIT “A”, attached and incorporated by reference, to facilitate pedestrian travel upon and across the land and property of the GRANTOR(S) as follows:

1. A legal description is set forth in EXHIBIT “B”, attached and incorporated by reference.
2. A map of the above legal description is set forth in EXHIBIT “C”, attached and incorporated by reference.

This document establishes a permanent easement on the property described but does not convey fee title or any interest in the underlying property except as expressly stated herein. The easement granted shall not prevent GRANTOR(S) from the use of the property provided, however, that such use shall not interfere with the rights herein granted.

Grantee shall, at its sole cost and expense, maintain the pedestrian way depicted in EXHIBIT “A” in a clean, safe, neat, and good condition and repair suitable for continuous pedestrian access and use. Such maintenance obligations shall include, but not be limited to, routine inspection, cleaning, debris removal, surface repair, vegetation maintenance, snow and ice removal when applicable. If construction, maintenance, repair, or replacement of the pedestrian pathway depicted in EXHIBIT “A” requires disturbance of any City-owned property within the access easement area described in EXHIBIT “B”, the Grantee shall, at its sole cost and expense, restore all disturbed City-owned property to City standards and to the reasonable satisfaction of the City.

GRANTOR(S) warrants that they are the owner of said property, which is free from all encumbrances, except for easements, conditions and restrictions of record, and will warrant and defend the easement rights herein granted from all lawful claims whatsoever.

IN WITNESS WHEREOF, the undersigned grantee has executed this easement this ___________ day of _
_______, 20____.

____
Name (Printed)

____
Signature

____
Title

STATE OF OREGON)

)ss

County of Washington)

On this ______ day of _________, 20__, before me, a notary public in and for said County and State, personally appeared ____ known to me to be their person whose names subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year above written.

____

NOTARY PUBLIC FOR OREGON

My Commission Expires: __________

ACCEPTED on behalf of GRANTOR by:

____
Jason M. Waters, P.E.
City Engineer

____
Craig Sheldon
City Manager

____
Date

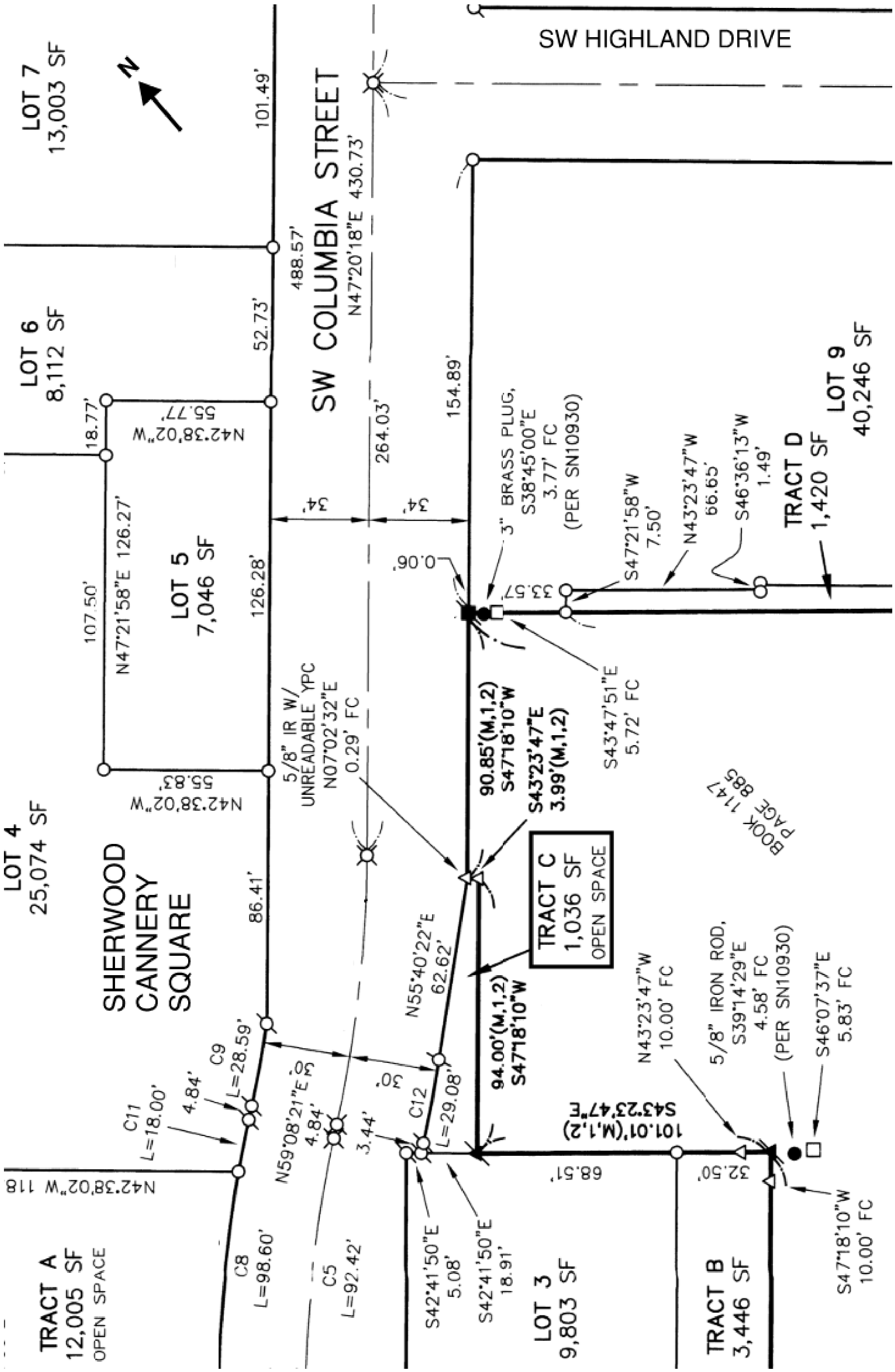
____
Date

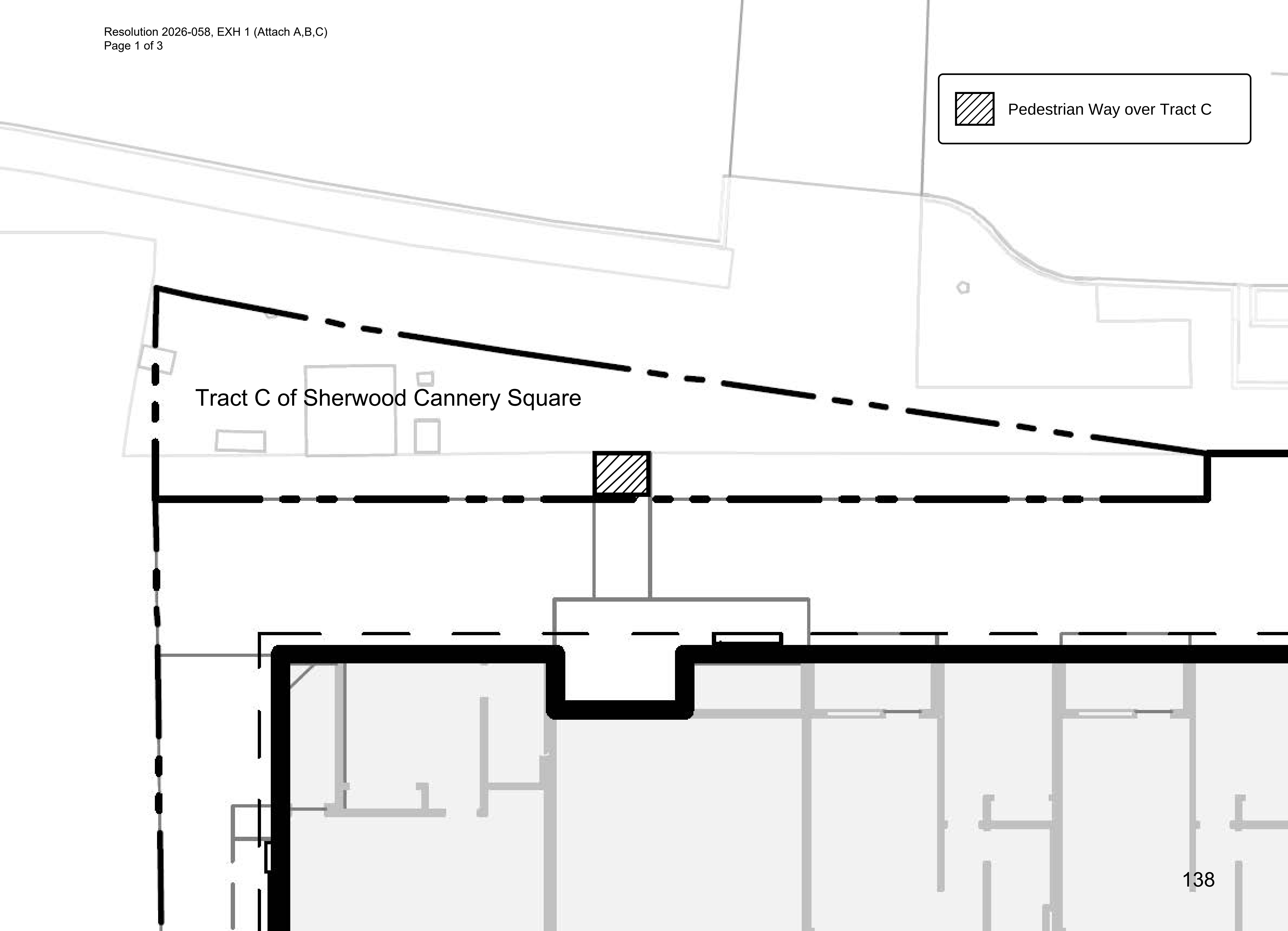
Approved as to form: City Attorney

Exhibit "A"

Said Private Access Easement shall be across the entirety of Tract C of the "Sherwood Cannery Square" subdivision, a duly recorded subdivision in Washington County, State of Oregon.

Exhibit "B"


SW HIGHLAND DRIVE
SW COLUMBIA STREET
N47°20'18"E 430.73'
LOT 7
13,003 SF
N
LOT 6
8,112 SF
LOT 5
7,046 SF
LOT 4
25,074 SF
SHERWOOD
CANNERY
SQUARE
LOT 9
40,246 SF
TRACT D
1,420 SF
TRACT C
1,036 SF
OPEN SPACE
TRACT A
12,005 SF
OPEN SPACE
LOT 3
9,803 SF
TRACT B
3,446 SF
101.49'
488.57'
52.73'
264.03'
154.89'
18.77'
N42°38'02"W
55.77'
107.50'
N47°21'58"E 126.27'
126.28'
34'
34'
0.06'
3" BRASS PLUG,
S38°45'00"E
3.77' FC
(PER SN10930)
33.57'
S47°21'58"W
7.50'
N43°23'47"W
66.65'
S46°36'13"W
1.49'
S43°47'51"E
5.72' FC
5/8" IR W/
UNREADABLE YPC
N07°02'32"E
0.29' FC
N42°38'02"W
55.83'
90.85'(M,1,2)
S47°18'10"W
S43°23'47"E
3.99'(M,1,2)
BOOK 1147
PAGE 885
86.41'
N55°40'22"E
62.62'
94.00'(M,1,2)
S47°18'10"W
C9
L=28.59'
4.84'
C11
L=18.00'
N59°08'21"E
4.84'
30'
C12
L=29.08'
3.44'
101.01'(M,1,2)
S43°23'47"E
N43°23'47"W
10.00' FC
5/8" IRON ROD,
S39°14'29"E
4.58' FC
(PER SN10930)
S46°07'37"E
5.83' FC
N42°38'02"W 118
68.51'
32.50'
S47°18'10"W
10.00' FC
C8
L=98.60'
C5
L=92.42'
S42°41'50"E
5.08'
S42°41'50"E
18.91'


Pedestrian Way over Tract C
Tract C of Sherwood Cannery Square

CASWELL / HERTEL
SURVEYORS, INC.

Professional Land Surveyors • 6150 S.W. 124th Avenue • Telephone 503/644-3179
info@chsurveyinc.com Beaverton, Oregon 97008-4724 Fax 503/644-3190

EXHIBT "A"

ACCESS EASEMENT

A PORTION OF TRACT "C", SHERWOOD CANNERY SQUARE, A DULY RECORDED PLAT IN WASHINGTON COUNTY PLAT RECORDS, LOCATE IN THE IN THE NORTHWEST 1/4 OF SECTION 32, T. 2 S., R. 1 W., W.M., CITY OF SHERWOOD, WASHINGTON COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

TRACT "C", SHERWOOD CANNERY SQUARE, A DULY RECORDED PLAT IN WASHINGTON COUNTY PLAT RECORDS, CONTAINS 1036 SQUARE FEET MORE OR LESS.

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Benjamin S Stacy

OREGON
JANUARY 14, 2003
BENJAMIN S. STACY
57191

Renewal Date: 6/30/2026

EXHIBIT MAP B

ACCESS EASEMENT IN TRACT "C", SHERWOOD CANNERY SQUARE
IN THE NORTHWEST 1/4 OF SECTION 32, T. 2 S., R. 1 W., W.M.
CITY OF SHERWOOD
WASHINGTON COUNTY OREGON
SCALE 1" = 10' MAY 26, 2026

0' 10' 20' 30'

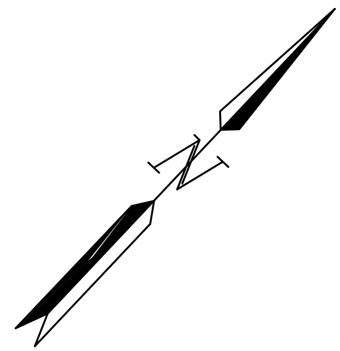
CL CASWELL/HERTEL SURVEYORS INC.
6150 S.W. 124TH AVE.
BEAVERTON, OR 97008
(503) 644-3179
info@chsurveyinc.com
www.caswellhertelsurveyors.com

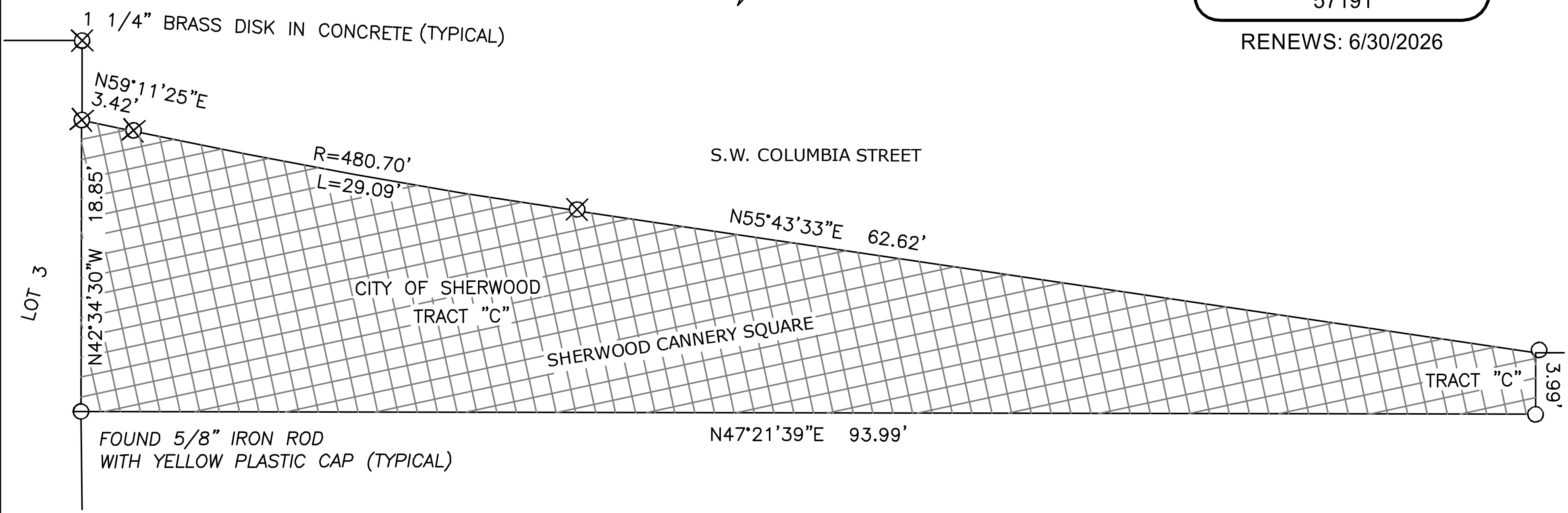
REGISTERED PROFESSIONAL LAND SURVEYOR

Benjamin S Stacy

OREGON
JANUARY 14, 2003
BENJAMIN S. STACY
57191

RENEWS: 6/30/2026





JOB NO. 2025-195

City Council Meeting Date: September 1, 2026

Agenda Item: Public Hearing *(2nd Reading)*

TO: Sherwood City Council

FROM: David Bodway, Finance Director
Through: Craig Sheldon, City Manager and Ryan Adams, City Attorney

SUBJECT: Ordinance 2026-005, Amending Chapter 3.30 of the Sherwood Municipal Code to increase the City Transient Lodging Tax

---

Issue:
Shall the City Council adopt Ordinance 2026-005, amending Chapter 3.30 of the Sherwood Municipal Code to increase the City Transient Lodging Tax?

Background
ORS 320 permits local jurisdictions to assess transient lodging taxes. The City of Sherwood adopted its local transient lodging tax (TLT) in 2019 through Ordinance No. 2019-002. The current local tax rate is three percent (3%) and applies to the rental of transient lodging within the city.

Visitors who stay in transient lodging benefit from a variety of City services and public investments, including transportation infrastructure, police services, parks, public art, and other municipal facilities. The proposed increase would allow a greater share of these costs to be supported by visitors rather than Sherwood residents and businesses.

The City's transient lodging tax rate has remained unchanged since its adoption in 2019. The proposed ordinance increases the rate in two phases to provide lodging providers, intermediaries, and visitors adequate notice and time to adjust to the new rates.

Under the ordinance, the local transient lodging tax would:

- Increase from three percent (3%) to five percent (5%) on January 1, 2027
- Increase from five percent (5%) to six percent (6%) twelve (12) months after on January 1, 2028.

After the first hearing on this ordinance, the city received information from Washington County to extend the current rate increase to January 1, 2027, instead of October 1, 2026, to allow time for current reservations to remain unchanged. The exhibit to the ordinance at this second hearing reflects this change. The proposed increase applies only to the City's local transient lodging tax. State and County transient lodging taxes and any other applicable taxes remain unchanged.

Sherwood receives TLT revenue from both the City's 3% local TLT and a portion of the Washington County TLT generated by lodging establishments within the city. The total annual revenue is approximately $160,000.

Proposed Amendment to Municipal Code

The proposed ordinance would amend Section 3.30 of the Sherwood Municipal Code, a redlined version of which is provided as Attachment A to this staff report. A clean version of Section 3.30 is provided as Exhibit 1 to the ordinance.

Financial Impacts:

The proposed tax increase is expected to generate approximately $107,000 in additional revenue the first year and $160,000 in the following years. The actual amount of revenue generated will be dependent on future lodging activity within the city.

Revenue generated by the local transient lodging tax will continue to be allocated in accordance with applicable provisions of ORS Chapter 320.

Recommendation:

Staff recommends that the City Council conduct the second public hearing, receive public testimony, and consider Ordinance 2026-005 amending Chapter 3.30 of the Sherwood Municipal Code to increase the City's transient lodging tax.

Attachments:

A. Redline version of Sherwood Municipal Code Section 3.30

Chapter 3.30 LOCAL TRANSIENT LODGING TAX

3.30.010 Purpose.

A. The purpose of this chapter is to impose a tax upon transient occupants of transient lodging in the City of Sherwood.

B. The local transient lodging tax imposed by this chapter is in addition to and not in lieu of the Washington County transient lodging tax collected within the corporate limits of the City.

C. The local transient lodging tax imposed by this chapter is in addition to and not in lieu of any State transient lodging tax.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.020 Definitions.

As used in this chapter, unless the context requires otherwise:

"Accrual accounting" means that the transient lodging tax collector enters the rent due from a transient on his or her records when the rent is earned, whether or not it is paid.

"Cash accounting" means the transient lodging tax collector does not enter the rent due from a transient on his or her records until the rent is paid.

"City Manager" means the City Manager of the City of Sherwood, or his or her designee.

"Collection reimbursement charge" means the amount a transient lodging tax collector may retain as reimbursement for the costs incurred by the transient lodging tax collector in collecting and reporting a transient lodging tax and in maintaining transient lodging tax records.

"Occupancy" means the use or possession, or the right to the use or possession, for lodging or sleeping purposes, of any space, or portion thereof, in transient lodging.

"Rent" means any consideration rendered for the sale, service, or furnishing of transient lodging.

"Tax Administrator" means the Finance Director of the City of Sherwood, Oregon, or his or her designee.

"Transient" means any person who exercises occupancy or is entitled to occupancy in transient lodging for a period of less than 30 consecutive calendar days, counting portions of calendar days as full days. The day an individual checks out of the transient lodging is not included in determining the 30-day period if the individual is not charged rent for that day. Any such individual so occupying or entitled to occupy space in transient lodging shall be deemed a transient for purposes of this chapter until the period of 29 days has elapsed, unless there is an agreement in writing between the transient lodging tax collector and the transient providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of the ordinance codified in this chapter may be considered. A human being who pays for lodging on a monthly basis, irrespective of the number of days in such month, shall not be deemed a "transient."

"Transient lodging" means:

a. Hotel, motel and inn dwelling units that are used for temporary overnight human occupancy;

b. Spaces used for parking recreational vehicles or erecting tents during periods of human occupancy; or

c. Houses, cabins condominiums, apartment units or other dwelling units, or portions of any of these dwelling units, used for temporary human occupancy.

"Transient lodging intermediary" means a person other than a transient lodging provider that facilitates the retail sale of transient lodging and:

a. Charges for occupancy of the transient lodging;

b. Collects the consideration charged for occupancy of the transient lodging; or

c. Receives a fee or commission and requires the transient lodging provider to use a specified third-party entity to collect the consideration charged for occupancy of the transient lodging.

"Transient lodging provider" means a person who furnishes transient lodging, and includes a person who operates a transient lodging facility, whether in the capacity of owner, managing agent, lessee, sublessee, mortgagee in possession, licensee, concessionaire, or any other capacity.

"Transient lodging tax collector" means a transient lodging provider or a transient lodging intermediary.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.030 Tax imposed; rate and computation; collector reimbursement.

A. For the privilege of occupancy in any transient lodging within the corporate limits of the city on or after April 1, 2019, each transient shall pay a tax of three percent of the rent until December 31, 2026. The rate shall increase to five percent of the rent beginning on January 1, 2027 and six percent of the rent beginning on January 1, 2028.

1. The tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

2. The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector's business.

3. The tax shall be collected by the transient lodging tax collector that collects the consideration charged for occupancy of the transient lodging or that receives a fee or commission and requires the transient lodging provider to use a specified third-party entity to collect the consideration charged for occupancy of the transient lodging.

4. The tax imposed by this subsection is in addition to and not in lieu of any other local transient lodging tax collected within the corporate limits of the city.

B. The transient lodging tax collector may withhold a collection reimbursement charge of five percent of the amount collected under subsection A of this section.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.040 Travel packages.

A. If a separate fee is charged for a service and the service is optional, that fee is not subject to the tax imposed by this chapter.

B. If a separate fee is charged for a service and the service is not optional, or if the value of a service is included in the normal lodging rate, the amount allocated to the service is subject to the tax imposed by this chapter.

C. If the provider offers a lodging package that includes something that is not associated with the actual lodging or is provided by a third party, only the regular lodging rate that would have been charged absent the package item is subject to the tax imposed by this chapter.

D. Any allocation made for the city's local transient lodging tax shall be consistent with the allocation for the state transient lodging tax.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.050 Exemptions.

No tax imposed by this chapter shall be imposed on dwelling units described in ORS 320.308.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.060 Collection of tax by transient lodging tax collectors.

A. The tax constitutes a debt owed by the transient to the city that is extinguished only by payment to the transient lodging tax collector or to the city.

B. The transient shall pay the tax to the transient lodging tax collector at the time the rent is paid.

C. No transient lodging tax collector shall advertise that the tax or any part of the tax will be assumed or absorbed by the transient lodging tax collector, or that it will not be added to the rent, or that, when added, any part will be refunded.

D. The amount of tax shall be separately stated upon the transient lodging tax collector's business records, including lodging receipts provided to transients.

E. The transient lodging tax collector shall enter the tax on the transient lodging tax collector's records when rent is collected if the transient lodging tax collector keeps records on the cash accounting basis or, if the transient lodging tax collector keeps records on the accrual accounting basis, when rent is earned. If rent is paid in installments, the transient shall pay a proportionate share of the tax to the transient lodging tax collector with each installment.

F. The tax collected or accrued by the transient lodging tax collector, or which should have been charged by the transient lodging tax collector, constitutes a debt owing by the transient lodging tax collector to the city.

G. In all cases of credit or deferred payment of rent for transient lodging, the payment of tax to the transient lodging tax collector may be deferred until the rent is paid. A transient lodging tax collector is not liable for the tax until credits are paid or deferred payments are made. The deferral allowed by this subsection does not excuse a transient lodging tax collector from liability for any failure to collect the tax due.

H. A transient lodging tax collector shall not collect, report or remit amounts of the transient lodging tax imposed by this chapter in amounts smaller than one cent. Fractions of cents calculated as an amount of tax that is collectable, reportable or remittable may be ignored.

I. If, for any reason, the tax due is not paid by the transient to the transient lodging tax collector, the tax administrator may require that such tax be paid by the transient directly to the city.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.070 Rules and regulations.

A. The tax administrator shall administer and enforce provisions of this chapter and has the power to adopt rules and regulations not inconsistent with this chapter as may be necessary to aid in the administration and enforcement of this chapter.

B. Prior to the adoption of rules and regulations, the tax administrator shall (1) give public notice of its intent to adopt rules and regulations, (2) provide copies of the proposed rules and regulations to interested parties, and (3) either provide not less than 15 days for persons to submit data or written comments on the proposed rules and regulations, or conduct a public hearing on the proposed rules and regulations. Additional public notice shall be given when rules and regulations have been finally adopted. Copies of current rules and regulations shall be made available to the public upon request.

C. Unless the context requires otherwise, references to "this chapter" herein include any rules and regulations duly adopted by the tax administrator.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.080 Registry.

A. Every person engaging or about to engage in business as a transient lodging tax collector for a transient lodging in the city shall register with the city on a form provided by the tax administrator. A transient lodging tax collector engaged in business at the time the ordinance codified in this chapter is adopted must register not later than 30 calendar days after the effective date of the ordinance codified in this chapter. A transient lodging tax collector starting business after the ordinance codified in this chapter is adopted must register within 15 calendar days after commencing business. The privilege of registration after the date of imposition of the tax does not relieve any person from the obligation of payment or collection of the tax regardless of registration status.

B. Registration forms shall require, and the person registering with the city shall provide, the name under which the transient lodging tax collector transacts or intends to transact business, the location of the place or places of business, and such other information as may be required by the tax administrator to facilitate the collection of the tax. The registration shall be signed by the transient lodging tax collector.

C. The tax administrator shall, within 15 business days after submittal of a completed registration form, issue without charge a certificate of authority to each registrant to collect the tax, together with a duplicate thereof for each additional place of business of each registrant. Certificates shall be non-assignable and nontransferable and shall be surrendered immediately to the tax administrator upon the cessation of business at the location named, or upon its sale or transfer. Each certificate and duplicate shall state the place of business to which it is applicable and shall be prominently displayed therein so as to be seen and come to the notice readily of all occupants and persons seeking occupancy.

D. The certificate shall state, at minimum, the following:

1. The name of the transient lodging tax collector;
2. The address of the transient lodging;
3. The date upon which the certificate was issued; and
4. This statement: "This Transient Lodging Registration Certificate signifies that the person named has fulfilled the requirements of the transient lodgings tax chapter of the Sherwood Municipal Code by registering with the Tax Administrator for the purpose of collecting from transients and remitting the lodging tax. This certificate does not authorize any person to conduct any unlawful business or to

conduct any lawful business in an unlawful manner, or to operate a transient lodging without strictly complying with all applicable laws, including, but not limited to, those requiring a permit from any board, commission, department or office of the City. This certificate does not constitute a permit."

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.090 Due dates and returns.

A. The taxes imposed by this chapter and collected by a transient lodging tax collector, less the collection reimbursement charge, are due and payable to the tax administrator, on a quarterly basis, on or before the last day of the month following the end of the calendar quarter, or, if the last day is not a business day, the first business day thereafter. All taxes not remitted by the day they are due are delinquent.

B. Transient lodging tax collectors shall file, with the quarterly tax payment, or, if there is no tax payment due for a given quarter, at the time the tax payment would have been due, a return for that quarter's tax collections. The return shall be filed with the tax administrator and shall be on a form prescribed by the tax administrator. The return shall reflect the amount of tax collected or otherwise due for the period for which the return is filed. At the discretion of the tax administrator, it may also be required to reflect:

1. The total rentals upon which the tax is collected or otherwise due;
2. Gross receipts of the transient lodging tax collector for the period;
3. The amount of rents exempt, if any;
4. An explanation in detail of any discrepancies; and
5. Such other information as may otherwise be necessary for the administration of this chapter.

C. The transient lodging tax collector or his/her designee shall deliver the quarterly tax payment and return to the tax administrator at its office either by personal delivery, via a website portal, or by United States Mail. If the return and taxes are mailed, the postmark shall be considered the date of delivery for determining delinquency.

D. At any time before the due date, the tax administrator may, for good cause, extend the due date for making any return and/or payment of tax for up to 30 days after the date the tax would have become due but for the extension. Further extensions must be approved by the city manager. A transient lodging tax collector who is granted an extension shall pay a fee of three percent per month of the unpaid tax without proration for a fraction of a month. If a return is not filed, and the tax and interest due is not paid by the end of the extension, then the interest shall become a part of the tax for computation of penalties under this chapter.

E. The tax administrator may require a transient lodging tax collector to file returns and to remit taxes on other than a quarterly basis if, in the exercise of the reasonable discretion of the tax administrator, the change in payment schedule is needed to ensure payment or to facilitate collection of taxes in an individual case. Any change in schedule under this section shall be stated in writing delivered to the transient lodging tax collector at least 20 days in advance of the schedule change.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.100 Penalties and interest; liens.

A. A transient lodging tax collector who fails to remit the full amount of the tax imposed and due by this chapter prior to delinquency shall pay a late payment penalty of ten percent of the amount of the portion of the tax that is unpaid as of the delinquency date, which penalty is owed in addition to the amount of the tax due.

B. If the transient lodging tax collector does not pay the delinquent amount of tax due and the ten percent late payment penalty within thirty (30) days following the delinquency date, the transient lodging tax collector shall pay a second late payment penalty of fifteen (15) percent of the portion of the tax that remains unpaid as of the date that is thirty (30) days following the delinquency date, which penalty is owed in addition to the remaining unpaid amount of the tax and first late payment penalty.

C. If the tax administrator determines that the nonpayment is on account of fraud or intent to evade the provisions of this chapter or any rules or regulations adopted pursuant to this chapter, a penalty of twenty-five (25) percent of the amount of the tax due shall be added thereto in addition to the penalties stated in subsections A and B of this section.

D. In addition to the penalties imposed, a transient lodging tax collector who fails to remit a tax imposed by this chapter shall pay interest at the rate of one percent per month or a fraction thereof without proration for portions of a month, on the amount of the tax due, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

E. Every penalty imposed and such interest as accrues under the provisions of this section shall be merged and become a part of the tax herein required to be paid.

F. Within ten days of notice of the imposition of a late payment penalty, a transient lodging tax collector may petition the tax administrator for waiver or refund of any penalty or portion thereof. The tax administrator may, if a good and sufficient reason is shown that such failure is not due to willful neglect, waive or refund the penalty in full or in part.

G. The city may record a lien in the city's lien docket against any real property owned by the transient lodging tax collector in the city as to any delinquent remittances by the transient lodging tax collector.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.110 Deficiencies.

A. If the tax administrator determines that a transient lodging tax collector's return or remittance of tax is missing, incomplete or otherwise incorrect, the tax administrator may compute and determine the amount of tax due based upon the facts contained in the transient lodging tax collector's return, if any, or any other source of information. Any deficiency in the payment of tax due is due and payable immediately upon delivery of a notice of the deficiency from the tax administrator to the transient lodging tax collector, at which time the deficiency amount owed is also delinquent. The tax administrator will apply any penalty and interest relating to the deficiency amount owed as set forth in this chapter.

B. In making a deficiency determination, the tax administrator may offset any overpayment the transient lodging tax collector has against any deficiency, penalty or interest the transient lodging tax collector owes.

C. The tax administrator shall deliver the transient lodging tax collector a written notice of any deficiency determination.

D. Except in the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, every deficiency determination shall be made and notice of the deficiency determination delivered to the transient lodging tax collector within three years after the last day of the month following the end of the month for which the amount is proposed to be determined or within three years after the return is filed, whichever period is later. In the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, every deficiency determination shall be made and notice of the deficiency determination delivered to the transient lodging tax collector within ten years after the last day of the month following the close of the period for which the amount is proposed to be determined or within ten years after the return is filed, whichever period is later.

E. A transient lodging tax collector who receives a notice of deficiency determination from the tax administrator may petition for redetermination and refund of any overpayment. The petition must be made in writing and delivered to the tax administrator within ten days of the transient lodging tax collector's receipt of the notice of a deficiency determination. If a timely petition for redetermination is not received by the tax administrator, the deficiency determination is final. If a timely petition for redetermination is received by the tax administrator, a redetermination will occur as provided in this chapter.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.120 Redetermination.

A. Any person affected by a determination under SMC 3.30.110 may file a petition for redetermination with the tax administrator within ten days of delivery of notice of the tax deficiency determination. Payment in full of all taxes, penalties and interest determined by the tax administrator to be due is a prerequisite to filing a petition for redetermination and refund. Filing a petition for redetermination and refund is a prerequisite to seeking judicial review and the determination shall be final if no petition is timely filed.

B. If a petition for redetermination and refund is filed within the allowable period, the tax administrator shall reconsider the determination, and, if the petition requests, shall grant the petitioner an oral hearing and shall provide at least ten days' notice of the time and place of the hearing, unless the tax administrator and petitioner agree otherwise. The tax administrator may continue the hearing from time to time as may be necessary.

C. The tax administrator may decrease or increase the amount of the original determination as a result of the hearing. If the tax administrator increases the amount of the original determination, such increase is due upon delivery of a written notice of the increase to the petitioner.

D. After considering the petition and all available information, the tax administrator shall issue a redetermination decision and mail the decision to the petitioner.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.130 Security.

The tax administrator, whenever the tax administrator deems it necessary to ensure compliance with this chapter, may require any transient lodging tax collector to deposit with the tax administrator security in the form of cash, bond, or other security acceptable to the tax administrator. The amount of the security shall be fixed by the tax administrator, but shall not be greater than two times the transient lodging tax collector's estimated average quarterly tax liability for the period for which the transient lodging tax collector files returns, determined in a manner the tax administrator deems proper, or five thousand dollars ($5,000.00), whichever amount is less. The amount of security may be increased or decreased by the tax administrator within the limitation of this section.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.140 Refunds.

A. If a transient lodging tax collector concludes that the transient lodging tax collector has paid more tax, penalty or interest than is due, the transient lodging tax collector may file a claim in writing stating the facts upon which the claim is founded. The claim shall be filed with the tax administrator within one year from the date of payment. The claim shall be made on forms provided by the tax administrator. If the claim is approved by the tax administrator, the excess amount paid shall be credited against any amounts then due and payable from the transient lodging tax collector and the balance refunded to the transient lodging tax collector within fourteen (14) business days of the date the tax administrator concludes that the refund is due. The transient lodging tax collector has the burden of proving the facts that establish the basis for a refund. This section is not applicable to any amount determined by the tax administrator to be due pursuant to the determination provisions of SMC 3.30.110.

B. If a transient concludes that he or she paid more tax than is due, the transient may file a claim in writing stating the facts upon which the claim is founded. The claim shall be filed with the tax administrator within one year from the date of payment. If the claim is approved by the tax administrator, the excess amount collected shall be refunded to the transient within fourteen (14) business days of the date the tax administrator concludes that the refund is due. The transient has the burden of proving the facts that establish the basis for a refund.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.150 Deposit and expenditure of funds.

The tax administrator shall deposit all money collected pursuant to this chapter into a special revenue fund designated by the city council to be allocated for expenditures in a manner consistent with state law.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.160 Records and audit.

A. Each transient lodging tax collector shall keep records, render statements and comply with rules adopted by the tax administrator with respect to the tax imposed by this chapter. The records and statements required by this section must be sufficient to show whether there is a tax liability under this chapter. These records shall be retained by the transient lodging tax collector for a period of at least three years and six months after they are created.

B. The tax administrator may examine, during normal business hours, the books, papers, and accounting records relating to rentals of any transient lodging tax collector, after reasonable notification to the transient lodging tax collector, and may investigate the business of the transient lodging tax collector in order to verify the accuracy of any return made, or if no return is made by the transient lodging tax collector, to ascertain and determine the amount required to be paid.

C. A formal audit of all of the transient lodging tax collectors' records may be conducted at the discretion of the tax administrator. The transient lodging tax collector shall comply with all requests by the tax administrator in a timely manner. If, under this formal audit, it is determined that any transient lodging tax collector has underpaid the taxes due by three percent or more, the transient lodging tax collector shall pay his/her prorated portion of the total audit costs. Should the tax administrator, in his/her sole discretion, conduct or cause to be conducted individual audits in addition to or in lieu of the audit described above, and should that individual audit determine that the audited transient lodging tax collector has underpaid the taxes due by three percent or more, the transient lodging tax collector shall pay the total individual audit costs.

D. Records, reports, and returns submitted to the tax administrator are exempt from disclosure to the full extent provided by state law. Nothing in this section shall be construed to prohibit:

   1. The disclosure to, or the examination of, financial records by city officials, employees, or agents for the purpose of administering or enforcing the terms of this chapter, or collecting taxes imposed under the terms of this chapter, or collecting city business license fees;

2. The disclosure to the taxpayer or his/her authorized representative of financial information, including amounts of transient lodging taxes, penalties, or interest, after filing of a written request by the taxpayer or his/her authorized representative and approval of the request by the tax administrator;

3. The disclosure of the names and addresses of any person to whom a transient occupancy registration certificate has been issued;

4. The disclosure of general statistics in a form which would prevent the identification of financial information regarding any particular taxpayer's return or application; or

5. The disclosure of financial information to the city attorney or other legal representative of the city to the extent the tax administrator deems disclosure or access necessary for the performance of the duties of advising or representing the city.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.170 Notice.

In case of service by mail of any notice required by this chapter, the service is complete three days after deposit with the United States Post Office.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.180 Appeals.

Any person aggrieved by any decision of the tax administrator may appeal to the city manager by filing a notice of appeal with the tax administrator within fifteen (15) days after the serving of the notice of the tax administrator's decision. The tax administrator shall transmit the notice, together with the file of the appealed matter, to the city manager, who shall fix a time and place for hearing the appeal. The city manager shall give the appellant not less than fifteen (15) days' written notice of the time and place for hearing the appeal. The city manager may continue the hearing from time to time as necessary. The city manager shall render a decision in writing and mail it to the appellant within fifteen (15) days after the close of the hearing. Appeals from any determination made by the city manager are solely and exclusively by writ of review to the Circuit Court of Washington County, as provided in ORS 34.010 to 34.100.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.190 Violations and penalty.

A. A person who violates a provision of this chapter commits a class B violation.

B. Each transient lodging transaction for which tax, penalty or interest otherwise due is not paid shall be deemed a separate violation.

C. Each day a person fails to register as a transient lodging tax collector shall be deemed a separate violation.

D. A finding that a person has committed a violation of this chapter shall not act to relieve the person from the provisions of this chapter.

E. If a court finds that a transient lodging tax collector collected the tax imposed by this chapter and intentionally failed to remit the tax proceeds to the city when required by this chapter, the amount of penalty may be increased up to ten times the normal penalty imposed for a class B violation. All amounts listed as room tax in bills or invoices issued by the transient lodging tax collector shall be considered tax collected by the transient lodging tax collector, unless the transient lodging tax collector received no payment on the bill or invoice.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.200 Collection by city; compromise.

A. Except in the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, the city may bring legal action to collect any amounts owed to the city under this chapter within three years after any tax or any amount of tax required to be collected becomes due and payable, or at any time within three years after any determination becomes final, whichever is later. In the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, the city may bring legal action to collect any amounts owed to the city under this chapter within ten years after any tax or any amount of tax required to be collected becomes due and payable, or at any time within ten years after any determination becomes final, whichever is later.

B. The tax administrator may, after consultation with the city attorney, adjust or enter into a settlement as regards any amount believed to be due if, as a result of a bankruptcy filing, foreclosure, bona fide legal or factual dispute or similar circumstance, it is in the best interest of the city.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.210 Remedies cumulative.

Any fines pursuant to this chapter are in addition to, and not in lieu of, any other civil, criminal or administrative penalty, sanction, or remedy otherwise authorized by law.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.220 Intergovernmental agreement.

The city council may enter into an intergovernmental agreement with Washington County whereby the county is responsible for the administration, collection, distribution, and/or enforcement of the tax authorized under this chapter, either in full or in part. The terms of that agreement shall apply in lieu of and shall supersede conflicting provisions of this chapter, but shall not be construed as repealing any provision of this chapter.

(Ord. No. 2019-002, § 1, 2-19-2019)

City of Sherwood Oregon

Home of the Tualatin River National Wildlife Refuge

ORDINANCE 2026-005

AMENDING CHAPTER 3.30 OF THE SHERWOOD MUNICIPAL CODE TO INCREASE THE CITY TRANSIENT LODGING TAX

WHEREAS, the City of Sherwood adopted Chapter 3.30 of the Sherwood Municipal Code establishing a local transient lodging tax by Ordinance No. 2019-002 pursuant to ORS Chapter 320; and

WHEREAS, persons occupying transient lodging within the City benefit from municipal services, infrastructure, and public amenities provided by the City, including transportation facilities, police services, parks, and other public investments; and

WHEREAS, the City Council finds that a local transient lodging tax is an equitable means of recovering a portion of the public costs associated with providing those services and facilities to visitors; and

WHEREAS, the City's transient lodging tax has remained at three percent (3%) since its initial adoption in 2019; and

WHEREAS, the City Council finds that implementing an increase in two phases provides transient lodging providers and visitors adequate notice while allowing for a gradual transition; and

WHEREAS, under this ordinance, the local transient lodging tax rate shall increase to five percent (5%) on January 1, 2027 and shall increase to six percent (6%) twelve (12) months thereafter on January 1, 2028.

NOW, THEREFORE, THE CITY OF SHERWOOD ORDAINS AS FOLLOWS:

Section 1. After full and due consideration of the information presented during the public hearing process, the City Council finds that increasing the City's transient lodging tax rate will provide additional revenue to be used in accordance with applicable state law and that implementing the increase in two phases provides adequate notice to transient lodging providers, intermediaries, and visitors.

Section 2. Section 3.30 of the Sherwood Municipal Code is hereby amended as set forth in **Exhibit 1**, attached hereto and incorporated herein by this reference. Except as expressly amended, all other provisions of Chapter 3.30 shall remain in full force and effect.

Section 3. This Ordinance shall be effective on the 30th day after its enactment by the City Council and approval by the Mayor.

Duly passed by the City Council on the 1st of September, 2026.

Kim Young, Council President | Date

Attest:

Sylvia Murphy, MMC, City Recorder

	AYE	NAY
Giles	____	____
Scott	____	____
Mays	____	____
Standke	____	____
Brouse	____	____
Young	____	____
Rosener	____	____

Chapter 3.30 LOCAL TRANSIENT LODGING TAX

3.30.010 Purpose.

A. The purpose of this chapter is to impose a tax upon transient occupants of transient lodging in the City of Sherwood.

B. The local transient lodging tax imposed by this chapter is in addition to and not in lieu of the Washington County transient lodging tax collected within the corporate limits of the City.

C. The local transient lodging tax imposed by this chapter is in addition to and not in lieu of any State transient lodging tax.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.020 Definitions.

As used in this chapter, unless the context requires otherwise:

"Accrual accounting" means that the transient lodging tax collector enters the rent due from a transient on his or her records when the rent is earned, whether or not it is paid.

"Cash accounting" means the transient lodging tax collector does not enter the rent due from a transient on his or her records until the rent is paid.

"City Manager" means the City Manager of the City of Sherwood, or his or her designee.

"Collection reimbursement charge" means the amount a transient lodging tax collector may retain as reimbursement for the costs incurred by the transient lodging tax collector in collecting and reporting a transient lodging tax and in maintaining transient lodging tax records.

"Occupancy" means the use or possession, or the right to the use or possession, for lodging or sleeping purposes, of any space, or portion thereof, in transient lodging.

"Rent" means any consideration rendered for the sale, service, or furnishing of transient lodging.

"Tax Administrator" means the Finance Director of the City of Sherwood, Oregon, or his or her designee.

"Transient" means any person who exercises occupancy or is entitled to occupancy in transient lodging for a period of less than 30 consecutive calendar days, counting portions of calendar days as full days. The day an individual checks out of the transient lodging is not included in determining the 30-day period if the individual is not charged rent for that day. Any such individual so occupying or entitled to occupy space in transient lodging shall be deemed a transient for purposes of this chapter until the period of 29 days has elapsed, unless there is an agreement in writing between the transient lodging tax collector and the transient providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of the ordinance codified in this chapter may be considered. A human being who pays for lodging on a monthly basis, irrespective of the number of days in such month, shall not be deemed a "transient."

"Transient lodging" means:

a. Hotel, motel and inn dwelling units that are used for temporary overnight human occupancy;

b. Spaces used for parking recreational vehicles or erecting tents during periods of human occupancy; or

c. Houses, cabins condominiums, apartment units or other dwelling units, or portions of any of these dwelling units, used for temporary human occupancy.

"Transient lodging intermediary" means a person other than a transient lodging provider that facilitates the retail sale of transient lodging and:

a. Charges for occupancy of the transient lodging;

b. Collects the consideration charged for occupancy of the transient lodging; or

c. Receives a fee or commission and requires the transient lodging provider to use a specified third-party entity to collect the consideration charged for occupancy of the transient lodging.

"Transient lodging provider" means a person who furnishes transient lodging, and includes a person who operates a transient lodging facility, whether in the capacity of owner, managing agent, lessee, sublessee, mortgagee in possession, licensee, concessionaire, or any other capacity.

"Transient lodging tax collector" means a transient lodging provider or a transient lodging intermediary.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.030 Tax imposed; rate and computation; collector reimbursement.

A. For the privilege of occupancy in any transient lodging within the corporate limits of the city on or after April 1, 2019, each transient shall pay a tax of three percent of the rent until December 31, 2026. The rate shall increase to five percent of the rent beginning on January 1, 2027 and six percent of the rent beginning on January 1, 2028.

1. The tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

2. The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector's business.

3. The tax shall be collected by the transient lodging tax collector that collects the consideration charged for occupancy of the transient lodging or that receives a fee or commission and requires the transient lodging provider to use a specified third-party entity to collect the consideration charged for occupancy of the transient lodging.

4. The tax imposed by this subsection is in addition to and not in lieu of any other local transient lodging tax collected within the corporate limits of the city.

B. The transient lodging tax collector may withhold a collection reimbursement charge of five percent of the amount collected under subsection A of this section.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.040 Travel packages.

A. If a separate fee is charged for a service and the service is optional, that fee is not subject to the tax imposed by this chapter.

B. If a separate fee is charged for a service and the service is not optional, or if the value of a service is included in the normal lodging rate, the amount allocated to the service is subject to the tax imposed by this chapter.

C. If the provider offers a lodging package that includes something that is not associated with the actual lodging or is provided by a third party, only the regular lodging rate that would have been charged absent the package item is subject to the tax imposed by this chapter.

D. Any allocation made for the city's local transient lodging tax shall be consistent with the allocation for the state transient lodging tax.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.050 Exemptions.

No tax imposed by this chapter shall be imposed on dwelling units described in ORS 320.308.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.060 Collection of tax by transient lodging tax collectors.

A. The tax constitutes a debt owed by the transient to the city that is extinguished only by payment to the transient lodging tax collector or to the city.

B. The transient shall pay the tax to the transient lodging tax collector at the time the rent is paid.

C. No transient lodging tax collector shall advertise that the tax or any part of the tax will be assumed or absorbed by the transient lodging tax collector, or that it will not be added to the rent, or that, when added, any part will be refunded.

D. The amount of tax shall be separately stated upon the transient lodging tax collector's business records, including lodging receipts provided to transients.

E. The transient lodging tax collector shall enter the tax on the transient lodging tax collector's records when rent is collected if the transient lodging tax collector keeps records on the cash accounting basis or, if the transient lodging tax collector keeps records on the accrual accounting basis, when rent is earned. If rent is paid in installments, the transient shall pay a proportionate share of the tax to the transient lodging tax collector with each installment.

F. The tax collected or accrued by the transient lodging tax collector, or which should have been charged by the transient lodging tax collector, constitutes a debt owing by the transient lodging tax collector to the city.

G. In all cases of credit or deferred payment of rent for transient lodging, the payment of tax to the transient lodging tax collector may be deferred until the rent is paid. A transient lodging tax collector is not liable for the tax until credits are paid or deferred payments are made. The deferral allowed by this subsection does not excuse a transient lodging tax collector from liability for any failure to collect the tax due.

H. A transient lodging tax collector shall not collect, report or remit amounts of the transient lodging tax imposed by this chapter in amounts smaller than one cent. Fractions of cents calculated as an amount of tax that is collectable, reportable or remittable may be ignored.

I. If, for any reason, the tax due is not paid by the transient to the transient lodging tax collector, the tax administrator may require that such tax be paid by the transient directly to the city.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.070 Rules and regulations.

A. The tax administrator shall administer and enforce provisions of this chapter and has the power to adopt rules and regulations not inconsistent with this chapter as may be necessary to aid in the administration and enforcement of this chapter.

B. Prior to the adoption of rules and regulations, the tax administrator shall (1) give public notice of its intent to adopt rules and regulations, (2) provide copies of the proposed rules and regulations to interested parties, and (3) either provide not less than 15 days for persons to submit data or written comments on the proposed rules and regulations, or conduct a public hearing on the proposed rules and regulations. Additional public notice shall be given when rules and regulations have been finally adopted. Copies of current rules and regulations shall be made available to the public upon request.

C. Unless the context requires otherwise, references to "this chapter" herein include any rules and regulations duly adopted by the tax administrator.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.080 Registry.

A. Every person engaging or about to engage in business as a transient lodging tax collector for a transient lodging in the city shall register with the city on a form provided by the tax administrator. A transient lodging tax collector engaged in business at the time the ordinance codified in this chapter is adopted must register not later than 30 calendar days after the effective date of the ordinance codified in this chapter. A transient lodging tax collector starting business after the ordinance codified in this chapter is adopted must register within 15 calendar days after commencing business. The privilege of registration after the date of imposition of the tax does not relieve any person from the obligation of payment or collection of the tax regardless of registration status.

B. Registration forms shall require, and the person registering with the city shall provide, the name under which the transient lodging tax collector transacts or intends to transact business, the location of the place or places of business, and such other information as may be required by the tax administrator to facilitate the collection of the tax. The registration shall be signed by the transient lodging tax collector.

C. The tax administrator shall, within 15 business days after submittal of a completed registration form, issue without charge a certificate of authority to each registrant to collect the tax, together with a duplicate thereof for each additional place of business of each registrant. Certificates shall be non-assignable and nontransferable and shall be surrendered immediately to the tax administrator upon the cessation of business at the location named, or upon its sale or transfer. Each certificate and duplicate shall state the place of business to which it is applicable and shall be prominently displayed therein so as to be seen and come to the notice readily of all occupants and persons seeking occupancy.

D. The certificate shall state, at minimum, the following:

1. The name of the transient lodging tax collector;
2. The address of the transient lodging;
3. The date upon which the certificate was issued; and
4. This statement: "This Transient Lodging Registration Certificate signifies that the person named has fulfilled the requirements of the transient lodgings tax chapter of the Sherwood Municipal Code by registering with the Tax Administrator for the purpose of collecting from transients and remitting the lodging tax. This certificate does not authorize any person to conduct any unlawful business or to

conduct any lawful business in an unlawful manner, or to operate a transient lodging without strictly complying with all applicable laws, including, but not limited to, those requiring a permit from any board, commission, department or office of the City. This certificate does not constitute a permit."

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.090 Due dates and returns.

A. The taxes imposed by this chapter and collected by a transient lodging tax collector, less the collection reimbursement charge, are due and payable to the tax administrator, on a quarterly basis, on or before the last day of the month following the end of the calendar quarter, or, if the last day is not a business day, the first business day thereafter. All taxes not remitted by the day they are due are delinquent.

B. Transient lodging tax collectors shall file, with the quarterly tax payment, or, if there is no tax payment due for a given quarter, at the time the tax payment would have been due, a return for that quarter's tax collections. The return shall be filed with the tax administrator and shall be on a form prescribed by the tax administrator. The return shall reflect the amount of tax collected or otherwise due for the period for which the return is filed. At the discretion of the tax administrator, it may also be required to reflect:

1. The total rentals upon which the tax is collected or otherwise due;
2. Gross receipts of the transient lodging tax collector for the period;
3. The amount of rents exempt, if any;
4. An explanation in detail of any discrepancies; and
5. Such other information as may otherwise be necessary for the administration of this chapter.

C. The transient lodging tax collector or his/her designee shall deliver the quarterly tax payment and return to the tax administrator at its office either by personal delivery, via a website portal, or by United States Mail. If the return and taxes are mailed, the postmark shall be considered the date of delivery for determining delinquency.

D. At any time before the due date, the tax administrator may, for good cause, extend the due date for making any return and/or payment of tax for up to 30 days after the date the tax would have become due but for the extension. Further extensions must be approved by the city manager. A transient lodging tax collector who is granted an extension shall pay a fee of three percent per month of the unpaid tax without proration for a fraction of a month. If a return is not filed, and the tax and interest due is not paid by the end of the extension, then the interest shall become a part of the tax for computation of penalties under this chapter.

E. The tax administrator may require a transient lodging tax collector to file returns and to remit taxes on other than a quarterly basis if, in the exercise of the reasonable discretion of the tax administrator, the change in payment schedule is needed to ensure payment or to facilitate collection of taxes in an individual case. Any change in schedule under this section shall be stated in writing delivered to the transient lodging tax collector at least 20 days in advance of the schedule change.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.100 Penalties and interest; liens.

A. A transient lodging tax collector who fails to remit the full amount of the tax imposed and due by this chapter prior to delinquency shall pay a late payment penalty of ten percent of the amount of the portion of the tax that is unpaid as of the delinquency date, which penalty is owed in addition to the amount of the tax due.

B. If the transient lodging tax collector does not pay the delinquent amount of tax due and the ten percent late payment penalty within thirty (30) days following the delinquency date, the transient lodging tax collector shall pay a second late payment penalty of fifteen (15) percent of the portion of the tax that remains unpaid as of the date that is thirty (30) days following the delinquency date, which penalty is owed in addition to the remaining unpaid amount of the tax and first late payment penalty.

C. If the tax administrator determines that the nonpayment is on account of fraud or intent to evade the provisions of this chapter or any rules or regulations adopted pursuant to this chapter, a penalty of twenty-five (25) percent of the amount of the tax due shall be added thereto in addition to the penalties stated in subsections A and B of this section.

D. In addition to the penalties imposed, a transient lodging tax collector who fails to remit a tax imposed by this chapter shall pay interest at the rate of one percent per month or a fraction thereof without proration for portions of a month, on the amount of the tax due, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

E. Every penalty imposed and such interest as accrues under the provisions of this section shall be merged and become a part of the tax herein required to be paid.

F. Within ten days of notice of the imposition of a late payment penalty, a transient lodging tax collector may petition the tax administrator for waiver or refund of any penalty or portion thereof. The tax administrator may, if a good and sufficient reason is shown that such failure is not due to willful neglect, waive or refund the penalty in full or in part.

G. The city may record a lien in the city's lien docket against any real property owned by the transient lodging tax collector in the city as to any delinquent remittances by the transient lodging tax collector.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.110 Deficiencies.

A. If the tax administrator determines that a transient lodging tax collector's return or remittance of tax is missing, incomplete or otherwise incorrect, the tax administrator may compute and determine the amount of tax due based upon the facts contained in the transient lodging tax collector's return, if any, or any other source of information. Any deficiency in the payment of tax due is due and payable immediately upon delivery of a notice of the deficiency from the tax administrator to the transient lodging tax collector, at which time the deficiency amount owed is also delinquent. The tax administrator will apply any penalty and interest relating to the deficiency amount owed as set forth in this chapter.

B. In making a deficiency determination, the tax administrator may offset any overpayment the transient lodging tax collector has against any deficiency, penalty or interest the transient lodging tax collector owes.

C. The tax administrator shall deliver the transient lodging tax collector a written notice of any deficiency determination.

D. Except in the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, every deficiency determination shall be made and notice of the deficiency determination delivered to the transient lodging tax collector within three years after the last day of the month following the end of the month for which the amount is proposed to be determined or within three years after the return is filed, whichever period is later. In the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, every deficiency determination shall be made and notice of the deficiency determination delivered to the transient lodging tax collector within ten years after the last day of the month following the close of the period for which the amount is proposed to be determined or within ten years after the return is filed, whichever period is later.

E. A transient lodging tax collector who receives a notice of deficiency determination from the tax administrator may petition for redetermination and refund of any overpayment. The petition must be made in writing and delivered to the tax administrator within ten days of the transient lodging tax collector's receipt of the notice of a deficiency determination. If a timely petition for redetermination is not received by the tax administrator, the deficiency determination is final. If a timely petition for redetermination is received by the tax administrator, a redetermination will occur as provided in this chapter.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.120 Redetermination.

A. Any person affected by a determination under SMC 3.30.110 may file a petition for redetermination with the tax administrator within ten days of delivery of notice of the tax deficiency determination. Payment in full of all taxes, penalties and interest determined by the tax administrator to be due is a prerequisite to filing a petition for redetermination and refund. Filing a petition for redetermination and refund is a prerequisite to seeking judicial review and the determination shall be final if no petition is timely filed.

B. If a petition for redetermination and refund is filed within the allowable period, the tax administrator shall reconsider the determination, and, if the petition requests, shall grant the petitioner an oral hearing and shall provide at least ten days' notice of the time and place of the hearing, unless the tax administrator and petitioner agree otherwise. The tax administrator may continue the hearing from time to time as may be necessary.

C. The tax administrator may decrease or increase the amount of the original determination as a result of the hearing. If the tax administrator increases the amount of the original determination, such increase is due upon delivery of a written notice of the increase to the petitioner.

D. After considering the petition and all available information, the tax administrator shall issue a redetermination decision and mail the decision to the petitioner.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.130 Security.

The tax administrator, whenever the tax administrator deems it necessary to ensure compliance with this chapter, may require any transient lodging tax collector to deposit with the tax administrator security in the form of cash, bond, or other security acceptable to the tax administrator. The amount of the security shall be fixed by the tax administrator, but shall not be greater than two times the transient lodging tax collector's estimated average quarterly tax liability for the period for which the transient lodging tax collector files returns, determined in a manner the tax administrator deems proper, or five thousand dollars ($5,000.00), whichever amount is less. The amount of security may be increased or decreased by the tax administrator within the limitation of this section.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.140 Refunds.

A. If a transient lodging tax collector concludes that the transient lodging tax collector has paid more tax, penalty or interest than is due, the transient lodging tax collector may file a claim in writing stating the facts upon which the claim is founded. The claim shall be filed with the tax administrator within one year from the date of payment. The claim shall be made on forms provided by the tax administrator. If the claim is approved by the tax administrator, the excess amount paid shall be credited against any amounts then due and payable from the transient lodging tax collector and the balance refunded to the transient lodging tax collector within fourteen (14) business days of the date the tax administrator concludes that the refund is due. The transient lodging tax collector has the burden of proving the facts that establish the basis for a refund. This section is not applicable to any amount determined by the tax administrator to be due pursuant to the determination provisions of SMC 3.30.110.

B. If a transient concludes that he or she paid more tax than is due, the transient may file a claim in writing stating the facts upon which the claim is founded. The claim shall be filed with the tax administrator within one year from the date of payment. If the claim is approved by the tax administrator, the excess amount collected shall be refunded to the transient within fourteen (14) business days of the date the tax administrator concludes that the refund is due. The transient has the burden of proving the facts that establish the basis for a refund.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.150 Deposit and expenditure of funds.

The tax administrator shall deposit all money collected pursuant to this chapter into a special revenue fund designated by the city council to be allocated for expenditures in a manner consistent with state law.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.160 Records and audit.

A. Each transient lodging tax collector shall keep records, render statements and comply with rules adopted by the tax administrator with respect to the tax imposed by this chapter. The records and statements required by this section must be sufficient to show whether there is a tax liability under this chapter. These records shall be retained by the transient lodging tax collector for a period of at least three years and six months after they are created.

B. The tax administrator may examine, during normal business hours, the books, papers, and accounting records relating to rentals of any transient lodging tax collector, after reasonable notification to the transient lodging tax collector, and may investigate the business of the transient lodging tax collector in order to verify the accuracy of any return made, or if no return is made by the transient lodging tax collector, to ascertain and determine the amount required to be paid.

C. A formal audit of all of the transient lodging tax collectors' records may be conducted at the discretion of the tax administrator. The transient lodging tax collector shall comply with all requests by the tax administrator in a timely manner. If, under this formal audit, it is determined that any transient lodging tax collector has underpaid the taxes due by three percent or more, the transient lodging tax collector shall pay his/her prorated portion of the total audit costs. Should the tax administrator, in his/her sole discretion, conduct or cause to be conducted individual audits in addition to or in lieu of the audit described above, and should that individual audit determine that the audited transient lodging tax collector has underpaid the taxes due by three percent or more, the transient lodging tax collector shall pay the total individual audit costs.

D. Records, reports, and returns submitted to the tax administrator are exempt from disclosure to the full extent provided by state law. Nothing in this section shall be construed to prohibit:

   1. The disclosure to, or the examination of, financial records by city officials, employees, or agents for the purpose of administering or enforcing the terms of this chapter, or collecting taxes imposed under the terms of this chapter, or collecting city business license fees;

2. The disclosure to the taxpayer or his/her authorized representative of financial information, including amounts of transient lodging taxes, penalties, or interest, after filing of a written request by the taxpayer or his/her authorized representative and approval of the request by the tax administrator;
3. The disclosure of the names and addresses of any person to whom a transient occupancy registration certificate has been issued;
4. The disclosure of general statistics in a form which would prevent the identification of financial information regarding any particular taxpayer's return or application; or
5. The disclosure of financial information to the city attorney or other legal representative of the city to the extent the tax administrator deems disclosure or access necessary for the performance of the duties of advising or representing the city.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.170 Notice.

In case of service by mail of any notice required by this chapter, the service is complete three days after deposit with the United States Post Office.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.180 Appeals.

Any person aggrieved by any decision of the tax administrator may appeal to the city manager by filing a notice of appeal with the tax administrator within fifteen (15) days after the serving of the notice of the tax administrator's decision. The tax administrator shall transmit the notice, together with the file of the appealed matter, to the city manager, who shall fix a time and place for hearing the appeal. The city manager shall give the appellant not less than fifteen (15) days' written notice of the time and place for hearing the appeal. The city manager may continue the hearing from time to time as necessary. The city manager shall render a decision in writing and mail it to the appellant within fifteen (15) days after the close of the hearing. Appeals from any determination made by the city manager are solely and exclusively by writ of review to the Circuit Court of Washington County, as provided in ORS 34.010 to 34.100.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.190 Violations and penalty.

A. A person who violates a provision of this chapter commits a class B violation.

B. Each transient lodging transaction for which tax, penalty or interest otherwise due is not paid shall be deemed a separate violation.

C. Each day a person fails to register as a transient lodging tax collector shall be deemed a separate violation.

D. A finding that a person has committed a violation of this chapter shall not act to relieve the person from the provisions of this chapter.

E. If a court finds that a transient lodging tax collector collected the tax imposed by this chapter and intentionally failed to remit the tax proceeds to the city when required by this chapter, the amount of penalty may be increased up to ten times the normal penalty imposed for a class B violation. All amounts listed as room tax in bills or invoices issued by the transient lodging tax collector shall be considered tax collected by the transient lodging tax collector, unless the transient lodging tax collector received no payment on the bill or invoice.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.200 Collection by city; compromise.

A. Except in the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, the city may bring legal action to collect any amounts owed to the city under this chapter within three years after any tax or any amount of tax required to be collected becomes due and payable, or at any time within three years after any determination becomes final, whichever is later. In the case of fraud or willful intent to evade this chapter or the rules and regulations adopted pursuant to this chapter, the city may bring legal action to collect any amounts owed to the city under this chapter within ten years after any tax or any amount of tax required to be collected becomes due and payable, or at any time within ten years after any determination becomes final, whichever is later.

B. The tax administrator may, after consultation with the city attorney, adjust or enter into a settlement as regards any amount believed to be due if, as a result of a bankruptcy filing, foreclosure, bona fide legal or factual dispute or similar circumstance, it is in the best interest of the city.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.210 Remedies cumulative.

Any fines pursuant to this chapter are in addition to, and not in lieu of, any other civil, criminal or administrative penalty, sanction, or remedy otherwise authorized by law.

(Ord. No. 2019-002, § 1, 2-19-2019)

3.30.220 Intergovernmental agreement.

The city council may enter into an intergovernmental agreement with Washington County whereby the county is responsible for the administration, collection, distribution, and/or enforcement of the tax authorized under this chapter, either in full or in part. The terms of that agreement shall apply in lieu of and shall supersede conflicting provisions of this chapter, but shall not be construed as repealing any provision of this chapter.

(Ord. No. 2019-002, § 1, 2-19-2019)

City Council Meeting Date: September 1, 2026

Agenda Item: Public Hearing *(2nd Reading)*

TO: Sherwood City Council

FROM: Kristen Switzer, Assistant City Manager
Through: Craig Sheldon, City Manager and Ryan Adams, City Attorney

SUBJECT: **Ordinance 2026-006, Amending Chapter 2.08.095 of the Sherwood Municipal Code - Youth Advisory Board**

Issue:
Shall the City Council adopt an ordinance amending Sherwood Municipal Code Section 2.08.095 to expand membership of the Youth Advisory Board and adjust member terms of office?

Background
The City of Sherwood established the Youth Advisory Board (codified at SMC 2.08.095) to educate, engage, and empower young residents by providing a meaningful platform for involvement in local government and community initiatives. The Board currently consists of a fixed number of members drawn from high school grades who either reside in Sherwood or attend school within the Sherwood School District.

Interest in service on the Board has grown. To accommodate greater youth participation and provide more flexible terms that better align with high school graduation timelines, staff recommends amendments that:

- Increase the authorized membership from a fixed number to a range of up to twelve members;
- Clarify quorum as one-half of the presently appointed members plus one;
- Adjust terms so that members serve up to three years, or until two months after the member completes high school.

The proposed amendments are set forth in Exhibit A or B to the accompanying ordinance. Duties and responsibilities of the Board remain substantively unchanged and continue to focus on youth engagement, civic participation, policy input on matters affecting youth, and coordination with schools, community organizations, and City government.

After the first reading of this ordinance, Council requested a second option. The second option (attachment B) would reserve one position for a student who does not attend Sherwood High School, but otherwise lives within Sherwood and meets the criteria to serve on the Board.

Proposed Amendment to Municipal Code
The proposed ordinance would amend Section 2.08.095 of the Sherwood Municipal Code, redlined versions of which are provided as Attachment A and B to this staff report.

Financial Impacts:

Adoption of the ordinance has no direct fiscal impact, other than the cost of codification. Any incremental administrative costs associated with a modestly larger Board are expected to be absorbed within existing staff resources and the City's youth engagement programming budget.

Recommendation:
Staff respectfully recommends that the City Council conduct the second reading as required by the City Charter and adopt Ordinance 2026-006, Amending Chapter 2.08.095 of the Sherwood Municipal Code - Youth Advisory Board.

Attachments:

A. Redline version of Sherwood Municipal Code Section 2.08.095 (option 1).
B. Redline version of Sherwood Municipal Code Section 2.08.095 (option 2).

Exhibit A

2.08.095 - Youth advisory board.

A. *Purpose.* The Sherwood Youth Advisory Board is hereby established for the purpose of educating, engaging and empowering young residents by providing a platform for meaningful involvement in local government and community initiatives.

B. *Composition.* The board shall consist of ~~seven~~ up to twelve (12) members who are enrolled in grades ninth to twelfth and are either Sherwood residents or attend school within the boundary of the Sherwood School District. A quorum shall consist of half of the presently appointed members, plus one.

C. *Term of office.* ~~For the first year following the formation of the youth advisory board, the~~The term of office for ~~four~~ members of the youth advisory board shall be ~~one year and the remaining three members shall be two years~~up to three years, or until two months after such time a member completes high-school. ~~For all subsequent appointments, the term of office will be two years.~~

D. *Duties and responsibilities.* The board shall:

1. Actively engage in city initiatives by providing input to the city on policies and programs affecting youth residents. Collaborate with city leaders and community organizations to boost civil engagement

2. Serve as ambassadors for youth issues by promoting civic participation and encouraging peers to engage in local government and volunteer opportunities. Attend leadership events and other civic gatherings.

3. Assist the city council and city administration in creating public policy on youth safety, transportation, health and wellness, and other needs.

4. Regularly review, and advise the city council and city administration on specific programs and policies relative to youth services goals and objectives, including setting annual priorities and determining projects based on community needs.

5. Establish and maintain coordinated and cooperative working relationships between residents, the business community, faith community, senior population, schools, other agencies, and the city government.

6. Undertake additional responsibilities relative to youth services as may be designated by the city council or request by the city administration.

Exhibit ~~A~~B

2.08.095 - Youth advisory board.

A. *Purpose.* The Sherwood Youth Advisory Board is hereby established for the purpose of educating, engaging and empowering young residents by providing a platform for meaningful involvement in local government and community initiatives.

B. *Composition*. The board shall consist of up to twelve (12) members who are enrolled in grades ninth through twelfth and are either Sherwood residents or attend school within the boundary of the Sherwood School District. At least one (1) seat shall be reserved for a member who does not attend Sherwood High School; this reserved seat may be filled by a homeschooled student, a charter school student, or a student in another qualifying educational program, provided the student otherwise meets the eligibility requirements above. A quorum shall consist of half of the presently appointed members, plus one.~~*Composition.* The board shall consist of seven members who are enrolled in grades ninth to twelfth and are either Sherwood residents or attend school within the boundary of the Sherwood School District.~~

C. *Term of office.* ~~For the first year following the formation of the youth advisory board, the~~The term of office for ~~four~~ members of the youth advisory board shall be ~~one year and the remaining three members shall be two years~~up to three years, or until two months after such time a member completes high-school. ~~For all subsequent appointments, the term of office will be two years.~~

D. *Duties and responsibilities.* The board shall:

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3. Assist the city council and city administration in creating public policy on youth safety, transportation, health and wellness, and other needs.

4. Regularly review, and advise the city council and city administration on specific programs and policies relative to youth services goals and objectives, including setting annual priorities and determining projects based on community needs.

5. Establish and maintain coordinated and cooperative working relationships between residents, the business community, faith community, senior population, schools, other agencies, and the city government.

6. Undertake additional responsibilities relative to youth services as may be designated by the city council or request by the city administration.

DRAFT

City of Sherwood Oregon

Home of the Tualatin River National Wildlife Refuge

ORDINANCE 2026-006

AMENDING SHERWOOD MUNICIPAL CODE SECTION 2.08.095 – YOUTH ADVISORY BOARD

WHEREAS, The City of Sherwood values input from a diverse group of citizens including a Youth Advisory Board; and

WHEREAS, The City has formally adopted and codified the Youth Advisory Board in Section 2.08.095 of its municipal code; and

WHEREAS, The City wishes to allow a greater number of youth to serve on the Youth Advisory Board and to extend their terms accordingly.

NOW, THEREFORE, THE CITY OF SHERWOOD ORDAINS AS FOLLOWS:

Section 1. Sherwood Municipal Code Chapter 2.08.095 is amended as set forth in the attached Exhibit __.

Section 2. Staff is directed to take all necessary and reasonable steps to promulgate the amendments in the attached Exhibit __.

Section 3. This Ordinance is and shall be effective 30 days after its adoption by the City Council.

Duly passed by the City Council on this 1st day of September, 2026.

_________________________ _____________

Kim Young, Council President Date

Attest:

____

Sylvia Murphy, MMC, City Recorder

	AYE	NAY
Giles	____	____
Scott	____	____
Mays	____	____
Standke	____	____
Brouse	____	____
Young	____	____
Rosener	____	____

Exhibit A

2.08.095 - Youth advisory board.

A. *Purpose.* The Sherwood Youth Advisory Board is hereby established for the purpose of educating, engaging and empowering young residents by providing a platform for meaningful involvement in local government and community initiatives.

B. *Composition.* The board shall consist of up to twelve (12) members who are enrolled in grades ninth to twelfth and are either Sherwood residents or attend school within the boundary of the Sherwood School District. A quorum shall consist of half of the presently appointed members, plus one.

C. *Term of office.* The term of office for members of the youth advisory board shall be up to three years, or until two months after such time a member completes high-school.

D. *Duties and responsibilities.* The board shall:

1. Actively engage in city initiatives by providing input to the city on policies and programs affecting youth residents. Collaborate with city leaders and community organizations to boost civil engagement

2. Serve as ambassadors for youth issues by promoting civic participation and encouraging peers to engage in local government and volunteer opportunities. Attend leadership events and other civic gatherings.

3. Assist the city council and city administration in creating public policy on youth safety, transportation, health and wellness, and other needs.

4. Regularly review, and advise the city council and city administration on specific programs and policies relative to youth services goals and objectives, including setting annual priorities and determining projects based on community needs.

5. Establish and maintain coordinated and cooperative working relationships between residents, the business community, faith community, senior population, schools, other agencies, and the city government.

6. Undertake additional responsibilities relative to youth services as may be designated by the city council or request by the city administration.

Exhibit B

2.08.095 - Youth advisory board.

A. *Purpose.* The Sherwood Youth Advisory Board is hereby established for the purpose of educating, engaging and empowering young residents by providing a platform for meaningful involvement in local government and community initiatives.

B. *Composition*. The board shall consist of up to twelve (12) members who are enrolled in grades ninth through twelfth and are either Sherwood residents or attend school within the boundary of the Sherwood School District. At least one (1) seat shall be reserved for a member who does not attend Sherwood High School; this reserved seat may be filled by a homeschooled student, a charter school student, or a student in another qualifying educational program, provided the student otherwise meets the eligibility requirements above. A quorum shall consist of half of the presently appointed members, plus one.

C. *Term of office.* The term of office for members of the youth advisory board shall be up to three years, or until two months after such time a member completes high-school.

D. *Duties and responsibilities.* The board shall:

1. Actively engage in city initiatives by providing input to the city on policies and programs affecting youth residents. Collaborate with city leaders and community organizations to boost civil engagement

2. Serve as ambassadors for youth issues by promoting civic participation and encouraging peers to engage in local government and volunteer opportunities. Attend leadership events and other civic gatherings.

3. Assist the city council and city administration in creating public policy on youth safety, transportation, health and wellness, and other needs.

4. Regularly review, and advise the city council and city administration on specific programs and policies relative to youth services goals and objectives, including setting annual priorities and determining projects based on community needs.

5. Establish and maintain coordinated and cooperative working relationships between residents, the business community, faith community, senior population, schools, other agencies, and the city government.

6. Undertake additional responsibilities relative to youth services as may be designated by the city council or request by the city administration.

City Council Meeting Date: September 1, 2026

Agenda Item: Public Hearing *(2nd Reading)*

TO: Sherwood City Council

FROM: David Bodway, Finance Director
Through: Craig Sheldon, City Manager and Ryan Adams, City Attorney

SUBJECT: **Ordinance 2026-007, Establishing a Commercial Public Safety Fee and Adding Section 3.50 to the Sherwood Municipal Code**

Issue:
Shall the City Council adopt an ordinance establishing a Commercial Public Safety Fee on non-residential (commercial) properties within the City of Sherwood to provide dedicated funding for police services?

Background
The City of Sherwood, like many Oregon municipalities, faces ongoing challenges in funding public safety services due to the limitations on property tax revenues. Police service costs continue to rise with personnel, equipment, and operational needs, while the City's ability to increase general fund property tax revenue is constrained.

Numerous Oregon cities have adopted public safety fees (often billed on utility accounts) as a lawful mechanism to provide stable, dedicated funding for police and related services. These fees are structured as fees for services that benefit developed property rather than as property taxes.

The City of Keizer adopted Ordinance No. 2017-775 in July 2017, establishing a Police Services Fee. That ordinance provides a clear, court-tested model: findings regarding the benefits of police services; definitions of residential and non-residential units; imposition of the fee; rates set by resolution for flexibility; a dedicated fund restricted to police uses; and collection through the existing utility billing system. Keizer later refined commercial charges using an Equivalent Service Unit (ESU) methodology tied to impervious surface.

Staff recommends that Sherwood adopt a similar enabling ordinance limited to commercial (non-residential) properties only. This approach focuses the new fee on business properties that generate significant demand for police services while avoiding an additional charge on residential utility customers at this time. The proposed ordinance closely tracks the structure and language of Keizer's ordinance, adapted for a commercial-only fee and for consistency with Sherwood's existing utility billing practices and Municipal Code style.

Key features of the proposed ordinance include:

- Purpose findings emphasizing the benefits of police services to commercial properties and the need for stable funding;
- Definitions of "Commercial Unit," "Premise," and related terms;

- Establishment of the fee solely on commercial/non-residential developed property;
- Authority for the City Council to set the amount (and methodology, including per-unit or ESU-based) by resolution;
- Creation of a dedicated Commercial Public Safety Fund restricted to police services;
- Billing and collection through the City's existing utility billing system for commercial accounts, with standard delinquency, adjustment, and appeal procedures.

If the ordinance is adopted, staff will bring a companion resolution establishing the initial rate structure and any preferred methodology (flat per commercial unit or ESU-based) for Council consideration. The ordinance itself does not set a dollar amount, preserving flexibility for annual review during the budget process.

Proposed Amendment to Municipal Code
The proposed ordinance would add a new section 3.50 to the Sherwood Municipal Code, a version of which is provided as Attachment A to this staff report.

Financial Impacts:
Adoption of the enabling ordinance itself has no immediate fiscal impact beyond codification costs. Revenue generation will depend on the rate and methodology subsequently adopted by resolution. Revenue would be deposited into a restricted fund and used exclusively for police services (personnel, equipment, vehicles, and related operational costs). Implementation will utilize existing utility billing infrastructure, minimizing additional administrative expense.

Recommendation:
Staff respectfully recommends that the City Council hold the required public hearing(s), conduct the second reading as required by the City Charter, and adopt Ordinance 2026-007, Establishing a Commercial Public Safety Fee and Adding Section 3.50 to the Sherwood Municipal Code.

Attachment:
Attachment A, Proposed code language.

Exhibit A

Sherwood Municipal Code Section 3.50

Chapter 3.50—Commercial Public Safety Fee

3.50.010. Purpose of Commercial Public Safety Fee.
The purpose of the Commercial Public Safety Fee is to provide funding for police services. Police services safeguard, facilitate, and encourage the health, safety, and welfare of the residents and enterprises of the City of Sherwood. Stable and reliable police services provide a multitude of economic and social benefits to the public, including, but not limited to:

A. Protection of life and property;

B. Reduction in the incidence of crime;

C. Dependable response by law enforcement; and

D. Promotion of business and economic activity within the City.

The City Council finds and determines the necessity of this Commercial Public Safety Fee to provide a funding mechanism to help pay for the benefits of police services and to maintain an acceptable level of service.

3.50.020. Definitions.
For purposes of Sherwood Municipal Code section 3.50, the following terms are defined as follows:

A. Commercial Unit. A Premise or a portion of a Premise not used primarily for personal, domestic accommodation in independent living facilities. A Commercial Unit includes, but is not limited to, governmental (except as exempted herein), not-for-profit, business, commercial, industrial, and institutional enterprises. Each portion of a Commercial Unit that has permanent provisions for distinct and defined access to an individual enterprise shall be considered a separate Commercial Unit. Enterprises that provide senior living, assisted living, nursing care, and similar services exclusively shall be considered Commercial Units. Multi-family residential properties, condominiums, and mobile home parks used primarily for residential occupancy are not Commercial Units under this Ordinance. For purposes of this section, Commercial Unit also includes irrigations accounts. Irrigation accounts are those utility billing accounts for water used for outdoor irrigation purposes. It may be served by a dedicated irrigation meter or by a shared water service, and charges are assessed according to the utility's billing rates and policies. Irrigation accounts shall not be construed to include any account serving a residential property.

B. Equivalent Service Unit or ESU. One Equivalent Service Unit equals 2,640 square feet of impervious surface area, consistent with the City’s stormwater utility methodology. The number of ESUs for a Commercial Unit shall be calculated by dividing the total impervious surface area of the Premise (or the portion attributable to the Commercial Unit) by 2,640 and rounding to the nearest tenth (0.1), subject to any minimum or maximum established by resolution. Where impervious surface data is not readily available, the City may use an alternative reasonable estimate or the ESU count already assigned to the account for stormwater billing purposes.

C. Premise. A parcel or portion of a parcel of land within the corporate limits of the City of Sherwood that receives a direct or indirect benefit from police services. It is presumed that a Premise receives a direct or indirect benefit from police services if the Premise is developed. A Premise is presumed to be developed if served by water, stormwater, or wastewater utility, or if it has improvements, including but not limited to buildings, parking lots, or outdoor storage.

D. Person Responsible. The customer responsible for payment of the City utility account serving the Premise, or, for Premises without utility service, the property owner as shown in the county tax records.

3.50.030. Establishment of Commercial Public Safety Fee.

A. Except as exempted below, a Commercial Public Safety Fee is hereby established and imposed upon all Commercial Units within the City of Sherwood.

B. Premises owned by the City of Sherwood that are property-tax exempt are exempt from the payment of any Commercial Public Safety Fee. Premises owned by the Sherwood School District are exempt from this fee provided that, and only for so long as, the Sherwood School District contributes no less than fifty percent (50%) of the fully loaded cost of the School Resource Officers assigned by the Sherwood Police Department.

C. The Commercial Public Safety Fee shall be calculated on an Equivalent Service Unit (ESU) basis, or such other methodology as the City Council may establish by resolution. The City Council may by resolution establish different rates for categories of commercial accounts (including but not limited to Industrial and Manufacturing versus other commercial), minimum charges, and maximum caps on the number of ESUs or the total fee.

D. The obligation to pay the Commercial Public Safety Fee is a personal obligation of the Person Responsible. No lien shall attach to any Premise solely because of nonpayment of the Commercial Public Safety Fee.

E. All developed commercial property receives a direct or indirect benefit from police services. Unless specifically exempted, the Commercial Public Safety Fee applies to commercial utility accounts, including those that serve local, state, and federal governments (except City-owned tax-exempt property), and to accounts that serve Premises entitled to an exemption from or deferral of ad valorem property taxes, as well as commercial Premises not connected to utility services.

F. The Commercial Public Safety Fee described herein is not subject to the property tax limitations of Article XI, Sections 11 and 11b of the Oregon Constitution and is not a fee imposed on property or property owners by fact of ownership.

3.50.040. Amount of Commercial Public Safety Fee.

The amount of the Commercial Public Safety Fee, any category-based rate differentials, any minimum charge, any maximum cap on ESUs or total fee, and any related methodology shall be set by City Council resolution. In addition, the Council may set by resolution fees for extra services required in collecting delinquent customer accounts for the Commercial Public Safety Fee.

3.50.050. Dedicated Funds.

A. There shall be a Commercial Public Safety Fund. All Commercial Public Safety Fee revenues imposed and collected under this Ordinance shall be deposited in the Commercial Public Safety Fund.

B. Money in the Commercial Public Safety Fund shall be used for the purposes of City police services as determined each year during the budget process. The Commercial Public Safety Fee shall not be used for any other governmental or proprietary functions of the City. Any revenues in excess of actual expenses as identified in the budget process shall be carried forward to the next year's budget.

3.50.060. Billing.

A. The Person Responsible is responsible for payment of the Commercial Public Safety Fee. For non-utility Premises, the property owner as set forth in the county tax records shall be the Person Responsible.

B. The City shall collect the Commercial Public Safety Fee by adding the fee to the utility bill of each commercial customer in the City of Sherwood. For non-utility accounts, the billing shall be mailed to the property owner's address as set forth in the county property records, unless such owner requests the billing be sent to a different address.

C. If a Premise has more than one utility account, the Commercial Public Safety Fee for the Premise shall be calculated based on the total number of ESUs (or applicable methodology) attributable to the Commercial Units on the Premise. The ESUs may be combined into one account or allocated to each account.

D. Charges for water, wastewater, stormwater, street-related fees, the Commercial Public Safety Fee, and any other authorized charges may be billed on the same utility bill. If full payment of a utility billing is not made, payment shall be applied in the order established by City policy or resolution.

3.50.070. Payment Due Date.

The Commercial Public Safety Fee shall be due on the same date as the utility bill. For non-utility accounts, the due date shall be the date specified on the bill, consistent with ordinary utility billing practices.

3.50.080. Adjustment of Accounts and Appeals.

A. Customers who believe their Commercial Public Safety Fee, as applied to their Premise, is not within the intent of this Ordinance may request, in writing, a review of their fee by the Finance Director or designee. The Finance Director or designee may initiate a review of a customer’s fee.

i. If a customer’s charge is reduced as a result of this review, the corrected fee shall begin with the next billing and a credit or refund shall be made retroactively, not to exceed one year from the last billing.

ii. If a customer’s charge is increased as a result of this review, the corrected fee shall begin with the next billing and the customer may be billed for the increase retroactively, not to exceed one year from the last billing.

B. If an existing customer has not been billed for the Commercial Public Safety Fee, the fee shall begin with the next billing and the customer may be billed retroactively, not to exceed one year.

C. Customers not satisfied with the results of the review by the Finance Director or designee may appeal that decision in writing to the City Manager within fourteen (14) calendar days. The City Manager’s decision shall be final, subject only to writ of review under ORS 34.010 to 34.100.

3.50.090. Delinquency.

A. A Commercial Public Safety Fee is delinquent if payment in full is not received on or before the due date.

B. If a customer’s utility account is delinquent for the Commercial Public Safety Fee only, the City may not discontinue water services billed on that account solely for that reason. However, the City may refuse to restore water service to the Premise if the delinquent charges and other costs incurred are not paid, consistent with applicable law and City policy.

C. Delinquent amounts owing may be collected by any lawful means, including but not limited to referral or assignment to a collection agency.

3.50.100. Severability.

If any section, subsection, sentence, clause, phrase, or portion of this section is for any reason held invalid or unconstitutional by a court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions.

3.50.110. Effective Date.

This Ordinance shall take effect on January 1, 2027, and shall continue thereafter until repealed. The Commercial Public Safety Fee authorized by this Ordinance shall first appear on utility bills for periods beginning on or after January 1, 2027, or as otherwise provided in the initial rate-setting resolution.

City of Sherwood Oregon
Home of the Tualatin River National Wildlife Refuge

ORDINANCE 2026-007

ESTABLISHING A COMMERCIAL PUBLIC SAFETY FEE AND ADDING CHAPTER 3.50 TO THE SHERWOOD MUNICIPAL CODE

WHEREAS, the City of Sherwood maintains a Police Department dedicated to protecting the public and providing essential public safety services; and

WHEREAS, the City Council has determined that sustained funding is necessary to maintain adequate levels of police services in light of rising costs and the limitations on property tax revenues under Oregon law; and

WHEREAS, police services are available to and benefit every developed commercial property within the City; and

WHEREAS, the City has authority under its Charter and Oregon law to impose fees for services that provide a direct or indirect benefit to property and to the public; and

WHEREAS, the City Council finds that a fee imposed on commercial properties will provide a stable funding mechanism to support police services without constituting a tax on property or property owners by reason of ownership; and

WHEREAS, the fee is a charge for services, is reasonably related to the benefits conferred on commercial property and is not imposed by reason of property ownership.

WHEREAS, the City Council held a public hearing to solicit comments regarding the proposed fee; and

WHEREAS, the City Council finds it in the best interest of the community to establish a Commercial Public Safety Fee;

NOW, THEREFORE, THE CITY OF SHERWOOD ORDAINS AS FOLLOWS:

Section 1. Sherwood Municipal Code Chapter 3.50, et. seq, is hereby created, adopted, and added to the Sherwood Municipal Code as set forth in the attached Exhibit A.

Section 2. Staff is directed to take all necessary and reasonable steps to promulgate Sherwood Municipal Code as set forth in the attached Exhibit A.

Section 3. This Ordinance is and shall be effective 30 days after its adoption by the City Council.

Duly passed by the City Council on the 1st day of September, 2026.

____________________________ ______________
Kim Young, Council President Date

Attest:

____
Sylvia Murphy, MMC, City Recorder

	AYE	NAY
Giles	____	____
Scott	____	____
Mays	____	____
Standke	____	____
Brouse	____	____
Young	____	____
Rosener	____	____

Exhibit A

Sherwood Municipal Code Section 3.50

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B. If an existing customer has not been billed for the Commercial Public Safety Fee, the fee shall begin with the next billing and the customer may be billed retroactively, not to exceed one year.

C. Customers not satisfied with the results of the review by the Finance Director or designee may appeal that decision in writing to the City Manager within fourteen (14) calendar days. The City Manager's decision shall be final, subject only to writ of review under ORS 34.010 to 34.100.

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B. If a customer's utility account is delinquent for the Commercial Public Safety Fee only, the City may not discontinue water services billed on that account solely for that reason. However, the City may refuse to restore water service to the Premise if the delinquent charges and other costs incurred are not paid, consistent with applicable law and City policy.

C. Delinquent amounts owing may be collected by any lawful means, including but not limited to referral or assignment to a collection agency.

3.50.100. Severability.

If any section, subsection, sentence, clause, phrase, or portion of this section is for any reason held invalid or unconstitutional by a court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions.

3.50.110. Effective Date.
This Ordinance shall take effect on January 1, 2027, and shall continue thereafter until repealed. The Commercial Public Safety Fee authorized by this Ordinance shall first appear on utility bills for periods beginning on or after January 1, 2027, or as otherwise provided in the initial rate-setting resolution.

City Council Meeting Date: September 1, 2026

Agenda Item: New Business

TO: Sherwood City Council

FROM: Kristen Switzer, Assistant City Manager
Through: Craig Sheldon, City Manager and Ryan Adams, City Attorney

SUBJECT: Resolution 2026-059, Appointing Members to the Sherwood Youth Advisory Board

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Issue:
Should the City Council appoint members to the Sherwood Youth Advisory Board?

Background:
The City Council amended Sherwood Municipal Code Section 2.08.095 to provide greater flexibility for Youth Advisory Board membership. The amendments increased the authorized membership to up to twelve members.

Staff received applications from students who reside in Sherwood or attend school within the Sherwood School District. Council Liaison Renee Brouse, along with city staff, interviewed applicants and made recommendations to the mayor. The mayor has submitted recommendations for appointments.

The appointments recommended in Exhibit A will fill available positions on the Youth Advisory Board under the amended membership structure.

1-year term (expiring August 2027)
Cosette Duckett (Sr)
Emery Knight (Sr)
Jayden Mendez (Sr)

2-year term (expiring August 2028)
Akwaski Cobbinah (Jr)
Rose Sullivan (Jr)
Conner Tang (Jr)

3-year term (expiring August 2029)
Prachi Ranabhat (Soph)
Baylor Bodway (Soph)

Financial Impacts: There are no additional financial impacts.

Recommendation: Staff respectfully recommends adoption of Resolution 2026-059, Appointing Members to the Sherwood Youth Advisory Board.

City of Sherwood Oregon
Home of the Tualatin River National Wildlife Refuge

RESOLUTION 2026-059

APPOINTING MEMBERS TO THE SHERWOOD YOUTH ADVISORY BOARD

WHEREAS, Sherwood Municipal Code Section 2.08.095 established the Sherwood Youth Advisory Board; and

WHEREAS, the City Council recently amended Section 2.08.095 to authorize up to twelve members and revise Board membership terms; and

WHEREAS, the City has completed a recruitment process and received applications from qualified students who reside in Sherwood or attend school within the Sherwood School District; and

WHEREAS, Council Liaison Renee Brouse, along with City staff, interviewed applicants and made recommendations to the mayor; and

WHEREAS, the Mayor has submitted recommendations for appointments, as outlined in Exhibit A; and

WHEREAS, in accordance with Council Rules of Procedure, all such appointments are subject to the approval of the City Council by resolution.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1. The Sherwood City Council hereby appoints members to the Sherwood Youth Advisory Board as outlined in the attached Exhibit A.

Section 2. This Resolution shall be effective upon its approval and adoption.

Duly passed by the City Council this 1st day of September 2026.

____
Kim Young, Council President

Attest:

____
Sylvia Murphy, MMC, City Recorder

Sherwood Youth Advisory Board

The Board will consist of up to 12 members. Terms may be up to 3 years.

1-year term (expiring August 2027)

Cosette Duckett (Sr)

Emery Knight (Sr)

Jayden Mendez (Sr)

2-year term (expiring August 2028)

Akwaski Cobbinah (Jr)

Rose Sullivan (Jr)

Conner Tang (Jr)

3-year term (expiring August 2029)

Prachi Ranabhat (Soph)

Baylor Bodway (Soph)