



Resolution 2006-036

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT TO ADMINISTER A CONSTRUCTION EXCISE TAX ON NEW BUILDING PERMITS

WHEREAS, the City has a Building Department that collects fees for certain building permits according to State law;

WHEREAS, Metro adopted a new construction excise tax on March 23, 2006 to finance the planning for UGB expansion areas and will be effective on July 1, 2006;

WHEREAS, the 2006 Planning Commission Work Program and 2006 City Council Goals include concept planning of Area 54-55 and Area 48;

WHEREAS, the City Council was briefed on the matter during a work session on May 16, 2006; and

WHEREAS, an Intergovernmental Agreement (IGA) is required between the City of Sherwood and Metro to formalize the administration of the program.

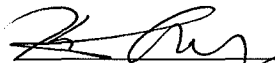
NOW, THEREFORE, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The attached Exhibit is hereby approved:

Section 2: The City Manager is authorized to enter into an agreement with Metro to administer the collection and distribution of the tax under the conditions outlined in the attached Exhibit.

Section 3. This Resolution shall take effect upon its passage by the Council and execution by the Mayor.

Duly passed by the City Council this 20th day of June, 2006.


Keith S. Mays, Mayor

ATTEST:


Sylvia Murphy, City Recorder

**CONSTRUCTION EXCISE TAX
INTERGOVERNMENTAL AGREEMENT
TO COLLECT AND REMIT TAX BETWEEN
METRO AND CITY OF SHERWOOD**

This Construction Excise Tax Intergovernmental Agreement to Collect and Remit Tax ("CET Collection IGA") is effective on the last date of signature below, and is by and between Metro, a metropolitan service district organized under the laws of the state of Oregon and the Metro Charter, located at 600 Northeast Grand Avenue, Portland, OR, 97232-2736 ("Metro"), and the City of Sherwood ("Sherwood"), located at 22560 SW Pine Street, Sherwood, OR 97140, collectively referred to as "Parties."

WHEREAS, in October 2005 Metro convened a tax study committee comprised of representatives from local jurisdictions and the development community, to provide recommendations for funding comprehensive planning needs associated with recent inclusions into the urban growth boundary; and that tax study committee recommended that a short-term construction excise tax on building permit values was the appropriate funding mechanism; and

WHEREAS, the tax study committee's recommendation was forwarded to the Metro Planning Advisory Committee ("MPAC"), and on March 8, 2006 MPAC recommended approval of the tax study committee's proposal that Metro adopt a construction excise tax that would be implemented by local jurisdictions to fund comprehensive planning needs associated with new inclusions into the urban growth boundary; and

WHEREAS, on March 23, 2006 Metro adopted Ordinance No. 06-1115, establishing a Construction Excise Tax ("CET") throughout the Metro regional jurisdiction; and

WHEREAS, the ordinance provides that the Construction Excise Tax may be collected by local jurisdictions and remitted to Metro pursuant to Intergovernmental Agreements, and that Metro will distribute up-front grants to local jurisdictions, based on grant requests that set forth the expected completion of certain milestones associated with Title 11 of Metro Code Chapter 3.07, the Urban Growth Management Functional Plan; and

WHEREAS, the Construction Excise Tax established by Ordinance No. 06-1115 will expire when the total amount collected by all jurisdictions and remitted to Metro and certified by Metro as such is \$6.3 million dollars, which is estimated to take approximately three years; and

WHEREAS, the Parties desire to agree to certain procedures needed to collect the Construction Excise Tax and remit the tax to Metro.

NOW THEREFORE, the Parties hereto agree as follows:

1. Information and Forms. Metro shall provide to the Sherwood information, forms, and assistance explaining the Construction Excise Tax.

2. Staffing. Sherwood shall provide sufficient staff to calculate and collect the Construction Excise Tax along with the collection of other permit fees. Metro shall provide sufficient staff to implement the CET program including grant distribution.

3. Collection; Start date. Sherwood agrees to collect the Construction Excise Tax on behalf of Metro. Sherwood shall begin collecting the CET on July 1, 2006, and shall continue collection until the expiration of the CET as set forth below.

4. Exemptions. Metro shall also provide Sherwood with forms for CET exemptions, rebates, and refunds, and any other forms or information necessary for implementation of the CET. If a Person claims to be exempt from the CET and files a Metro CET Exemption Form at the time the CET would otherwise be due, Sherwood shall grant the exemption. It shall be Metro's responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the exemption.

5. Remittance. Sherwood shall remit the collected CET to Metro. Remittance shall be quarterly, unless a jurisdiction prefers to remit the CET monthly, by the 30th of the month following the quarter (or month) ending. Quarters end on September 30, December 31, March 31 and June 30 of each year. CET remittance and the CET Report shall be sent to Metro, attn Construction Excise Tax Accounting Specialist, 600 NE Grand, Portland, Oregon 97232.

6. CET Reports. Along with the CET remittance, Sherwood shall prepare and submit to the Metro Chief Operating Officer a report of the CETs and building permits issued for the previous quarter's construction activities. The report shall include: the number of building permits issued that quarter; the aggregate value of construction; the number of building permits for which CET exemptions were given; the aggregate value of construction for the exempted construction; the aggregate amount of CET paid; and the amount of CET administrative fee retained by Sherwood pursuant to this CET Collection IGA.

7. Failure to Pay CET. Upon a Person's refusal to or failure to pay the CET when due, the jurisdiction administering that Person's building permit shall notify Metro in writing within five (5) business days of such failure, with information adequate for Metro to begin collection procedures against that Person, including the Person's name, address, phone numbers, Construction Project, Value of New Construction, and building permit number. Upon a Person's refusal or failure to pay the CET, it shall be Metro's responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy Metro may have under law.

8. Records. Sherwood shall make all records related to building permit activity, Construction Excise Tax collections, and CET exemptions available to Metro, or its designated auditors, as necessary for Metro to audit Construction Excise Tax collections.

9. Administrative Fee. As consideration for the above described services, Sherwood shall retain Five Percent (5%) of the CET collected by the jurisdiction. Prior to submitting the CET to Metro, Sherwood shall deduct this administrative fee directly from the CET collected, and the amounts deducted and retained shall be identified on the report submitted to Metro. In addition, Metro will reimburse Sherwood for its reasonable, one time, start-up costs in the amount of \$2500.

10. Sunset. Sherwood shall cease collection of the Construction Excise Tax pursuant to this CET Collection IGA on the last day of the month in which Metro certifies to Sherwood that a total of \$6.3 million has been collected by the Metro-area local jurisdictions and has been remitted to and received by Metro. CET already collected by Sherwood in the CET reporting period in which it receives Metro's written certification notice shall be remitted to Metro, and shall remain a part of the CET program and shall be distributed by Metro to local jurisdictions in accordance with the CET grant program.

11. Amendment. This CET Collection IGA may be amended by mutual written agreement of the Parties.

12. Other Agreements. This CET Collection IGA does not affect or alter any other agreements between Metro and Sherwood.

Metro

City of Sherwood

By: Michael Jordan

By: Ross Schultz

Title: Metro Chief Operating Officer

Title: City Manager

Date: _____

Date: _____

State of Oregon)
 ss.
County of _____)

On this _____ day of _____, 2006, before me _____, the undersigned Notary Public, personally appeared Michael Jordan, as Chief Operating Officer of Metro, a municipal corporation, personally known to me (or proved to be on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument, and acknowledged that he executed it.

My commission expires: _____

State of Oregon)
 ss.
County of _____)

On this _____ day of _____, 2006, before me _____, the undersigned Notary Public, personally appeared _____ as _____ of _____ Sherwood, personally known to me (or proved to be on the basis of satisfactory evidence) to be the person(s) whose name(s) is (are) subscribed to this instrument, and acknowledged that he (she or they) executed it.

My commission expires: _____