

Statewide Transportation Improvement Fund Guidance for Determining Whether Expenditures are Substantially Compliant and Consistent with STIF Plan October, 2020

Introduction

The Statewide Transportation Improvement Fund (STIF) is intended to finance investments and improvements in public transportation in Oregon. The legislative priorities articulated in HB 2017 include an emphasis on improving public transportation for Low-income Households, procuring buses with low or no emissions (particularly in areas with populations over 200,000), improving public transportation within and between communities, and improving public transportation for high school students. This significant source of state funding also includes additional expectations for state oversight and accountability. In response to the COVID-19 pandemic, a special legislative session passed SB 1601 linked here:

[MeasureDocument/SB1601/Enrolled](#) which includes a change allowing STIF funds to be used to maintain existing public transportation services, effective July 7, 2020. This document reflects those changes.

Funds to be disbursed to Qualified Entities are based on the actual taxes collected within the time period. This amount may be more or less than the forecasted values in the forecast published the December prior to the STIF Plan period. The maximum total amount the Agency will disburse to a Recipient will not exceed their approved STIF Plan maximum. Any taxes collected in excess of the STIF Plan maximum will be available to the Qualified Entity in the next plan period.

The Oregon Department of Transportation, Public Transportation Division (the Agency) is providing this guidance in support of our STIF administrative and fiduciary oversight role. It includes guidance on the types of expenditures that the Agency will consider as consistent or inconsistent with an approved STIF Plan at the task level. It also includes information regarding service preservation projects and a summary of actions that will be reviewed to determine whether expenditures are substantially compliant with STIF Plans. It is likely that there are actions the Agency has not yet considered when developing this document, it will be updated over time to reflect Agency determinations on actions not yet considered.

Under OAR 732-042-0025(5)(e), the Oregon Transportation Commission may reject a submitted STIF Plan for formula funding if the "...Qualified Entity failed to expend STIF Formula funds in a manner that substantially complied with a prior approved STIF Plan." The statutory changes in SB1601 allow expenditures made after July 7, 2020 to preserve service, which is not present on approved Plans, do not present a reason to reject a subsequent STIF Plan.

If a Recipient determines a given project is not meeting its goals or estimated outcomes, the Recipient should consider whether to modify activities and expenditures consistent with the allowances contained herein or suspend the task or project until it can be revisited during the next STIF Plan period. STIF Plans cannot be amended and any unused funds will be carried forward for the Qualified Entity to use during the next STIF Plan period. **Qualified Entities are required to get prior approval from the Agency to shift funds between projects and/or**

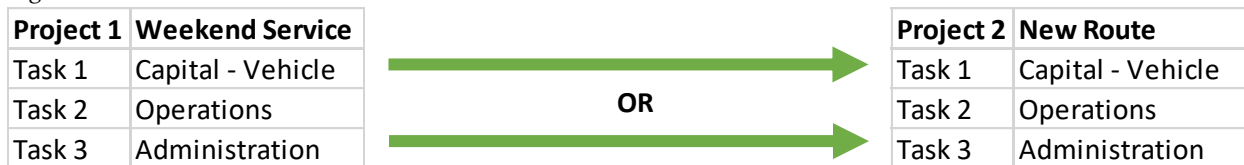
between tasks within a project by emailing their Regional Transit Coordinator or a member of the STIF team, unless it is part of a transfer to preservation of existing services.

A. Consistent Spending

The following is a list of actions and types of expenditures that the Agency considers consistent with an approved STIF Plan at the task expenditure level. Examples are included along with additional information that must be provided to the Agency in the STIF Plan Report (SPR).

1. Shifting budget values on the same activity type across projects. All changes must be pre-approved by the Agency. Example: Unused capital vehicle purchase funds moved from Project 1 to Project 2 for vehicle purchases. (See Figure 1.)
 - Types of activities include capital purchases, program reserves, operations, planning, and project administration.
 - The original project must be carried out to the level planned prior to transferring unused funds.
 - Explain the rationale for shifting funding in the SPR.
 - Changes to vehicle fuel types. Explain the rationale for shifting funding to a higher emission vehicle from a low- or no-emission vehicle for Public Transportation Services Providers in areas with populations greater than 200,000.
 - Total expenditures cannot exceed budget of both projects combined.
 - ODOT pre-approval required.

Figure 1.



2. Shifting budget values within the same project. Example: Project 4, Task 1 has unused funds; reallocate to Project 4 Task 3. (See Figure 2.)
 - Tasks must be completed to the level planned prior to transferring unused funds. Explain the rationale for the shift in the SPR.
 - Total expenditures cannot exceed project budget total.
 - ODOT pre-approval required.

Figure 2.



3. Projects with unmet deliverables.
 - Projects at the close of a STIF Plan period where deliverables have not been completed can be rolled over to the next STIF Plan period.
 - Explain the reason for unfinished projects in the SPR.

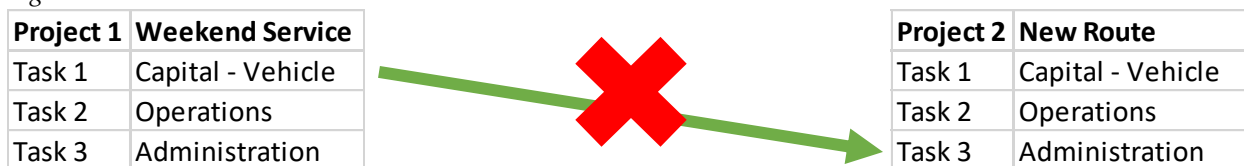
4. Carry forward and unspent funds.
 - These funds can be rolled over to the next STIF Plan period.
 - Explain the rationale for carrying funding forward to the next STIF Plan period in the SPR.
5. Program reserve spending.
 - Provide a narrative on the activities that program reserves are spent on in the SPR.
 - The narrative must note which existing plan projects and tasks were supplemented with program reserve funds.
6. Debt payments made on projects and tasks specifically outlined in STIF Plan.
7. Delays in project spending within STIF Plan period.
8. Shifting budget values between Qualified Entities and their subrecipients and shifting budget values between subrecipients. Concurrence of both parties in writing is required prior to transfer.
9. Spending of STIF interest. Provide a narrative in the SPR on the activities that STIF interest are spent on and which existing plan projects and tasks were supplemented with interest funds.

B. Inconsistent Spending

The following is a list of actions and types of expenditures that the Agency would consider inconsistent spending with an approved STIF Plan at the project expenditure level. Spending inconsistent with a STIF Plan will cause the Agency to review Recipients with more scrutiny to ensure that STIF funds are used appropriately.

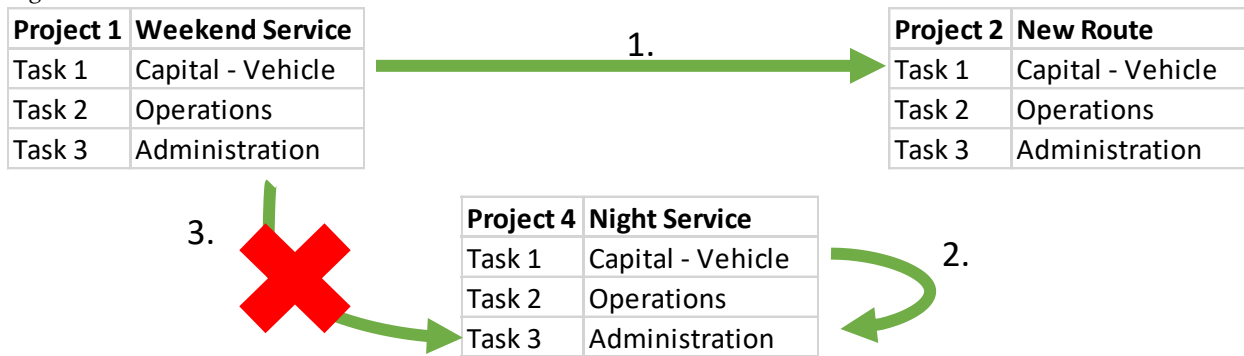
1. Going over budget.
 - Overall STIF Plan budget may not be exceeded.
 - Projects and tasks may go over budget if supplemented by other planned projects and tasks, as appropriate with the consistent spending section.
2. Shifting budget values between both activity type and project. Example: Unused vehicle funds from Project 1 may not go toward operations in Project 2. (See Figure 3.)

Figure 3.



3. Shifting budget values within tasks and between projects.
 - Shifting budget on the same types of activities across projects (Consistent Spending A.1) **or** shifting budget within the same project (Consistent Spending A.2), **but not both.**
 - Example: Project 4 shifted budget from Task 1 to Task 3; it cannot receive additional funds from other projects, nor can it transfer budget to other projects. (See Figure 4.)
 - Example: Project 1 shifted unused budget to Project 2; it cannot shift budget between its own tasks.

Figure 4.



- Debt payments made to projects and tasks that did not specifically describe use of debt financing in the STIF Plan.

C. Service Preservation (2019-21 Biennium)

Service preservation projects are exceptions to the consistency guidelines listed in sections A and B. The projects maintained through the service preservation process must have been pre-existing prior to the special session ruling in SB 1601 and must be in danger of suspending if not supported by STIF Formula funds.

- Funds allocated to the service preservation project must describe the project(s) that are being supported in the project narrative section.
- Qualified Entity Advisory Committee concurrence on service preservation project expenditures must be attached to the SPR.
- Outcome measures such as the number of rides and revenue miles must be reported in the SPR.
- Projects that are not being pursued in favor of service preservation should be noted as such in their respective SPR project narrative sections.
- Service preservation projects can shift budget values between activity types and projects.
- There is only one service preservation project, therefore multiple transfers from multiple projects and tasks can occur. In the SPR, additional task item ALI codes can be added to reflect different projects and transfers.

D. Compliance

Failure to complete one or more of the following actions may result in a determination of STIF Plan non-compliance. A compliance finding results in a formal letter and a remediation plan to prevent future events of non-compliance.

- Ensure at least 1 percent of total expenditures per fiscal year are spent to support transportation for students in grades 9-12, unless the approved STIF Plan documents that it is not practicable for a particular fiscal year. Practicable means reasonably expected to be done or put into practice successfully.
- At least one project that benefits low-income households over the STIF Plan period.
- All reports complete and on time over the STIF Plan period.
- Documentation provided that supports STIF Plan expenditures. (See Reimbursement Request Expense Documentation Requirements Summary Sheet.)