



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

April 7, 2003

Ordinance 14598

Proposed No. 2003-0112.3

Sponsors Pelz and McKenna

1 AN ORDINANCE authorizing the executive to execute an
2 interlocal agreement for the design, implementation,
3 operation and maintenance of the regional fare coordination
4 system.

5
6

7 **STATEMENT OF FACTS:**

8 1. King County and other governmental entities in the central Puget
9 Sound region provide public transportation services within their service
10 areas and, as part of the services, collect fares from riders.

11 2. The county has determined that regional fare coordination promotes the
12 use of public transportation throughout the region due to increased ease and
13 convenience for customers.

14 3. Under the Interlocal Cooperation Act, chapter 39.34 RCW, the county
15 and other providers of public transportation in the region may jointly
16 exercise their powers to better coordinate their respective services and fare
17 payment systems to improve the availability, reliability and convenience of

18 public transportation services within their service areas and throughout the
19 region.

20 4. The county and other providers of public transportation in the region
21 have participated in a procurement process seeking a contractor to design,
22 implement, operate and maintain a regional fare coordination system that
23 uses smart card technology to establish a common, noncash fare system
24 throughout their service areas.

25 5. The procurement process has identified a vendor with whom contract
26 negotiations are currently underway.

27 6. The purpose of the interlocal agreement attached to this ordinance is to
28 establish the respective roles and responsibilities of the agencies in the
29 regional fare coordination system should a vendor contract be developed
30 that is acceptable to the county and other public transportation providers in
31 the region.

32 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

33 SECTION 1. The King County executive is hereby authorized to execute,
34 substantially in the form of Attachment A to this ordinance, an interlocal agreement for
35 the design, implementation, operation and maintenance of the regional fare coordination
36 system, which authority is subject to the conditions that:

37 A. The interlocal agreement is entered into by at least three other providers of
38 public transportation services in the region; and

39 B. A vendor contract has been developed on terms that are acceptable to the
40 executive and consistent with the provisions of the interlocal agreement.

41 SECTION 2. If, by April 25, 2003, Everett Transit is authorized by its governing
42 board to enter into the interlocal agreement, then the executive is hereby authorized to
43 execute a replacement interlocal agreement that is modified as necessary to include
44 Everett Transit as a party and that replaces the finance plan that is Exhibit C to
45 Attachment A to this ordinance with the finance plan that is Attachment B to this
46 ordinance.

47 SECTION 3. The executive is hereby required to notify the council in writing no
48 later than May 9, 2003, of which version of the interlocal agreement was executed.

49

Ordinance 14598 was introduced on 3/10/2003 and passed as amended by the Metropolitan King County Council on 4/7/2003, by the following vote:

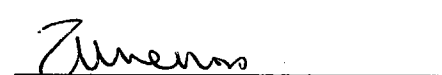
Yes: 11 - Ms. Sullivan, Ms. Edmonds, Mr. von Reichbauer, Mr. Phillips, Mr. Pelz, Mr. McKenna, Mr. Constantine, Mr. Gossett, Ms. Hague, Mr. Irons and Ms. Patterson
No: 0
Excused: 2 - Ms. Lambert and Mr. Pullen

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

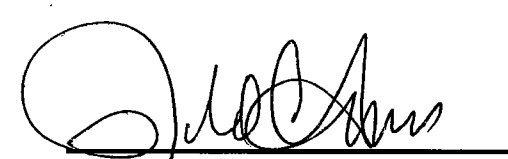

Cynthia Sullivan, Chair

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2003 APR 18 AM 10:06
KING COUNTY COUNCIL CLERK

ATTEST:


Anne Noris, Clerk of the Council

APPROVED this 17 day of April, 2003.


Ron Sims, County Executive

Attachments A. Interlocal Cooperation Agreement for Design, Implementation, Operation and Maintenance of the Regional Fare Coordination System, dated April 7, 2003, B. Exhibit C "Finance Plan" 7- Party Agreement

INTERLOCAL COOPERATION AGREEMENT
for
DESIGN, IMPLEMENTATION, OPERATION AND MAINTENANCE
of the
REGIONAL FARE COORDINATION SYSTEM

April 7, 2003

**Interlocal Cooperation Agreement for Design, Implementation, Operation
and Maintenance of the Regional Fare Coordination System**

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INTERLOCAL COOPERATION AGREEMENT
for
DESIGN, IMPLEMENTATION, OPERATION AND MAINTENANCE
of the
REGIONAL FARE COORDINATION SYSTEM

This Interlocal Cooperation Agreement for design, implementation, operation and maintenance of the Regional Fare Coordination System is entered into this ____ day of _____, 200__, by the Snohomish County Public Transportation Benefit Area ("Community Transit"), the Kitsap County Public Transportation Benefit Area ("Kitsap Transit"), the Central Puget Sound Regional Transit Authority ("Sound Transit"), the State of Washington, acting through the Washington State Department of Transportation, Washington State Ferries Division ("Washington State Ferries"), the Pierce County Public Transportation Benefit Area ("Pierce Transit"), and King County ("King County"), individually referred to as an "Agency" and collectively known as "the Agencies" in this Agreement.

RECITALS

The Agencies provide public transportation services within their service areas and as part of such services, collect fares from riders.

Pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, the Agencies desire to jointly exercise their powers to better coordinate their respective services and fare payment systems in order to improve the availability, reliability and convenience of public transportation services within their service areas and throughout the region served by the Agencies.

The Agencies desire to implement a Regional Fare Coordination ("RFC") System to establish a common, non-cash fare system throughout their service areas.

The Agencies previously entered into an agreement dated September 30, 2000, which established the necessary framework to regionally procure a RFC System.

Pursuant to such agreement, the Agencies jointly conducted a procurement process and selected the Contractor to design, implement, operate and maintain the RFC System.

The purpose of this Agreement is to establish the respective roles and responsibilities of the Agencies in the design, implementation, operation and maintenance of the RFC System and in the administration of the RFC Contract with the Contractor and joint consultant contracts.

NOW, THEREFORE, in consideration of the following terms and conditions and other valuable consideration, the sufficiency of which is hereby acknowledged, the Agencies agree as follows:

TERMS AND CONDITIONS

I. DEFINITIONS

The following definitions shall apply under this Agreement unless the context requires otherwise or another definition is expressly provided in this Agreement.

- A. "Administrative/Project Management Fee" means the fees paid by the Agencies to King County to cover the actual labor, material, overhead and other costs of the Project Team, as well as the fees paid by the Agencies to the Fiscal Agent to cover its actual labor, material, overhead and other costs incurred in providing services as a Fiscal Agent under this Agreement.
- B. "Agency" means each of the public transportation agencies that is a party to this Agreement.
- C. "Agency Site Manager" means each Agency's representative on the Project Team who is designated as the Site Manager for the Agency.
- D. "Claim Account" means an account which will serve as the central repository for e-purse transaction funds for which data were lost after a certain period of time.
- E. "Contract Administrator" means the King County employee responsible for the day-to-day administration of the RFC Contract, Joint Consultant contracts, and the combined Agency activities related to the RFC System.
- F. "Contractor" means the entity with which the Agencies have entered into the RFC Contract for the design, implementation, operation and maintenance of the RFC System.
- G. "Day" means a calendar day unless otherwise expressly provided.
- H. "Electronic Commerce Transactions" means credit card, debit card, automatic account deductions and other electronic payment mechanisms used to purchase cards and load value.
- I. "Escrow Agreement" means the agreement identifying the terms of the escrow services.
- J. "Federal Grant" means any financial assistance received from the Federal Transit Administration, including that provided under its Section 9, Congestion Mitigation

and Air Quality Improvement (CMAQ) and Intelligent Transportation System (ITS) programs.

- K. "Fiscal agent" means the Agency designated in this Agreement to provide accounting services for the special funds for the RFC Project and manage bank accounts for the RFC System. Unless otherwise agreed by the Joint Board, Sound Transit shall serve as the Fiscal Agent under this Agreement.
- L. "Float/E-purse Account" means the account that will serve as the central repository for e-purse revenue.
- M. "Institutional Account" means an entity other than an individual customer, including, but not limited to, an employer, educational institution, or social service agency, that purchases RFCS Cards from an Agency according to the terms of a negotiated agreement.
- N. "Joint Board" means the Joint Board established by Section III of this Agreement.
- O. "Joint Consultant" means any legal, financial, technical and other consultant retained by the Agencies to provide services on the RFC Project.
- P. "Project Administration" means the activities of the Project Team to administer the RFC Contract, Joint Consultant contracts, and the combined Agency activities related to the RFC System.
- Q. "Project Team" means the Contract Administrator and other positions provided in this Agreement or established by the Joint Board.
- R. "Regional Service Fee" means the fee charged by an Agency to cover its actual labor, material, overhead and other costs incurred in providing system operating support services to other agencies under this Agreement.
- S. "Retail Revalue Site" means a physical location at a retail establishment under contract with an Agency where a customer can go to add stored value and/or a fixed period pass to an existing smart card.
- T. "RFC Contract" means the contract between the Contractor and the Agencies under which the Contractor shall design, implement, operate and maintain the RFC System.
- U. "RFC Project" means the RFC Contract, Joint Consultant contracts, and the combined Agency activities related to the RFC System.
- V. "RFC Project Budget" means the amount to pay: for products and services by the Contractor and Joint Consultants; for Project Administration activities; for Administrative/Project Management Fees; for any Regional Service fees charged

by Agencies for the provision of services to other Agencies; and for contingency and other shared costs of the Agencies on the RFC Project.

- W. "RFC System" or RFCS means the Regional Fare Coordination System.
- X. "RFCS Card" means a smart card issued to a customer by an Agency on behalf of the Agencies for use in the RFCS.
- Y. "SC Central Payments Account" means the smart card central payments account maintained by the Fiscal Agent on behalf of the Agencies for the collection of individual agency funds and subsequent transmission of payments to the Contractor and Joint Consultants on behalf of the Agencies.
- Z. "Security Document" means a generic term for either an irrevocable letter of credit or a performance bond depending on the context.

II. INDIVIDUAL AGENCY RESPONSIBILITIES

A. Each Agency shall take the following actions consistent with the provisions of this Agreement, except as otherwise provided in the description of the action:

1. Designate an Agency Site Manager, or agree to have another Agency provide Site Manager services and reimburse that Agency for such services.
2. Review Contractor and Consultant deliverables and provide accurate, and complete comments, as required, in the time frames prescribed in Exhibit B.
3. Establish bank accounts, including "Zero Balance Accounts", to facilitate cash and Electronic Commerce Transactions and receiving and distributing funds, and provide authorization to banks for the Contractor to direct the movement of funds among the Agency's accounts for the purposes of fare reconciliation.
4. Direct banks to honor directions issued by the Contractor to collect and distribute funds to and from such bank accounts.
5. Establish merchant agreements with banks for acceptance and processing of Electronic Commerce Transactions.
6. Designate Agency personnel who are authorized RFC System users to ensure data are protected.
7. Designate Agency personnel who will have access to RFC System security keys.

8. Pay the Regional Service Fee to an Agency that performs functions on behalf of all Agencies pursuant to Section IX of this Agreement.
9. Maintain all RFC System equipment and hardware on vehicles and in facilities, to the extent required of each Agency in the RFC Contract.
10. If applicable, provide and maintain phone and other communication lines connecting RFC System locations, including, but not limited to Agency facilities as necessary for data transmittal. If such lines are determined by the Joint Board to benefit more than a single Agency, the costs of such lines shall be shared by all Agencies, as assessed by the Joint Board.
11. If applicable, market public transportation and establish contractual relationships with Institutional Accounts.
12. If applicable, establish and maintain contractual relationships with Retail Revalue Sites, including, but not limited to, facilitating the Contractor's provision of equipment (e.g., card readers/writers) to such sites and acting as a liaison, when necessary, between the retailer and the Contractor. Unless otherwise agreed to by the Joint Board, a uniform Retail Revalue Site agreement shall be used by each Agency.
13. Monitor the performance of the Contractor, and immediately report performance issues to the Contract Administrator for action. If an Agency is not satisfied with the action of the Contract Administrator, the Agency may submit the issues to the Joint Board for resolution. The Agency shall abide by the decision of the Joint Board.
14. To the extent allowed by Washington State law, protect from unauthorized disclosure all data and reports related to the RFC System, including data related to usage of specific cards, and immediately report all requests for such data and reports to the Contract Administrator and Joint Board, prior to releasing such data and reports.
15. Continue to set its own fares and fare policies. Current fare policies include flat fares, zone fares and route/quality of service fares. An Agency shall provide notice to the Contract Administrator no less than thirty (30) days prior to the effective date of any changes in fares. Said notice shall be in writing and shall be accompanied by a written report of the possible effects of such changes on the RFC System.
16. Provide to the Contract Administrator all information relating to, and take all actions required for, the administration and enforcement of warranties on all equipment, hardware and software.

17. Maintain equipment warranty and repair records and provide periodic reports to the Contract Administrator for the purpose of monitoring overall system and component reliability.
18. Train, or provide for training, of Agency personnel on operation and maintenance of the RFC System. Each Agency will attempt to establish training programs that are consistent in content with those of other Agencies.
19. Allow the Contractor to access Agency equipment and facilities for the performance of development, installation, operation and maintenance functions under the RFC Contract.
20. Provide information to the public on the benefits and uses of the RFC System to promote use of the RFC System. Each Agency will attempt to provide information that is consistent with that provided by other Agencies.
21. Enter into cardholder agreements with, and provide informational materials to, users of the RFC System. Each Agency shall use the uniform cardholder agreement and informational materials that have been authorized by the Joint Board and are consistent with the terms of Exhibit D.
22. Participate in fixed or periodic meetings with the Contractor, the Contract Administrator, representatives of other Agencies, and any combination of such parties.
23. Provide the Contract Administrator with a minimum of 30 days notice of needs for additional equipment, hardware, software and any changes in the RFC System.
24. If applicable, suggest modifications to the RFC System by submitting a written report to the Contract Administrator and Joint Board. The report should identify the suggested modification, the anticipated outcomes from the modification, the estimated cost of the modification, the impacts of the modification on other Agencies, and all other information related to the suggested modification. No modification shall be approved except by the change order or amendment process set out in the RFC Contract and this Agreement.
25. Except as otherwise specified, be merchant of record and accept the risk of loss regarding cash, check, and Electronic Commerce Transactions.
26. If applicable, issue RFCS Cards and/or perform stored value and pass revalue functions for RFCS customers on behalf of all of the Agencies in accordance with the uniform cardholder agreement.

27. Assist in the development of the RFCS Project rollout plan, as described in Exhibit A.
28. Assist in the development of uniform agreements to be used for the RFCS Project, including the cardholder agreement, Institutional Account agreements and third party retailer agreements, as described in Exhibit A.
29. Conduct required audits in accordance with generally accepted auditing standards and/or audit procedures and guidelines of the Agency.

B. The Agencies have additional responsibilities that are set forth in the RFC Contract. The Agencies shall apprise themselves of the terms and conditions of the RFC Contract and take all necessary and appropriate actions to fulfill all responsibilities, whether described in this Agreement or in the RFC Contract. In the event that the Agency believes that there is a conflict between responsibilities described in this Agreement and those in the RFC Contract, the Agency shall bring said conflict to the attention of the Contract Administrator, who shall make a decision regarding resolution of the conflict. In the event that the Agency disagrees with the Contract Administrator's determination, the matter shall be referred to the Joint Board for resolution. The Agency shall abide by the decision of the Joint Board.

III. JOINT BOARD

- A. By executing this Agreement, the Agencies hereby create a Joint Board, which shall function as a joint board pursuant to chapter 39.34 RCW. The Joint Board shall oversee project and contract administration of the RFC Project, including the RFC Contract and Joint Consultant contracts, as provided in this Agreement. The Joint Board shall act on behalf of all Agencies and as may be in the best interests of the RFC Project.
- B. Membership on the Joint Board shall consist of the following officials from each Agency, which representative shall be authorized to take actions within the scope of this Agreement: King County's Transit General Manager; Community Transit's Chief Executive Officer; Sound Transit's Executive Director; Kitsap Transit's Executive Director; Pierce Transit's Chief Executive Officer; and Washington State Ferries' Chief Executive Officer. In addition, an Agency may select an alternate representative to participate on the Joint Board during the absence or inability of the representative to participate. A quorum for a meeting of the Joint Board shall be a majority of the representatives of the Agencies.
- C. The Joint Board shall establish procedures for the operations and meetings of the Joint Board, including the election of a chair, vice chair, and other positions deemed necessary by the Joint Board. The terms of office of the chair and other positions shall be determined by the Joint Board. The vice chair shall serve as

acting chair if the chair is absent or otherwise unavailable. Each Joint Board representative shall be entitled to one vote. Voting by proxy may be permitted according to procedures adopted by the Joint Board.

- D. The Joint Board shall make decisions on all matters related to the RFC Project except those decisions that are (1) delegated to the Contract Administrator under this Agreement or by subsequent action of the Board or (2) require action by the governing boards of the Agencies.
- E. The Agencies agree that the following decisions do not require further action by their respective governing boards and shall be made by the Joint Board without delegation to the Contract Administrator:
 - 1. Issue a Notice of Apparent Completion (NAC) of the following RFC Contract Deliverables and/or Milestones:
 - a. Project Schedule
 - b. Final Design
 - c. Factory Acceptance Testing
 - d. System Integration Testing
 - e. BETA Test Readiness
 - f. BETA Test Acceptance
 - g. Complete System Commissioning
 - h. Complete Operator Training
 - i. Full System Acceptance.
 - 2. Approve award and termination of Joint Consultant contracts provided the RFC Project Budget is not exceeded.
 - 3. Approve the RFC Project Budget, and all amendments to the RFC Project Budget, subject to the capital amounts committed by each Agency as set forth in Exhibit C, RFC Project Budget Estimated Expense and Grant Revenues, and future appropriations for operations and maintenance.
 - 4. Approve amendments to the Project Team Plan in Exhibit A.
 - 5. Approve amendments to the Contract Administration Plan in Exhibit B.

6. Approve amendments to the Finance Plan in Exhibit C, including amendments to the respective Agency payment percentage shares for operation and maintenance.
7. Approve amendments to the Invoice Payment Process in Exhibit C.
8. Approve amendments to the Fare Collection and Customer Service Practices in Exhibit D.
9. Approve RFC Contract change orders outside the scope of authority of the Contract Administrator, as set forth in Exhibit B, Section D.3, provided the RFC Project Budget is not exceeded.
10. Approve Joint Consultant contract change orders outside the scope of authority of the Contract Administrator, as set forth in Exhibit B, Section G.1, provided the RFC Project Budget is not exceeded.
11. Approve RFC Project decisions, other than change order approvals, that, if implemented, would cause a financial impact of \$50,000 or more, provided the RFC Project Budget is not exceeded.
12. Consent to an Agency entering into a contract with the Contractor for a specialized application.
13. Approve the RFC Project rollout plan developed by the Project Team.
14. Approve uniform agreements developed by the Project Team, including the cardholder agreement, Institutional Account agreements and third party retailer agreements. If approved by the Joint Board, Institutional and third party retailer agreements may accommodate Agency-specific provisions as required by business needs of an Agency.
15. Approve the use of additional applications on RFCS Cards issued by the Agencies and/or the use of the RFCS application on cards issued by the Contractor or by a third party. No Agency is authorized to perform either of the activities set forth in this Section III.E (15) without prior approval of the Joint Board.
16. Approve the addition of new parties to this Agreement and the terms and conditions for such addition. A new party shall pay for its equipment and for all additional costs to accommodate its requirements. In addition, a new party shall be assessed a charge to recover a share of the planning, design and implementation costs incurred by the originating agencies. Said charge shall be determined by the Joint Board upon consideration of relevant factors that may affect any of the originating agencies including, but not limited to, the number of transactions expected to be generated by

the new party, and the planning, design, and implementation costs incurred by the originating agencies.

17. Approve the terms and conditions for an Agency's withdrawal from this Agreement.
 18. Approve the selection of the Contract Administrator and conduct annual performance reviews.
 19. Approve amendments to Section III.F. which would allow additional Joint Board decisions to be made by majority, rather than unanimous, vote.
 20. Determine, pursuant to Section VI.V. of this Agreement, the allocation among the Agencies of proceeds from any draw by King County on a Security Document under the RFC Contract.
- F. The Joint Board shall attempt to reach consensus agreement on the decision before it. If consensus is not achieved, the Joint Board shall make the decision by voting with each Agency having one vote. Except as provided below, decisions by the Joint Board shall require a unanimous vote of the Agency representatives present and voting on the matter at a meeting in which a quorum is present. The following decisions shall require only a simple majority vote of the Agency representatives present and voting on the matter at a meeting in which a quorum is present: 1) termination/replacement of the Contract Administrator in accordance with Section IV.E; 2) approval of Change Orders with a value greater than \$50,000, but not exceeding \$100,000, providing the amount approved does not exceed the RFC Project Budget; and 3) determination of the amount of damages and additional costs to be paid by a withdrawing Agency. Except as provided in Section XII.F of this Agreement, all decisions made by the Joint Board under this Agreement shall be final and binding on the Agencies. Decisions and actions by the Joint Board shall be memorialized in writing and signed by the chair of the Joint Board. A copy of each decision and action shall be distributed to each representative and alternate representative within five days of the decision or action.
- G. The Joint Board may create one or more committees or advisory groups to consider and advise on issues and matters deemed appropriate by the Joint Board. Committees and advisory groups will not have any decision-making authority on the RFC Project. The Joint Board may invite third parties to participate in such committees or advisory groups if specialized expertise or knowledge would help the committee or advisory group achieve its goal.

IV. PROJECT TEAM

- A. The Project Team for design and implementation of the RFC System shall consist of the Contract Administrator, IS/Technical Manager, Budget and

Contract Control Manager, Agency Site Managers, and a Project Assistant. The duties and responsibilities of the members of the Project Team are set forth in the Project Team Plan in Exhibit A to this Agreement, which exhibit is incorporated by this reference as though fully set forth herein. The positions on the Project Team, other than Contract Administrator, may be revised by the Joint Board as deemed appropriate for operation and maintenance of the RFC System.

- B. The Contract Administrator, who shall be nominated by King County and approved by the Joint Board, shall report to the Joint Board and have day-to-day responsibility for managing the IS/Technical Manager, Budget and Contract Control Manager and Project Assistant on behalf of and at the direction of the Joint Board. The Contract Administrator shall neither be King County's representative on the Joint Board nor its Agency Site Manager. The Contract Administrator shall be the agent of the Agencies for purposes of managing the RFC Contract and contracts with Joint Consultants.
- C. The Contract Administrator is empowered to make decisions for the Agencies required during the management of the Project Team or the administration of the RFC Contract and Joint Consultant contracts, except those decisions identified in this Agreement that shall be made by the Joint Board or decisions that require action by the governing boards of the Agencies.
- D. The Contract Administrator must report monthly to the Joint Board on the status of the RFC Project including, but not limited to, project schedule, payments, budget, etc. The Contract Administrator is encouraged to seek expert input from Agency Site Managers or other employees where applicable.
- E. If the Joint Board determines, for whatever reason, that the RFC Project requires a different Contract Administrator, the Joint Board shall notify King County of such request for removal which shall be subject to the limits and requirements of any applicable collective bargaining agreement and King County Code provisions. Subject to such limits and requirements, King County shall then nominate a new Contract Administrator who shall be subject to approval of the Joint Board.
- F. The Contract Administrator shall select the other members of the Project Team, except the Agency Site Managers who shall be selected by each Agency. Except for the Agency Site Managers, the members of the Project Team shall act on behalf of and at the direction of the Joint Board through the Contract Administrator. The Joint Board shall not be the employer of the Contract Administrator and other members of the Project Team. The Contract Administrator and each member of the Project Team shall serve under the employment terms and conditions established by King County.

- G. On a quarterly basis each Agency shall pay its share, according to the percentage shares set forth in this Agreement, of the Project Team costs, except the costs associated with the Agency Site Managers. Each Agency shall pay all costs associated with its Agency Site Manager and all other personnel it assigns to participate on the RFC Project. Costs related to the Contract Administrator, IS/Technical Manager, Budget and Contract Control Manager, and Project Assistant shall be considered costs of the Agencies to be included in the RFC Project Budget.
- H. The Project Team will be dissolved after full system acceptance of the RFC System as determined by the Joint Board. The Agencies understand that the ongoing operation and maintenance of the RFC System will require support staff. The Joint Board will determine the appropriate number, duration, responsibilities and title(s) of required support staff prior to full system acceptance.

V. CONTRACT EXECUTION AND ADMINISTRATION

- A. A duly authorized representative of each Agency shall sign the RFC Contract with the Contractor and contracts with each Joint Consultant. Said contracts shall provide that no Agency shall have a greater percentage share of any liability to the contractors under the contracts than as expressly set forth in an Exhibit to said contract. Each Agency hereby agrees to defend, indemnify and hold King County harmless, in its capacity as an individual Agency, for any costs that may be subsequently disallowed for grant reimbursement due to any differences between King County's procurement process and such Agency's process or the requirements of any federal or state agency making a grant that is utilized in the RFC Project.
- B. The Agencies agree it is essential to have streamlined efficient processes and procedures for administering contracts with the Contractor and the Joint Consultants. To that end, the Agencies agree to the Contract Administration Plan set forth in Exhibit B to this Agreement.
- C. RFC specialized applications are applications that benefit one or more Agencies but are not integral to the RFC System, as determined by the Joint Board.

An Agency seeking to develop specialized applications shall enter into individual contracts with the Contractor as necessary and be solely responsible for paying the costs of such contracts. At least thirty (30) days prior to entering into such contracts, the Agency shall provide a copy of each proposed contract to the Joint Board and demonstrate to the satisfaction of the Joint Board that entering into each contract will not add cost to the other Agencies and will not delay or interfere with the RFC Project. Any revenue received from a specialized application shall be allocated solely to the Agency that paid for the specialized application.

- D. Each Agency shall defend, indemnify and hold harmless the other Agencies from all claims of any kind and for all costs incurred (including attorneys' fees) as a result of the Agency entering into such individual contracts with the Contractor.
- E. The Agencies agree that any consultant contracts they executed for work during prior phases of the RFC Project (herein referred to as "Joint Consultant contracts") may be extended and new tasks added, subject to limits set forth in Exhibit C and applicable procurement policies and requirements. If the Agencies desire to procure new Joint Consultant contracts to assist them on the RFC Project, each Agency shall designate one representative to participate in the deliberations led by the Contract Administrator for selection of such consultants.
- F. Upon such approval as may be necessary by their respective governing boards, the Agencies shall each sign Joint Consultant contracts.
- G. The roles of the Contract Administrator and each Agency's Site Manager in administering a Joint Consultant contract are specified in the Contract Administration Plan included as Exhibit B to this Agreement.
- H. Each Agency may sign and administer individual consultant contracts with any consultants to perform any tasks unique to each Agency that are not covered by Joint Consultant contracts. An Agency entering into individual consultant contracts shall be solely responsible for paying the costs of such contracts. At least thirty (30) days prior to entering into such consultant contracts, the Agency shall provide a copy of each proposed contract to the Joint Board and demonstrate to the satisfaction of the Joint Board that entering into each contract will not add cost to the other Agencies and will not delay or interfere with the completion of the RFC Project.
- I. To the extent an Agency enters into such an individual consultant contract by using the procurement process conducted for Joint Consultant contracts, such Agency thereby accepts King County's competitive selection process for the purpose of entering into its own contract and hereby agrees to defend, indemnify and hold King County harmless against any and all claims, liabilities or costs of any kind or nature which arise out of or are related to the consultant selection process or any individual contracts with the consultants. As to such individual consultant contracts, no Agency shall be required to use the procurement process conducted for Joint Consultant contracts.
- J. Each Agency shall defend, indemnify and hold harmless the other Agencies from all claims of any kind and for all costs incurred (including attorneys' fees) as a result of the Agency entering into such individual consultant contracts.

VI. FINANCIAL PROVISIONS

- A. The Contract Administrator shall prepare a RFC Project Budget that includes the amount to pay for: products and services by the Contractor and Joint Consultants; Project Administration activities; Administrative/Project Management Fees; Regional Service fees charged by Agencies for the provision of services to other Agencies; and for contingency and other shared costs of the Agencies on the RFC Project. The Joint Board shall determine the form, duration and level of detail for the RFC Project Budget. The RFC Project Budget, and all amendments to the RFC Project Budget, shall be subject to approval by the Joint Board and subject to the capital amounts committed by each Agency as set forth in Exhibit C, RFC Project Budget Estimated Expense and Grant Revenues, and future appropriations for operations and maintenance. The Joint Board shall notify the Agencies of the approved RFC Project Budget and each proposed amendment to the RFC Project Budget.
- B. By entering into this Agreement, each Agency agrees to pay the RFC Project costs, as allocated and described in the RFC Finance Plan which is attached hereto as Exhibit C. The purpose of the Finance Plan is to summarize the regionally shared and individual Agency costs, revenues, cost sharing assumptions, payment schedules and finance-related administrative procedures to be utilized under this Agreement.
- C. Exhibit C sets forth the percentage shares to be paid by each Agency during the design and implementation of the RFC System, as well as during operation and maintenance, toward the regionally shared costs including, but not limited to, RFC and Joint Consultant contract costs, Project Administration costs, Administrative/Project Management Fees, any Regional Service Fees charged by Agencies for the provision of system operating support services to other Agencies, and other shared costs of the Agencies on the RFC Project.
- D. The percentage shares for design and implementation shall not be subject to revision, except as necessary to accommodate the addition of a new agency, or withdrawal by an Agency from this Agreement in accordance with Section XII.
- E. Unless otherwise agreed to by the Joint Board, the percentage shares for operation and maintenance shall be set by the Joint Board no later than July 1 of each year for the following calendar year and shall be based on audited ridership or transaction data. The percentage shares shall reasonably reflect system activity of each Agency.
- F. Pursuant to RCW 39.34.030 (4)(b), the Joint Board may establish special funds with an Agency serving as Fiscal Agent on behalf of all the Agencies. On behalf of the Joint Board, the Fiscal Agent shall establish a smart card central payments account ("SC Central Payments Account") for the design and implementation phase and operation and maintenance phase of the RFC Project. RFC Project funds to be paid to the Contractor or Joint Consultants shall be deposited into and paid out of the SC Central Payments Account. Administrative/Project

Management Fees and Regional Service Fees paid by Agencies shall not be included in the SC Central Payments Account. One or more of the Agencies may, at their own expense, audit the performance of the Fiscal Agent under this Agreement. Upon reasonable notice, during normal working hours, the Fiscal Agent shall provide access to and facilities for copying the records of its actions and decisions while performing as Fiscal Agent.

- G. The Joint Board shall establish policies and procedures for receiving payments into and authorizing disbursements from the SC Central Payments Account. The Fiscal Agent shall make no payments out of the SC Central Payments Account except as authorized by the policies and procedures established by the Joint Board.
- H. To the extent authorized by the Contract Administrator, the Fiscal Agent shall disburse payments from the SC Central Payments Account established pursuant to this Agreement. The Fiscal Agent shall have no obligation to disburse funds from such account unless balances in the account are sufficient to cover the disbursement. The Invoice Payment Process is set forth in Exhibit C to this Agreement.
- I. Each Agency agrees to make payments promptly, and consistent with the deadlines set forth in Exhibit C, upon receipt of written notification from the Contract Administrator. The Contract Administrator may give such notification by electronic or other means as authorized by the Joint Board and as required by each Agency to comport with individual accounts payable policies and procedures. Each Agency shall make payment by electronic funds transfer.
- J. Each Agency shall be responsible and liable to the other Agencies for interest and other costs, claims or liabilities of any kind that result from late payment by the Agency, and the late-paying Agency shall defend, indemnify and hold harmless the other Agencies from such costs, claims or liabilities resulting from the late payment. If, in order to avoid late payment charges under a contract, the Contract Administrator authorizes payment without first receiving the share of the payment from an Agency, and the Fiscal Agent agrees to advance sufficient funds from a reserve account established jointly by the Agencies for such purpose, then the Joint Board may assess interest costs against the late paying Agency at the rate of twelve percent per annum. Should such funds be unavailable, the Fiscal Agent may make partial payments. The late-paying Agency will be responsible for any late payment charges. In the event an individual Agency fails to pay its individual costs or its share of regional costs, the other Agencies may also seek a judgment against said Agency. The costs of seeking a judgment will be considered costs of the Agencies and shall become part of the RFC Project Budget. Any costs incurred to seek the judgment and recover costs will be charged against the responsible Agency.

- K. In addition to its responsibilities related to the SC Central Payments Account outlined above, the Fiscal Agent will establish the following bank accounts on behalf of all of the Agencies:
1. Float/E-purse Account: This account will serve as the central repository for e-purse revenue. Interest that accrues in this account, if any, shall be distributed to each Agency quarterly according to the operation and maintenance percentage shares in effect for that quarter. The Float/E-purse Account shall be established prior to the BETA Test.
 2. Claim Account: This account will serve as the central repository for e-purse transaction funds for which data were lost after a certain period of time. Distributions from this account shall be subject to procedures adopted by the Joint Board. However, interest that accrues in this account, if any, shall be distributed pro rata to each Agency quarterly according to the operation and maintenance percentage shares set forth in Exhibit C.
- L. To the extent the Fiscal Agent incurs actual costs in serving as Fiscal Agent under this Agreement, each Agency agrees to pay an Administrative/Project Management Fee to the Fiscal Agent to cover its actual labor, material, overhead and other costs incurred in providing services as Fiscal Agent. Prior to assessing such fee, the Fiscal Agent shall inform the Joint Board of the basis for and amount of the proposed fee, which fee shall be subject to approval by the Joint Board. The Joint Board shall notify each Agency not later than July 1 each year of the monthly fee and the share of that fee to be paid by each Agency in the upcoming year.
- M. Each Agency shall maintain its own banking relationships. Each Agency shall establish an automated clearinghouse (ACH) authorization with its own bank to allow the Contractor to complete daily net settlements between the various Agency accounts, including the Float/E-purse and Claim accounts described above. An Agency shall restrict access to certain account numbers in order to limit the Contractor's options for where it can direct funds. Each Agency shall establish the ACH authorization prior to the BETA Test.
- N. The provisions of this Agreement assume that all load and use transactions related to the RFC System are fare payment in nature. Prior to performing any Agency-specific non-fare related load or use transactions or fare payment transactions that take place outside of the Central Puget Sound, an Agency must submit a proposal to the Joint Board for approval which includes, but is not limited to, the treatment of handling and administrative costs and risks associated with such transactions, potential RFC Contract change orders to accomplish the completion of such transactions, and any other associated costs.
- O. The Agencies acknowledge that the Contractor will use a net settlement process to simplify and reduce the number of transfers necessary to accomplish

reconciliation. The timeline for this process generally is as follows: Day 1) transactions are processed at midnight on the day they occurred; Day 2) at noon the following day, reports are available to the Agencies showing how much money will either be deposited into or deducted from their accounts the next morning at 8 a.m.; and Day 3) funds are transferred.

- P. The Agencies acknowledge that revenue from the loading of pass value at Agency locations will be distributed at the time of net settlement among the various Agencies according to the business rules.
- Q. The Agencies acknowledge that funds loaded by customers into an e-purse for transportation trips are deposited into the Float/E-purse Account. As trips are actually provided, the Contractor shall transfer funds from the Float/E-purse Account to individual Agency accounts via the net settlement process.
- R. In addition to the revenue distribution procedures outlined above, the Agencies agree they will utilize a uniform accounting treatment, in accordance with revenue allocation formulae, for fare revenue received from the sale of smart cards and the passes or stored value purchased by customers for use on their smart card.
- S. Except as otherwise specified below, the individual Agencies shall be the merchants of record for all card issuance and value issuance transactions. Agencies shall accept credit or debit cards for such transactions. In order to conduct such transactions, Agencies may have individual relationships with their merchant banks or may join together to procure such banking services. Although fees charged to an Agency by a third party for the provision of certain transactions may be shared by the Agencies as described below, each Agency remains solely responsible for its own internal costs of conducting said transactions. The Agencies' responsibilities regarding specific types of transactions are as follows:
 - 1. Over the counter transactions: Credit or debit card fees charged to an Agency for over the counter transactions shall be shared by all of the Agencies according to the operation and maintenance percentage shares set forth in Exhibit C. However, the transacting Agency shall bear the risk of fraud, including chargebacks, unless the Agency transfers the risk to its merchant bank.
 - 2. Ticket Vending Machine (TVM) transactions: Sound Transit shall be the merchant of record for TVM transactions and shall bear the risk of fraud, including chargebacks, for such transactions unless it transfers the risk to its merchant bank. Credit card fees for TVM transactions shall be shared by the Agencies according to the operation and maintenance percentage shares set forth in Exhibit C.

3. Telephone transactions: King County agrees to be the merchant of record for telephone transactions performed by King County. However, the Agencies shall share the cost of credit card and any other fees and the risk of fraud for telephone transactions according to the operation and maintenance percentage shares set forth in Exhibit C. The Agencies shall pay King County a Regional Service Fee for its performance of the functions herein on behalf of all of the Agencies. King County may terminate its provision of this service at its sole discretion and convenience upon one hundred and fifty (150) days written notice to the other Agencies.
4. Mail transactions: King County agrees to be the merchant of record for mail transactions performed by King County. However, the Agencies shall share the cost of credit card and any other fees and the risk of fraud for mail transactions according to the operation and maintenance percentage shares set forth in Exhibit C. The Agencies shall pay King County a Regional Service Fee for its performance of the functions herein on behalf of all of the Agencies. King County may terminate its provision of this service at its sole discretion and convenience upon one hundred and fifty (150) days written notice to the other Agencies.
5. Website transactions: King County agrees to be the merchant of record for website transactions. However, the Agencies shall share the cost of credit card and any other fees and the risk of fraud for website transactions according to the operation and maintenance percentage shares set forth in Exhibit C. The Agencies shall pay King County a Regional Service Fee for its performance of the functions herein on behalf of all of the Agencies. King County may terminate its provision of this service at its sole discretion and convenience upon one hundred and fifty (150) days written notice to the other Agencies.
6. Autoload transactions: King County agrees to be the merchant of record for autoload transactions. However, the Agencies shall share the banking fees, if any, and the risk of fraud for autoload transactions according to the operation and maintenance percentage shares set forth in Exhibit C. The Agencies shall pay King County a Regional Service Fee for its performance of the functions herein on behalf of all of the Agencies. King County may terminate its provision of this service at its sole discretion and convenience upon one hundred and fifty (150) days written notice to the other Agencies.
7. Third party retail transactions: The third party retailer shall be the merchant of record, including bearing responsibility for credit card fees and the risk of fraud, for transactions occurring on its premises. An Agency may not agree to assume credit card fees or the risk of fraud on behalf of a third party retailer without the prior approval of the Joint Board.

- T. Except for mail transactions performed on behalf of the Agencies by King County for which the risk of fraud shall be shared by the Agencies, if an Agency or third party retailer accepts cash or checks as payment for any of the transactions described above, that Agency or third party retailer shall bear the risk of fraud and, in the case of checks, insufficient funds regarding such transactions.
- U. The Contract Administrator shall assist each Agency to make best efforts to secure state and federal grant funds to assist in paying its portion of the RFC Project. If such funds are offered, the Agency shall comply with all terms and conditions applicable to receipt and use of the funds. If such grants include requirements that are not included in this Agreement or the RFC or Joint Consultant contract, the Agency shall propose amendments to the affected agreement or contract to accommodate the grant requirements. Each Agency acknowledges that while such funds would assist in paying its portion of the RFC Project, the Agency's acceptance and compliance with such terms and conditions constitute an integral part of the overall funding plan for the RFC Project. Each Agency agrees that if one Agency is awarded a grant for which all Agencies are eligible, the receiving Agency shall distribute the grant funds with the other Agencies prior to obligation according to the regionally shared cost percentages in place at the time said grant is distributed. Each Agency further agrees to obligate their appropriate share of grant funds through the state or federal agency awarding the funds and apply them to the RFC Project. The grant funds distribution strategy is included in Finance Plan set forth as Exhibit C to this Agreement.
- V. The Agencies agree that King County shall be named as the sole beneficiary on any Security Documents as defined in and provided by the Contractor under the RFC Contract. In the event King County makes a draw on a Security Document due to a Contractor default, it shall hold the proceeds for allocation among the Agencies in accordance with the Joint Board's direction. The proceeds shall be allocated among the Agencies according to each Agency's proportionate share of the total damages or costs for which the Security Document draw is made.

VII. NOTICES

- A. Communications under this Agreement may be provided by telephone, regular mail, e-mail, or fax, except that any notices or demand on other parties including, but not limited to, an Agency's notice of its intent to withdraw from this Agreement, shall be in writing and shall be deemed to have been given if delivered in person or deposited in any United States Postal Service mail box, sent by registered or certified mail, return receipt requested, and first class postage prepaid, addressed to the Agency for whom it is intended as follows:

If to the Snohomish County Public Transportation Benefit Area:

Name: John Sindzinski

Title: Chief Operations and Development Officer
Address: 7100 Hardeson Road
Everett, WA 98203-5834

If to the Kitsap County Public Transportation Benefit Area:

Name: John Clauson
Title: Service Development Director
Address: 200 Charleston Blvd.
Bremerton, WA 98312

If to the Central Puget Sound Regional Transit Authority:

Name: Brian Brooke
Title: Fare Integration Project Manager
Address: 401 South Jackson Street
Seattle, WA 98104-2826

If to Washington State Ferries:

Name: Thom Opheim
Title: Operations Planning Manager
Address: 2911 Second Avenue
Seattle, WA 98121

If to King County:

Name: Peggy Willis
Title: Manager, Management Information and Transit Technology
Address: 201 South Jackson Street (MS-KSC-TR-0333)
Seattle, WA 98104-3856

If to the Pierce County Public Transportation Benefit Area:

Name: Kevin Desmond
Title: Vice President Operation and Development
Address: P.O. Box 99070
Tacoma, WA 98499-0070

- B. These names, titles and addresses may be changed by written notice to all Agencies provided pursuant to this provision.**

VIII. FARE COLLECTION AND CUSTOMER SERVICE PRACTICES

The Agencies acknowledge that the Fare Collection and Customer Service Practices set forth in Exhibit D, attached hereto and made a part hereof, were included in the design of the RFC System and that changes in such Practices could financially affect the RFC Project and the other Agencies. Each Agency agrees it shall notify the other Agencies in writing, at least sixty (60) days in advance, of any change in its fare collection and customer service practices, and further agrees that it shall not implement any fare collection or customer service practices that are inconsistent or conflict with Exhibit D. The Agencies agree that Exhibit D may be amended by the Joint Board as provided in Section III.E of this Agreement.

IX. PROVISION OF REGIONAL SUPPORT SERVICES BY AN AGENCY

- A. King County will perform the following system operating support services for all Agencies: (1) card stock warehouse, inventory management and distribution; (2) card procurement – order processing for the Agencies with the Contractor; (3) and new card purchase and revalue request fulfillment for all customer mail, web or phone sales and all Institutional (subsidy) Accounts, including acting as the merchant of record for such transactions. The system operating support services that will be provided by King County are further described in Exhibit E. The other Agencies shall pay King County a Regional Service Fee for the provision of such support services in the same manner and frequency as required for Administrative/Project Management Fees unless established otherwise by the Joint Board. The Joint Board shall review annually all Regional Service Fees. King County may cease providing all or some support services at its sole discretion and convenience upon one hundred and fifty (150) days written notice to the other Agencies.
- B. The Joint Board may also approve another Agency's provision of these or other system operating support services. If approved by the Joint Board, such Agency shall be paid a Regional Service Fee for the provision of such services. The Agency may also terminate its provision of support services at its sole discretion and convenience upon one hundred and fifty (150) days written notice to the other Agencies.

X. INTELLECTUAL PROPERTY

- A. The capitalized terms used in this Section shall have the same meanings as have been given those terms in the RFC Contract.

- B. Each Agency agrees that it will exercise its license rights in accordance with the license provisions of the RFC Contract as regards any intellectual property provided under said contract ("IP"), including Contract Deliverables, Contractor IP, DDU IP, RFCS IP, Third Party IP and IP Materials related to all such intellectual property.
- C. Each Agency that desires to install additional applications onto its DDUs shall, in conjunction with the Contract Administrator, obtain the Contractor's certification in accordance with the process outlined in the RFC Contract prior to installing such additional applications.
- D. Each Agency shall take reasonable measures, to the extent required by the RFC Contract, to protect any IP and IP Materials related to same from being disclosed to third parties other than those to whom sublicenses and transfers are permitted by the license rights granted under the RFC Contract. Each Agency shall require such other permitted third parties to sign nondisclosure agreements requiring that they also undertake reasonable protection measures.
- E. Each Agency shall take such reasonable measures as are necessary to protect the confidentiality of (1) Use Data and Use Data Reports that contain personally identifiable information, and (2) any IP and IP Materials related to same, to the extent protective measures are required by the Contract. Such measures shall include (1) restricting access to such personally identifiable information, IP and IP Materials to those of its employees with a reasonable need to know; (2) requiring such employees to sign a nondisclosure agreement; (3) promptly enforcing any violations of such agreements; and (4) reporting such violations to the Contract Administrator as soon as is practicable.
- F. Each Agency shall pay its share of the fees related to the Escrow Agreement, which will be in effect during the term of the RFC Contract. An Agencies' share shall be determined by the percentage share in effect at the time the fee is due to the escrow service firm.
- G. Notwithstanding any provision in the RFC Contract, each Agency agrees that it shall not grant or transfer any rights in IP related to the RFCS without the written approval of the Joint Board.
- H. Each Agency shall defend, indemnify and hold harmless the other Agencies against any and all infringement actions, claims for license fees or royalties, suits, actions, and liabilities of any kind whatsoever, including attorneys' fees and costs, which arise out of or are in any way related to the negligent or intentional act of an Agency, its employees, agents or contractors in using, transferring, sublicensing or otherwise releasing any IP, IP Materials related to same, or information in violation of any of the provisions of this Section or the RFC Contract.

- I. In the event of an Agency's withdrawal from this Agreement, the Agency shall deliver to the Contract Administrator, and relinquish its license rights in, all IP created or provided for the RFC Project except to the extent such IP was created or provided solely for the use or benefit of the withdrawing Agency. In the event this Agreement is terminated, each Agency shall retain any license rights for which it has paid its share of the costs.
- J. The provisions of this Section X shall survive and remain applicable to the Agencies notwithstanding any termination or expiration of this Agreement or an Agency's withdrawal from this Agreement. However, an Agency shall obtain no rights to any IP created after an Agency withdraws from this Agreement.

XI. LEGAL RELATIONS

- A. It is understood and agreed that this Agreement is solely for the benefit of the Agencies and gives no right to any other entity. No joint venture or partnership is formed as a result of this Agreement. No employees or agents of an Agency or any of an Agency's contractors or consultants shall be deemed, or represent themselves to be, employees of any other Agency.
- B. The Agencies shall comply, and shall ensure their respective contractors comply, with all federal, state and local laws, regulations and ordinances applicable to their respective obligations under this Agreement.
- C. The Agencies shall each comply with the terms of all grant agreements between an Agency and the FTA which terms are incorporated herein by this reference. Any Agency which receives federal grant funds for reimbursement of payments made or expenses incurred in performance of work under this Agreement shall defend, indemnify and hold harmless each of the other Agencies against any claims, lawsuits, actions, grievances, costs, losses, damages or liabilities or obligations of any kind whatsoever which are directly or indirectly related to the terms of such Agency's grant agreement with the federal government.
- D. To the maximum extent permitted by law, each Agency shall defend, indemnify and hold harmless the other Agencies and all of their officials, employees, principals and agents from all claims, demands, suits, actions, and liability of any kind, including injuries to persons or damages to property, which arise out of, are connected with, or are due to any negligent acts or omissions of the indemnifying Agency, its contractors, and/or employees, agents, and representatives in performing the Agency's responsibilities and other work referred to in this Agreement; provided, however, that if (and only if) the provisions of RCW 4.24.115 apply to any work under this Agreement and any such damages and injuries to persons or property are caused by or result from the concurrent negligence of Agencies, their contractors or employees, agents, or representatives, the indemnification applies only to the extent of the negligence of each Agency, its contractor or employees, agents, or representatives. Each

Agency specifically assumes potential liability for actions brought by its own employees against any other Agency and for that purpose the indemnifying Agency specifically waives, as respects the other Agency only, any immunity under the Worker's Compensation Act, RCW Title 51; and each Agency recognizes that this waiver was the subject of mutual negotiation and specifically entered into pursuant to the provision of RCW 4.24.115, if applicable. Each Agency to this Agreement shall reasonably notify the other Agencies of any and all claims, actions, losses or damages that arise or are brought against that Agency relating to or pertaining to this Agreement. In the event an Agency incurs attorney's fees, costs or other legal expenses to enforce the provisions of this section against any other Agency, all such fees, costs and expenses shall be recoverable by the prevailing Agency.

- E. In the event a third party to this Agreement, other than the FTA, submits a claim to the Agencies or any individual Agency for costs, damages or liabilities of any kind pursuant to the third party's contract with the Agencies, or in tort or any other legal theory, the Agencies agree to meet for the purpose of developing a joint defense plan. The Agencies agree to cooperate with each other as necessary in responding to and defending against all such actions. In the event that resolution of the claim, whether by negotiation, Dispute Review Board recommendation, mediated settlement or judicial order, results in additional costs to the Agencies, said additional costs will be shared by the Agencies, except to the extent that the additional costs are directly attributable to an individual Agency. Such additional costs to the Agencies may include, but are not limited to, the fully allocated labor cost of the staff and attorneys involved in the response or defense of all such actions and any outside counsel or consultant resources deemed necessary by the Agencies. In the event that the additional costs are attributable to an individual Agency, said Agency is responsible for such costs and shall pay same within thirty (30) days of the claim's resolution.
- F. In the event an Agency fails to perform an obligation under this Agreement, the Agencies shall have the right to bring an action for specific performance, damages and any other remedies available under this Agreement, at law or in equity.
- G. Except for the reimbursement and other express obligations under this Agreement, no Agency by reason of this Agreement assumes any responsibility for the payment of any compensation, fees, wages, benefits or taxes to or on behalf of any other Agency, including its employees, representatives, agents, contractors or suppliers.
- H. The Agencies' rights and remedies under this Agreement are in addition to any other rights and remedies provided by law.
- I. These legal relation provisions shall survive and remain applicable to each of the Agencies notwithstanding any termination or expiration of this Agreement and

notwithstanding termination by an Agency of its participation under this Agreement.

XII. TERMINATION

- A. The Joint Board may terminate this Agreement in its entirety by the unanimous affirmative vote of all Agency representatives.
- B. In the event that an Agency believes it has cause to withdraw from this Agreement and terminate its participation in the RFC Contract, it shall give written notice to the Joint Board, which shall include the following information, as a minimum:
 - 1. An explanation of the circumstances causing the Agency to believe withdrawal is necessary;
 - 2. A description of the probable impacts on the other Agencies from the withdrawal (to be developed in collaboration with the Contract Administrator);
 - 3. A description of the probable impacts to the scope, schedule and budget of the RFC Contract (to be developed in collaboration with the Contract Administrator);
 - 4. A description of the alternatives to withdrawal that have been evaluated by the Agency;
 - 5. A proposed withdrawal work plan that will identify all necessary actions which need to be undertaken to effect the withdrawal (to be developed in collaboration with the Contract Administrator).
- C. Upon receipt of the above-described notice and information, the Joint Board will convene a special meeting to review and consider the request for withdrawal. The Joint Board will develop a report of its Findings and Recommendations within 30 days of its special meeting, which shall be presented to the withdrawing Agency's Governing Board. This report shall include as a minimum:
 - 1. A description of the estimated impacts on the Agencies, separately and as a whole, from the withdrawal;
 - 2. A description of the estimated impacts to the scope, schedule and budget of the RFC Contract, including the costs to modify the RFC System to effect such withdrawal as well as costs that will need to be re-apportioned to the remaining Agencies;
 - 3. A description of the alternatives to withdrawal that have been evaluated by the Agency and the Joint Board;
 - 4. A recommendation regarding either:
 - a. a proposed withdrawal work plan that will identify all necessary actions which need to be undertaken to effect the withdrawal; or
 - b. proposed alternatives to the withdrawal.

- D. Upon receipt of the Joint Board's Findings and Recommendations, the withdrawing Agency's governing board shall review the information contained therein and decide whether to withdraw subject to the terms and conditions set forth by the Joint Board, including an assessment of any reasonable costs (to include assessment rationale, assumptions and documentation) that shall be re-apportioned to the Agencies and/or paid by the withdrawing Agency subject to the provisions of Section H below.
- E. An Agency shall assign any RFC Project grants to the remaining Agencies upon its withdrawal from this Agreement. In addition, the withdrawing Agency shall be responsible, as required, for repayment to the FTA of any grant funds previously spent in relation to the RFC Project. The withdrawing Agency also agrees to defend and indemnify the remaining Agencies should the FTA require repayment of grant funds at a later date.
- F. In addition to being liable for its share of RFC Project costs to and including the effective date of withdrawal, the withdrawing Agency shall be solely liable for damages and additional costs to the other Agencies arising out of or resulting from such withdrawal, subject to the provisions of Section H below. The Joint Board shall determine the amount of such damages and additional costs and notify the withdrawing Agency of the amount owing to each of the Agencies. The determination of the Joint Board shall be final subject to the dispute resolution procedures set forth in Section XIII.L of this Agreement. The withdrawing Agency shall pay the amount within ninety (90) days after the effective date of withdrawal.
- G. No Agency shall communicate a notice of termination to the Contractor prior to the Joint Board's and Agency governing boards' completion of the processes set forth in this Section XII. Following approval from the Joint Board, the Contract Administrator shall communicate to the Contractor such Agency's notice of termination.
- H. Washington State Ferries (WSF) must obtain specific approval for ongoing operating and maintenance expenditures from the Legislature before engagement in the actual operation of the Regional Fare Coordination Project. This approval comes through adoption of a specific line item authorization within the WSDOT-WSF portion of the State of Washington's Transportation budget. WSF will make every reasonable effort to obtain such authorization. In the event such authorization is not obtained in the 2003 legislative session, WSF may give notice of its withdrawal without following the process set forth in the other provisions of this Section XII, and WSF shall only be required to pay the costs specified below. The effective date of a withdrawal by WSF under this subsection shall be the last day of the calendar month following the calendar month in which the Agencies receive the notice of withdrawal.

If WSF is unsuccessful in receiving approval of such authorization during the 2003 legislative session and gives notice to withdraw from the RFC Project not

later than 30 days after the close of the 2003 session, WSF's financial liabilities under this Section XII shall be limited to: (i) WSF's share of the RFC Project costs to and including the date of withdrawal; and (ii) assignment of any remaining RFC Project grants authorized for expenditure by WSF to the remaining Agencies upon the effective date of withdrawal. Said RFC Project costs under (i) above include: Project administration costs under the Agreement; milestone and Project Management payments owed to the Contractor, pro-rated through the effective date of withdrawal; and any additional cost required to be paid to the Contractor to implement the withdrawal.

Any such transfer of federal fund expenditure authority under this Section shall be governed by all applicable federal guidelines regarding use of such funds. If WSF withdraws from this Agreement at any time other than the time frame provided above, such withdrawal shall be governed by the other provisions of this Section XII.

XIII. GENERAL PROVISIONS

- A. This Agreement shall take effect on the date that is executed by all of the Agencies and shall remain in effect unless terminated in accordance with the provisions of Section XII.
- B. Pursuant to RCW 39.34.040, prior to its entry into force, this Agreement shall be filed with the auditors of the counties of Snohomish, Pierce, Kitsap and King.
- C. The Agencies recognize that time is of the essence in the performance of the provisions of this Agreement.
- D. Pursuant to RCW 39.34.030(5), this Agreement shall not relieve any Agency of any obligation or responsibility imposed upon it by law except that to the extent of actual and timely performance thereof by the Joint Board, the performance may be offered in satisfaction of the obligation or responsibility.
- E. Without limiting any Agency's defense and indemnification obligations under this Agreement, each Agency shall maintain in force, at all times during the term of this Agreement, a policy or policies of Commercial General Liability insurance with limits not less than \$1 million with insurance carriers authorized to do business in the state of Washington, which have a Best's rating of no less than A: VIII. If an Agency is self-insured, or is a member of a self-insurance pool, a certification of self-insurance covering the activities of the Agency in the RFC Project shall constitute compliance with this insurance requirement. Upon request of the Joint Board, each Agency shall submit documentation demonstrating its compliance with this insurance requirement.

- F. The Agencies shall comply with the nondiscrimination requirements under federal and state laws, regulations and grants applicable to the RFC Project. Nondiscrimination requirements shall include, but not be limited to, contractors, consultants and employers engaged on the RFC Project.
- G. The Agencies reserve any rights, powers, privileges, authority, liabilities, obligations and duties set forth in or provided by any previous agreement executed by an Agency related to activities, actions and decisions precedent to the RFC Project. This Agreement shall not be construed in derogation of any such rights, powers, privileges, authority, liabilities, obligations and duties.
- H. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the Agency or Agencies claimed to have waived or consented. Waiver of any default of this Agreement shall not be deemed a waiver of any subsequent default. Waiver of breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach. Waiver of such default and waiver of such breach shall not be construed to be a modification of the terms of this Agreement unless stated to be such through written approval of all Agencies.
- I. No Agency shall transfer or assign a portion or all of its responsibilities under this Agreement, except with the prior authorization of the Joint Board.
- J. Each Agency shall establish and maintain accounts, records and documents as required by state law and grant provisions to ensure the proper accounting for its RFC Project expenditures. Such accounts, records and documents, including but not limited to personnel, property, financial and programmatic records, shall be maintained in accordance with generally accepted accounting principles. Accounts, records and documents related to the Capital phase of the RFC Project shall be retained for six years following "Full System Acceptance". Accounts, records and documents related to the Operating phase of the RFC Project shall be retained for six years on a rolling schedule from year one of system revenue service operations. The Contract Administrator will advise the Joint Board on what records need to be retained by individual agencies. Such accounts, records and documents related to matters under this Agreement shall be subject to inspection, review or audit by the Joint Board.
- K. Tangible property paid for by an Agency under this Agreement shall be owned and in the care and custody of the Agency. Each Agency shall take all reasonable and necessary actions to protect such property. Each Agency shall comply with requirements of grant agencies for the proper management of such property. The Joint Board shall not be deemed to own any property. In the event an Agency terminates its participation in this Agreement or this Agreement is terminated, the Agency shall retain all property or interests in property for which it has paid its share of the costs. Disputes about ownership of property shall be presented to the Joint Board.

- L. If one or more Agencies believes another Agency has failed to comply with the terms of this Agreement, the affected Agencies shall attempt to resolve the matter informally. If the Agencies are unable to resolve the matter informally, it shall be forwarded for discussions by the highest executive of each Agency. If this process fails to resolve the matter within thirty (30) days after such referral, an Agency may then pursue any legal remedy available to it or the Agencies may agree to submit the matter to mediation. If the Agencies submit the matter to mediation and the matter is not resolved, then the aggrieved Agency shall be entitled to pursue any legal remedy available.
- M. Any Agency may propose changes to this Agreement. Except for amendments that are specifically authorized to be approved by the Joint Board as set forth in Section III.E or that do not materially affect the policies and intent of this Agreement, this Agreement may only be amended by a written amendment that is approved by each Agency's governing board or its appropriate Agency representative.
- N. This Agreement is entered into as a cooperative undertaking of the Agencies in order to facilitate implementation of the RFC Project. This Agreement shall not be deemed to confer on any third parties any rights or benefits, unless specifically set forth herein.
- O. This Agreement shall be interpreted and constructed according to and enforced under the laws of the state of Washington. The Agencies agree that the Superior Court of King County, Washington shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.
- P. The Agencies agree that this Agreement is a complete expression of the terms herein and any oral or written representations or understandings not incorporated herein are excluded.

XIV. SEVERABILITY

If any of the provisions of this Agreement are held to be invalid, illegal or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. To that end, the provisions of this Agreement are declared to be severable.

IN WITNESS WHEREOF, authorized representatives of the Agencies have signed their names in the spaces provided below.

Central Puget Sound Regional Transit Authority

name

Executive Director
Acting under Authority of Motion No.
_____.

Approved as to form:

name of attorney office

King County

name

General Manager
Acting under Authority of Motion No.
_____.

Approved as to form:

name of attorney office

Snohomish County Public Transportation Benefit Area

name

Chief Executive Officer
Acting under Authority of Motion No.
_____.

Approved as to form:

name of attorney office

Kitsap County Public Transportation Benefit Area

name

Executive Director
Acting under Authority of Motion No.
_____.

Approved as to form:

name of attorney office

**Washington State Ferries, Washington
State Department of Transportation**

**Pierce County Public Transportation
Benefit Area**

Name

Director, CEO

name

Chief Executive Officer

Approved as to form:

Acting under Authority of Motion No.
_____.

name of attorney office

Approved as to form:

name of attorney office

EXHIBIT A

PROJECT TEAM PLAN

Contract Administrator

- Primary responsibility, as directed by the Joint Board, for overall program management of the collaborative regional elements of the RFC Project, to include supervision of the Project Team and support services, the Contractor, and Joint Consultant contract administration. *Note: The individual Agency Site Managers are considered to be key participants of the Project Team, however they report solely and directly to the organization they represent.*
- Provide planning and administrative coordination with the Agency Site Managers.
- Report to and provide administrative coordination with the Joint Board. This coordination shall include, but not be limited to, monthly project scope, schedule, budget and outstanding issue/resolution updates.
- Provide support to the individual agency project-related needs and requirements. In the event these individual agency requirements are in conflict, the Contract Administrator shall present to the Joint Board for its action, an issues summary and recommended resolution.
- Develop, monitor, and recommend to the Joint Board, as required, revisions to RFC Project scope, schedule, budget, and finance plans.
- As directed by the Joint Board or within delegated authorities as set forth in this Agreement, provide primary direction (i.e. "single point of contact") to consultants and the Contractor.
- As directed by the Joint Board, identify and develop resolution strategies for policy issues such as labor, fares, customer services, budget, resource deployment, service contracts, marketing, etc.
- As directed by the Joint Board, implement, monitor and recommend revisions, as required, to the Agency Business Rules adopted to provide technical guidance to the contractor and policy guidance to the Agencies.
- As directed by the Joint Board, facilitate the development of a RFC Project rollout plan which includes, but is not limited to, the following elements:
 - Approach for conversion of current passholders to smart cards;
 - Approach for conversion of current cash riders to smart cards;

- Approach for transitioning current institutional accounts to smart cards; and
- Approach for transitioning to this Agreement from current Regional Fare Revenue Reconciliation Agreement (dealing with Puget Passes) which is not participated in by all of the parties to this Agreement.
- As directed by the Joint Board, facilitate the development of uniform agreements to be used by the Agencies during the RFC Contract including, but not limited to, the following:
 - Cardholder agreement: This agreement will set forth the contractual relationship between the cardholder and the Agencies and include provisions such as permissible uses of the card, limits on stored value, refund policy, privacy policy, etc.
 - Institutional accounts: This agreement will set forth the contractual relationship between the employer/organization and the Agency and include provisions regarding billing arrangements, card issuance, account management tools available to the employer/organization, etc.
 - Third party retailers: This agreement will set forth the contractual relationship between the third party retailer and the Agency and include provisions regarding the duties required of the third party retailer, billing arrangements, merchant of record responsibilities, etc.

IS/Technical Manager

- The Regional Technical Manager shall perform duties as delegated by the Contract Administrator, who may include, but not be limited to those noted below.
- Primary responsibility for contractor/Agency technical coordination to ensure implementation of the RFC System in accordance with the RFC Contract requirements, implementation plan and schedule, and all other deliverables. All contract requirements will be tracked using the RequisitePro program.
- Coordinate Contractor and Agency Site Manager technical activities related to design, development, implementation, test, delivery, and operation of the RFC System.
- Monitor the Contractor and Agency performance and compliance regarding technical elements; report on status and recommend revisions as required.
- Monitor RFC Project schedule, report on status, and initiate action, as necessary, to maintain schedule related to technical elements.

- Conduct regular status meetings with the Contractor and Agencies to identify and track technical issues and problems and provide a complete report to the Contract Administrator.
- Maintain database of RFC Contract technical requirements, and revise existing requirements and/or develop new requirements as needed.
- Identify and document the need for revised and/or new Agency Business Rules.
- As directed by the Contract Administrator, coordinate review and approval of technical contract deliverables.
- As directed by the Contract Administrator, coordinate change orders for appropriate approvals.
- As directed by the Contract Administrator, coordinate Contractor Requests for Information (RFI).

Budget & Contract Control Manager

- The Budget and Contract Control Manager will perform duties as delegated by the Contract Administrator, who may include, but not be limited to, those noted below.
- Primary responsibility for regional project budget, regional grant applications and all regional project financial reporting, invoice reconciliation and payments.
- Coordinate with the Fiscal Agent for tasks related to the joint administration of the regional invoice payment process and to ensure proper accounting treatment for the RFC Project.
- Coordinate with Agency Site Managers and their budget staff to ensure, as appropriate, regionally consistent cost accounting.
- Provide the Agency Site Manager's with regional project budget information as required to meet each agencies internal project reporting requirements.
- Develop and monitor one or multiple database(s) to track the RFC Vendor Contract specification and deliverable compliance and progression of work schedule adherence.
- Develop, monitor and manage a system to generate all Change Orders, monthly budget reports, budget revisions, contractor payments, and Agency invoices for contractor and all other shared or individual Agency payments.

Project Assistant

- Provide administrative support to the Project Team staff, Agency site managers and Joint Board.
- Maintain RFC Project records, files and other documentation.

Agency Site Manager(s)

***Note:** The individual Agency Site Managers are considered to be key participants of the Project Team, however they report solely and directly to the organization they represent.*

The Agency Site Manager job description is set forth in Attachment 1. The position's key responsibilities are noted below:

- Primary responsibility to coordinate all internal Agency resources to meet all RFC Contract scope and schedule requirements or negotiate revisions as required.
- Primary Agency point of contact/authorized official to give direction to the Contract Administrator, joint consultants and/or the Contractor, as required.

AGENCY SITE MANAGER JOB DESCRIPTION

Each Agency shall appoint a Site Manager or contract with another Agency to provide a Site Manager with the responsibility and authority to make decisions for that Agency that will allow the overall project to maintain scope, schedule, and budget. The Site Manager, as each Agency's Contract Administrator, will be a key participant on the Project Team and will meet regularly with the Project Team, joint consultants, and the Contractor. The Agency Site Manager reports solely and directly to the organization they represent.

Primary Responsibilities

- Serve as primary Agency point of contact/authorized official for the Contract Administrator, joint consultants, and/or the Contractor as required;
- Advise the Project Team on project status, technical options, and implications for individual Agency activity;
- Coordinate all internal Agency resources to meet all contract scope and schedule requirements or negotiate revisions as required;
- Coordinate the Agency review and approval of all technical design and functionality of the system;
- Attend regular (e.g., weekly) regional meetings to discuss project issues.

Secondary Responsibilities

- Brief all internal Agency staff about the RFC Project;
- Ensure that all internal Agency staff cooperate with the Contractor and its subcontractors in the execution of the RFC Project;
- Provide necessary interface specifications for all existing Agency systems required for the RFC System;
- Facilitate communication with contractors and suppliers of existing systems or equipment as required;
- Provide plans and drawings of Agency facilities and vehicles as required;
- Coordinate appropriate the Contractor access to required locations for the purpose of system equipment installation;
- Arrange for installation space and adequate facilities for installation crews;
- Arrange for installation space within or near the bus depot bases to house the DACS and WDOLS equipment;
- Assist in the coordination and scheduling of vehicles for installation and testing purposes;
- Facilitate interaction and information exchange in support of testing;

- Participate in the testing of interfaces to all legacy systems;
- Witness and approve tests during various phases of the project including, as applicable, factory acceptance testing, system integration testing, system commissioning testing, beta testing, and acceptance testing procedures;
- Provide access to vehicles, bases, parking lots, ferries (as applicable), and back office locations for installation and testing of the RFC System;
- Review training documentation and coordinate Agency staff attendance at training classes;
- Provide equipment and system support as indicated by the "Maintenance Services Chart" in Division II, section 6.II-10.1 of the RFP;
- Provide classroom facilities for training Agency personnel in Contractor-provided classes.

Qualifications and Experience

The Site Manager shall act as each Agency's Contract Administrator and possess the following:

- Experience developing and monitoring project budgets, work schedules, and status reports;
- Experience planning, organizing, and directing the work of project consultants, contractors, and staff;
- Experience negotiating with vendors and monitoring vendor performance;
- Experience establishing work plan details, reporting progress, and anticipating and resolving project difficulties; and
- Experience installing and testing new hardware, software, and data communication networks, as related to a project.

Time Commitment

- As Needed

EXHIBIT B

CONTRACT ADMINISTRATION PLAN

A. Purpose

1. This Contract Administration Plan is included to set forth the general contract administration activities and actions that are to be managed or taken by the Contract Administrator, Joint Board or Agencies. The Agencies intend that the authorities of the Contract Administrator and Joint Board are to be generally consistent with the usual grants of authorities for administration of contracts awarded by a public agency, notwithstanding the fact that each Agency may have specific policies and practices related to contract administration that are different from those described herein.
2. This Plan is intended to be consistent with grant requirements established by the Federal Transit Administration (FTA). If FTA grant requirements differ from provisions in this Plan, the FTA grant requirements shall prevail.
3. In general, the Joint Board has responsibility for overseeing the performance of the Project Team, Joint Consultants and the Contractor. The Contract Administrator has responsibility for the day-to-day management of the Project Team. The Contract Administrator shall be responsible for managing the administration of the RFC Contract and contracts with Joint Consultants, and shall make all decisions except those decisions identified in this Agreement that shall be made by the Joint Board or governing bodies of the Agencies consistent with the level of monetary expenditure authorized by the Joint Board. The Contract Administrator, and members of the Project Team designated by the Contract Administrator, will monitor the performance of Joint Consultants and the Contractor and maintain a contract administration system that ensures that the consultants and the Contractor perform in accordance with the terms, conditions and specifications of the contracts.
4. The Agencies acknowledge that it is essential the Contract Administrator serve as the sole communication conduit with Joint Consultants and the Contractor. Except for the limited roles of the Agency Site Managers, the Agencies and members of the Joint Board shall refrain from communicating directly with the Joint Consultants and the Contractor, unless specifically designated by the Contract Administrator. However, each Agency may communicate directly with the Contractor as necessary for specialized applications (which are the sole responsibility of the Agency).

5. The Agencies acknowledge that the RFC Project has been designated an ITS test site. The Agencies shall cooperate in meeting the ITS test site requirements and, to the extent possible, provide evaluation data including before and after effectiveness data. All costs related to meeting the ITS test site requirements shall be shared by the Agencies.

B. Definitions

1. Contract Administration is the post-award administration of the contract to ensure compliance with the terms of the contract by both the Contractor or a consultant, as applicable, and the Agencies.
2. Contract Administrator's Documentation is the documentation contained in the contract file maintained by or on behalf of the Contract Administrator. The documentation describes the actions taken by the contracting parties in accordance with the requirements of the contract and documents the decisions made in the administration of the contracts. This file shall contain a Contract Folder, which shall contain the official documentation relating to the procurement, award, execution, administration and closeout of the contract. The file shall, as a minimum, include the following materials:
 - a. Executed contract and notice of award;
 - b. Letter of credit, performance and payment bonds, or approved alternative security, bond-related documentation, and correspondence with any sureties or banks;
 - c. Contract-required insurance documentation;
 - d. Post-award (pre-performance) correspondence from or to the consultant or contractor or other governmental agencies;
 - e. Notice to proceed;
 - f. Approvals or disapprovals of contract submittals required by the contract and requests for waivers or deviations from contractual requirements;
 - g. Modifications/changes to the contracts, including the rationale for the change, change orders issued, and documentation, including price/cost analysis documentation, reflecting any time and increases to or decreases from the contract price as a result of the modifications;
 - h. Documentation regarding settlement of claims and disputes including, as appropriate, results of audit and legal reviews of the claims and approval by the proper authority of the settlement amount;

- i. Documentation regarding any stop work and suspension of work orders and termination actions (convenience as well as default); and
- j. Documentation relating to contract close out.

Any Agency may request copies of the Contract Folder or the Contract Administrator's File, particularly if required to satisfy grant requirements. If an Agency receives a public disclosure request for any of the materials in the Contract Folder, the Agency may forward the request to the Contract Administrator, who shall administer it in accordance with the policies and practices of the Agency with whom the Contract Administrator is employed.

- 3. Change Order includes any written change to the contract terms, conditions, specifications, scope, schedule or price, and may be either bilateral or unilateral.

C. RFC Contract

- 1. The Agencies agree that the Contract Administrator shall act as the sole conduit for communications to and from the Contractor relating to the administration of the RFC Contract, unless the Contract Administrator specifically authorizes otherwise. However, each Agency may communicate directly with the Contractor as necessary for specialized applications (which are the sole responsibility of the Agency).
- 2. For the RFC Contract, the Contract Administrator is responsible for the following functions. The Contract Administrator may delegate specific activities required to perform these functions to various members of the Project Team:
 - a. Monitor compliance with contract terms & conditions;
 - b. Coordinate communications and information with decision-making board;
 - c. Coordinate with the Agency Site Managers to review contractor milestone deliverables, per the prescribed 45-day agency review time frame. The task and time decomposition of the 45-day review period is generally understood to be as follows – described in business days: **1)** Contract Administrator receives electronic copies of contractor documents and distributes one set to each Agency Site Manager [1 – 2 days]; **2)** Agency Site Manager duplicates material, as required, and distributes internally to reviewers [3 – 4 days]; **3)** Individual staff review period [10 days]; **4)** Agency Site Manager performs internal coordination necessary to clarify

comments and/or reconcile differences of opinion and prepares one consolidated agency response which is submitted to the Contract Administrator [5 days]; **5)** Contract Administrator prepares one consolidated draft regional response and identifies issues and/or differences of opinion, which is provided to the Agency Site Managers [5 days]; **6)** Contract Administrator and Agency Site Managers meet to resolve conflicts/issues; Contract Administrator prepares one final regional response which is submitted to the Contractor [5 days].

- d. Monitor the Contractor's compliance with federal, state and local law and regulations;
- e. Monitor regional project compliance by the Contractor and Agencies with banking and financial laws, regulations & rules;
- f. Recommend to the Joint Board approval of additional card applications and revenue by Agencies;
- g. Recommend to the Joint Board approval of the Contractor's publicity materials and work-related copy by Agencies;
- h. Coordinate regional communications with Site Managers and facilities;
- i. Monitor compliance with the submission of contract documentation requirements;
- j. Coordinate audits by the Agencies or state/federal officials;
- k. Monitor compliance with federal Section 504, ADA and other federal and state civil rights requirements;
- l. Individual Agencies may acquire grant funds, which mandate compliance with specific requirements. To the extent that the grantee Agency gives the Contract Administrator written notification of any such grant requirements, the Contract Administrator will use good faith efforts to comply with such grant requirements;
- m. Review and approve training program and instructors;
- n. Conduct post-award orientation with Project Team, Agencies and the Contractor;
- o. Serve as communication conduit between Agencies and the Contractor;

- p. Respond to information and public disclosure requests from the public and mass media;
 - q. Monitor progress and performance by the Contractor;
 - r. Oversee compliance with inspections and testing requirements;
 - s. Monitor compliance with quality assurance and control plan;
 - t. Monitor compliance with program management, progress and performance monitoring plan;
 - u. Identify and resolve performance deficiencies;
 - v. Confirm quality and quantity of work performed;
 - w. Manage Change Order/amendment process;
 - x. Perform cost/price analysis of Change Orders and amendments as necessary;
 - y. Manage the invoice review, approval and payment processes;
 - z. Monitor expenditures and report to Joint Board;
 - aa. Administer the claims and disputes processes;
 - bb. Administer the defective work, materials or services processes;
 - cc. Administer warranties and guarantees;
 - dd. Manage the contract closeout process;
 - ee. Prepare and maintain the Contract Folder;
 - ff. Comply with records retention requirements for Contract Folder.
3. The Contract Administrator shall develop or cause to be developed appropriate procedures and practices for the items listed above. The Contract Administrator may amend such procedures and practices as necessary to meet grant conditions, legal requirements, and RFC Project needs.

D. RFCS Contract Change Orders and Amendments

1. Any Agency may request a Change Order to the RFCS Contract by submitting a written request to the Contract Administrator. The request shall describe the additional work requested, the estimated cost of such additional work, and the expected benefit of such additional work. If the Contract Administrator approves the request, he or she will proceed with the negotiation and approval of the Change Order according to the procedures outlined in this subsection. If the Contract Administrator denies an Agency's Change Order request, the Agency may submit the issue to the Joint Board for resolution.
2. All costs associated with Change Orders requested by an Agency that are determined by the Joint Board to be for the sole benefit of that Agency shall be borne entirely by the Agency rather than as a shared regional cost.
3. The Contract Administrator shall notify each Agency of each Change Order and amendment the Contract Administrator approves. Each Agency delegates to the Contract Administrator its authority to negotiate and approve Change Orders and amendments, if each Change Order and amendment:
 - a. does not exceed \$50,000 in added contract cost;
 - b. does not, when combined with all other Change Orders, add more than thirty (30) days to the performance schedule of each phase of the contract; and
 - c. does not, when added to all Change Orders approved through this delegated authority, exceed a total of \$250,000 in added contract costs; and
 - d. does not create a change to the RFC system architecture; and
 - e. does not exceed the RFC Project Budget.
4. The Contract Administrator may request that the Joint Board authorize from available contingency funds an additional amount for Change Orders if the cumulative total in paragraph 3.c above is reached. The Joint Board may authorize additional amounts at levels it deems appropriate provided the RFC Project Budget is not exceeded.
5. Prior to signing a Change Order or amendment that exceeds the above limitations, the Contract Administrator shall obtain the approval from the Joint Board.

E. RFCS Contract Claims

During the RFCS Contract, the Contractor may file a Contract Claim to request additional time and/or money. The Contract Administrator shall notify each Agency of each Change Order and/or amendment the Contract Administrator approves or rejects as a result of a Contract Claim filed by the Contractor. Each Agency delegates to the Contract Administrator its authority to negotiate and approve Contract Claims subject to the same limitations as regarding Change Orders set forth in paragraph D above.

F. Joint Consultant Contracts

1. The Agencies agree that the Contract Administrator shall act as the single conduit for communications to and from consultants relating to the administration of Joint Consultant contracts, except as specifically authorized otherwise by the Contract Administrator. However, each Agency may communicate directly with Joint Consultants as necessary to enable the consultants to perform work tasks.
2. Each Agency's Site Manager shall be responsible for coordinating communications with the Joint Consultants. An Agency's Site Manager shall:
 - a. Coordinate with the Contract Administrator on a regular basis to avoid conflicts and interface disconnects;
 - b. Provide information to consultants as requested for each task deliverable;
 - c. Identify Agency staff for consultants to interview and provide existing documents to consultants;
 - d. Collect information and provide it to consultants based on templates as provided by consultants; and
 - e. Create a record and provide a copy to the Contract Administrator of the review and comments submitted by an Agency to consultants

G. Joint Consultants Contract Change Orders and Amendments

1. The Contract Administrator shall notify each Agency of any Change Orders and amendments the Contract Administrator approves. Each Agency delegates to the Contract Administrator its authority to negotiate and approve Change Orders and amendments, if each Change Order and amendment:

- a. does not exceed \$10,000 in added contract cost;
 - b. does not, when combined with all other Change Orders and amendments, add more than thirty (30) days to the performance schedule of each phase of the contract; and
 - c. does not, when added to all Change Orders and amendments approved through this delegated authority, exceed a total of \$100,000 in added contract costs.
2. The Contract Administrator may request that the Joint Board authorize from available contingency funds an additional amount for Change Orders if the cumulative total in paragraph 1.c above is reached. The Joint Board may authorize additional amounts at levels it deems appropriate provided the RFC Project Budget is not exceeded.
 3. Prior to signing a Change Order or amendment that exceeds the above limitations, the Contract Administrator shall obtain the approval from the Joint Board.

H. Deliverables Under Joint Consultant Contracts

Each Agency shall review proposed contract deliverables under Joint Consultant contracts and provide the Contract Administrator with a written approval or objection. Approval of deliverables shall not be unreasonably withheld by an Agency. If the Contract Administrator has not received an Agency's signed, written objection to a deliverable within five (5) days after the Agency has received a copy of the deliverable, the Agency shall be deemed to have accepted the deliverable as submitted. If one or more Agencies raises an objection in writing that a deliverable is not satisfactory, the Contract Administrator shall forward the objection to the consultant for resolution. If an objection is not resolved and the Agencies are in disagreement as to whether a deliverable is satisfactory, the Joint Board shall meet within seven (7) days after the consultant indicates it is unable to resolve the objection. The Joint Board shall make a unanimous final determination about whether to accept the deliverable. Upon acceptance of a deliverable, the Contract Administrator shall notify the consultant in writing of the acceptance. The consultant may then submit an invoice pursuant to the payment provisions of the consultant contract.

I. Claims Against Joint Consultants

In the event one or more of the Agencies intends to file a claim against a Joint Consultant during the term of the contract or at any point after the contract has expired or otherwise terminated, such Agency shall notify the other Agencies at

least thirty (30) days in advance of filing the claim and comply with the provisions in Section V.I-K of the Agreement to which this exhibit is attached.

J. Use of Contingency Amounts

The RFC Project Budget shall include a Contingency Amount that can be used to pay the costs of approved Change Orders and amendments to the RFC Contract and Joint Consultant contracts. This Contingency Amount shall be allocated among the Agencies as project costs. Upon presentment of a Change Order, the Contract Administrator shall calculate contingency amounts due from each Agency and direct the Fiscal Agent to bill the Agencies accordingly. The Contract Administrator shall track the contingency activity and make periodic reports to the Joint Board. The Joint Board may not approve Change Orders or amendments that will or may exceed the contingency amounts provided by the Agencies. If additional contingency amounts are needed, the Joint Board shall make an appropriate request therefor to the Agencies.

EXHIBIT C "Finance Plan"

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I. Executive Summary

Finance Plan Purpose: The primary purpose of the Finance Plan, Exhibit C to the Interlocal Agreement, is to summarize the expenses, revenues, cost-sharing assumptions and administrative processes relative to Phase IV "System Design and Implementation" for the Regional Fare Coordination (RFC) Project. In order to implement this project, there will be both regionally shared and individual agency costs.

The Phase V "System Operations" estimated cost assumptions are included, at a summary level, for planning purposes. The Phase V details will be updated by the Joint Board during the project's three year design and implementation phase. Phase V of the vendor contract is a 10-year term, currently anticipated to run from 2006 through 2015.

Finance Plan Duration: The Finance Plan is intended to provide detail for the anticipated 39-month system design and implementation period, i.e. from 2003 through 2006.

Types of Costs: The Finance Plan provides detailed information on the components of the RFC Project Budget. Agencies will also incur additional internal costs necessary to support site-specific system design and installation. For purposes of providing a comprehensive budget picture, these additional internal estimated costs are identified and summarized in this Exhibit. The types of costs described in the Finance Plan are:

- a. **The RFC Project Budget:** The RFC Project Budget includes two cost categories, 1) the Vendor Contract, and 2) all items identified as "Other Project Administrative Costs". These costs are subject to the regional cost sharing formula. The Joint Board must approve changes to the RFC Project Budget, subject to the capital amounts appropriated as set forth in this Exhibit and future appropriations for operations and maintenance.
- b. **Individual Agency Internal Implementation Costs:** These costs vary among the agencies, contingent upon their internal business needs and approach to the system implementation process. The costs are largely for agency staff labor and may be covered by standard operating budgets, or, providing such costs meet the applicable criteria, they may be charged to the agency's share of regional grant funds or other grant funds it has dedicated to the RFC Project. The funding and administration of these internal project implementation budgets are entirely at the discretion of the individual agency.

RFC Project Budget Summary of Expense and Grant Revenues Per Agency: The following table provides a summary of each agency's share of the RFC Project Budget expense and its share of regional grants. Each agency signing the Interlocal Agreement commits to pay an amount up to that specified for it under the "Total RFC Project Budget Estimated Expense" column of the "RFC Project Budget Estimated Expense and Grant Revenues" table directly below. An Agency's actual payment may be less than the amount committed, but shall not exceed the amount below absent an amendment to this Agreement. This obligation will be covered by a combination of grant and local revenues. Details on these costs and grant revenues are found in Sections II, III, and V.

RFC Project Budget Estimated Expense and Grant Revenues			
Agency	Capital Share of Regional Costs	Total RFC Project Budget (Vendor + Other Admin.) Estimated Expense	Total Estimated Share of Grant Revenues
King County Metro	56.77%	\$ 23,241,780	\$ 10,718,881
Community Transit	11.90%	\$ 4,995,119	\$ 2,668,299
Sound Transit	10.96%	\$ 4,461,983	\$ 1,592,084
Kitsap Transit	6.05%	\$ 2,524,460	\$ 878,842
Washington State Ferries	5.42%	\$ 2,262,157	\$ 1,787,326
Pierce Transit	8.90%	\$ 3,656,243	\$ 2,442,842
Everett Transit *			\$ 100,000
Total **	100%	\$ 41,141,742	\$ 20,188,274

* Everett Transit's grant funds to be redistributed to participating agencies.
 ** Slight variations due to rounding

Total Project Implementation Estimated Costs: The following table provides a summary of each agency's total estimated project costs which includes its share of RFC Project Budget and its individual internal implementation estimates. *Note: Sound Transit has proposed, pending its Board approval, to fund some capital and operating costs for Community Transit and Pierce Transit (for the regional express service which PT operates on contract for ST), which may include some internal implementation expenses. Contingent upon the final disposition of that agreement, the costs shown below for CT and ST may be revised.*

Total Estimated RFC Project Budget & Internal Agency Implementation Expense			
Agency	Total RFC Project Budget (Vendor + Other Admin.) Estimated Share of Regional Expense	+ Individual Agency Estimated Internal Expense to Implement	= Total Estimated Implementation Expense
King County Metro	\$ 23,241,780	\$ 2,446,384	\$ 25,688,164
Community Transit	\$ 4,995,119	\$ 932,640	\$ 5,927,759
Sound Transit	\$ 4,461,983	\$ 593,543	\$ 5,055,526
Kitsap Transit	\$ 2,524,460	\$ 732,375	\$ 3,256,835
Washington State Ferries	\$ 2,262,157	\$ 727,682	\$ 2,989,839
Pierce Transit	\$ 3,656,243	\$ 824,000	\$ 4,480,243
Total	\$ 41,141,742	\$ 6,256,624	\$ 47,398,366

Finance Plan Attachments: The document portion of the Finance Plan provides information on a regional summary level. Please see the “Attachments”, as noted in each section, for individual agency worksheets. The Attachments are found in the PDF file “Attachments”.

II. Regionally Shared Costs: Capital (Phase IV) Cost-sharing Formula

The Capital Phase cost-sharing formula is also applied to regional grant distribution. The formula for distributing RFC Project Budget shared costs and regional grant revenues is determined by the total value of each agency's vendor contract equipment purchases and the vendor equipment installation costs. These costs, and therefore the cost distribution formula, represent each agency's relative system investment. See Sections III and V for detail on the costs to which this formula is applied and the grants subject to this distribution formula.

Attachment 1: The individual agency Vendor Contract costs, which provides the detail on equipment and installation purchases, is found in Attachment 1.

Per the formula described above, the five-agency Capital cost-sharing and regional grant distribution is as follows:

Agency	Share of Regional Costs & Grant Revenues
King County Metro	56.77%
Community Transit	11.90%
Sound Transit	10.96%
Kitsap Transit	6.05%
Washington State Ferries	5.42%
Pierce Transit	8.90%
	100.00%

III. RFC Project Budget (Phase IV) – Estimated Cost Detail

The RFC Project Budget is comprised of two cost categories. These are the Vendor Contract and the “Other Project Administration Costs”. This section details the individual cost items of those two categories and provides the regional total costs, identifies if the cost item is subject to the regional cost-sharing formula and, where appropriate for the administrative costs, provides the cost estimation assumption. The individual agency costs shown in the table below are solely the responsibility of that agency.

a. Vendor Contract: The following table details the Vendor Contract. The Vendor Contract payment terms are “fixed price”.

Attachment 1: The individual agency Vendor Contract costs are found in Attachment 1.

Vendor Contract – Cost Components and Total Value			
Cost Item Regional Quantity shown in ()	Regional Total Cost Unless Identified Otherwise	Cost Distribution	
		Regionally Shared Cost per Formula	Individual Agency Cost
Equipment :			
<i>Fare Transaction Processors (2335)</i>	\$ 1,937,356		X
<i>Driver Display Units (2163)</i>	\$ 2,734,032		X
<i>Wireless Data Base System (18)</i>	\$ 63,972		X
<i>Wireless Data Bus System (2163)</i>	\$ 1,299,963		X
<i>Data Acquisition Computer (22)</i>	\$ 290,312		X
<i>Back Office Computer (6)</i>	\$ 352,530		X
<i>Sound Transit TVM upgrade kits (34)</i>	\$ 80,750	X	
<i>Customer Service Terminals (32)</i>	\$ 271,584		X
<i>Photo Identification Units (10)</i>	\$ 182,270		X
Equipment Installation	\$ 319,594		X
Fare Cards	\$ 753,770	X	
Integration:			
<i>KCM POS w/ CST</i>	\$ 19,573		X
<i>KCM Laptop CST application</i>	TBD		X
<i>KCM Radio Control Unit Integration</i>	\$ 86,500		X
<i>CT DDU w/multiple on-board functions</i>	\$ 86,783		X
<i>CARM inventory software</i>	\$ 72,319	X	
<i>Back Office Integration</i>	\$ 246,668	X	
Reports	\$ 563,812	X	
Implementation –Phase 1 <i>Thru Revenue Service Beta Test</i>	\$ 11,197,971	X	
Implementation - Phase 2 <i>Thru Full System Acceptance</i>	\$ 1,496,969	X	
Project Management	\$ 7,511,872	X	
Training	\$ 683,375	X	
Total Vendor Contract Cost	\$ 30,251,975		

b. Other Project Administration Costs: The following table details the “Other Project Administration Costs”. The payment terms for these costs are handled as follows: 1) consultant contracts are fixed price per task with all costs verified, and 2) all other costs are on an expense reimbursement term. Cost estimate assumptions have been reviewed and approved by the Joint Board. All of these costs are shared per the regional cost-sharing formula.

Attachment 2: The individual agency estimated shares of “Other Regional Project Administration Costs” are found in Attachment 2.

Other RFC Project Administration Costs		
Cost Item	Key Assumptions	Est. Reg. Cost
Project Management Team	<ul style="list-style-type: none"> 4 FTE employed by King County Positions: Contract Administrator, Technical Manager, Budget & Contract Control Manager, and Project Assistant 	\$ 1,029,000
Regional Payment Funds Management	<ul style="list-style-type: none"> The Fiscal Agent is to perform this function. The task is to provide a central account into which individual agency payments can be made and a single payment check issued on behalf of the region. 	TBD
Regional Technical Consultant	<ul style="list-style-type: none"> Scope of Work is to provide expert support to agency staff and the Joint Board in the design review process and deliverable acceptance 	\$ 525,000
Sales Tax	<ul style="list-style-type: none"> 100% of the vendor contract is taxable, however there may be exemption for the custom software developed 8.8% tax rate. In actual practice, each agency will pay the applicable tax rate for items delivered to their sites 	\$ 2,662,174
Contingency Fund	<ul style="list-style-type: none"> 20% of the vendor contract value Joint Board review is required for all change orders 	\$ 6,050,395
Dispute Resolution Board	<ul style="list-style-type: none"> Three experts selected jointly by the agencies and vendor Costs shared 50/50 with the vendor DRB to have scheduled briefings and be “on call” to mediate vendor/agency deliverable acceptance/payment disputes 	\$ 122,100
Intellectual Property Software Escrow Account Fees	<ul style="list-style-type: none"> All system source code will be escrowed A contract will be secured with a firm specializing in system software escrow management The most rigorous level of verification and updates will be utilized 	\$ 99,000
Project Evaluation	<ul style="list-style-type: none"> Consultant contract Scope of Work TBD in collaboration with FTA to support its ITS Evaluation work program 	\$ 75,000
Project Marketing	<ul style="list-style-type: none"> Cost of collateral (brochures, radio ads, bus ads, etc.) for the Beta Test and Full System Rollout Plan to be developed by the agency marketing staff 	\$ 300,000
Sound Transit Consultant Fee to Oversee TVM Upgrade	<ul style="list-style-type: none"> TBD 	\$ 27,100
Total		\$ 10,889,769

IV. Payment Schedules

This section describes the assumptions for the RFC Project Budget payment schedules for the Vendor Contract and Other Administration Costs.

Attachment 3: A detailed 39-month schedule with individual agency cash flow assumptions for both the Vendor Contract and Other Project Administration Costs is found in Attachment 3.

a. Vendor Contract: Key payment assumptions for the Vendor Contract are as follows:

- The Vendor Contract is fixed price.
- Relative to payment points, the Contract provides for:
 - **Project Management:** Monthly Project management payments, providing the total value of payments made does not exceed the predetermined payment caps. In the event payment exceeds a cap; the payment will be withheld until such time as it can be released per Contract terms.
 - **Payment Caps:** Two payment caps are in place, i.e. the total payments made cannot exceed: 1) 50% of the total contract value at the Beta Test Acceptance Milestone, and 2) 60% of the total contract value prior to Full System Acceptance at the point where all King County Metro equipment is installed and satisfactorily tested.
 - **Milestone Payments:** Six milestone payments are defined which provide for the successful completion of numerous deliverables. These milestones are:
 1. Schedule Acceptance
 2. Design Acceptance
 3. Beta Test Readiness
 4. Beta Test Acceptance
 5. Equipment Installation Completed & Tested for King County
 6. Full System Acceptance

b. Other RFC Project Administrative Costs: The following table describes the anticipated payment assumptions for these costs.

Attachment 3: A detailed 39-month schedule with individual agency cash flow assumptions can be found in Attachment 3.

Cost Item	Key Payment Assumptions
Project Management Team	<ul style="list-style-type: none"> • Paid quarterly direct to King County per actual costs incurred
Regional Payment Funds Management	<ul style="list-style-type: none"> • TBD by Sound Transit (a.k.a. "the Fiscal Agent")
Regional Technical Consultant	<ul style="list-style-type: none"> • Paid monthly or as invoiced by the consultant. TBD if the Fiscal Agent central payments account will be used to streamline the process • Contract terms are fixed price, not to exceed limits per task
Sales Tax	<ul style="list-style-type: none"> • Each agency will pay, as applicable costs are incurred, per Vendor Contract payment milestone invoices.
Contingency Fund	<ul style="list-style-type: none"> • Each agency commits to fund its share of the overall project contingency fund budget and to have those funds available when required per authorized Project Budget changes. • Fund to be accessed only for approved change orders • Every effort will be made to negotiate change order payment terms that are consistent with the established six Contract Payment Milestones.
Dispute Resolution Board (DRB)	<ul style="list-style-type: none"> • The DRB is convened, at a regular schedule determined by the Joint Board, for Project updates. These costs will be billed to include an hourly fee and travel expense. • The DRB will also be convened on an as needed basis to mediate disputes. These costs will be billed as incurred.
Intellectual Property Software Escrow Account Fees	<ul style="list-style-type: none"> • The most rigorous level of software verification and updates will be utilized • Payment terms will be per the account provider contract (not yet awarded). It is anticipated this will be a quarterly fee, based on the services provided, to commence with the Design Acceptance Milestone. • TBD if the Fiscal Agent central payments account will be used to streamline the process
Project Evaluation Consultant	<ul style="list-style-type: none"> • Payment terms will be per the consultant contract (not yet awarded). Most likely to be fixed price, not exceed limits per task, paid monthly, or as invoiced by the consultant. • TBD if the Fiscal Agent central payments account will be used to streamline the process
Project Marketing	<ul style="list-style-type: none"> • The Marketing Plan, which will detail the services and/or materials to be subject to regional billing, is yet to be developed by the agency marketing staff • Marketing activity is anticipated Pre-Beta Test and at revenue service roll-out • Payment terms will be per the provider contract
Sound Transit Consultant Fee to Oversee TVM Upgrade	<ul style="list-style-type: none"> • Payment term TBD by Sound Transit

V. Project Revenue: Regional Grants, Donation and Appropriation

This section summarizes the grant and other regional revenues awarded to the project, the revenue distribution formula and a sample Federal grant match strategy. The Project has received 12 Federal Grants, a donation from The Boeing Company (via the City of Everett Traffic Mitigation Fund) and an appropriation from the Sound Transit Technology Fund. A summary of these grants and their match requirement is shown in the table below.

Attachment 4: A detailed description of the grant revenue shown below and the individual agency shares can be found in Attachment 4.

Regional Project Revenue Summary			
Grant/Source	Match % Requirement	Total Award	Total Match Requirement
Federal Section 5307 <i>7 Individual Grants</i>	20%	\$ 9,575,958	\$2,393,990
CMAQ <i>3 Individual Grants</i>	13.5%	\$ 2,686,000	\$ 419,202
ITS Earmarks 5288 <i>2 Individual Grants</i>	50%	\$ 4,426,316	\$4,426,316
Boeing Donation	N/A	\$ 500,000	0
ST Technology Fund	N/A	\$ 3,000,000	0
Total		\$20,188,274	\$7,239,508

Regional Grant Distribution Formula: Regional grant revenues are distributed to the agencies per the same formula used to determine the regionally shared cost distribution. The table below shows the distribution percentages.

Agency	Share of Regional Costs & Grant Revenues
King County Metro	56.77%
Community Transit	11.90%
Sound Transit	10.96%
Kitsap Transit	6.05%
Washington State Ferries	5.42%
Pierce Transit	8.90%
	100.00%

Individual Agency Grants: Agencies may supplement their share of regional grant revenues with grants that they have secured individually for purposes of implementing this project.

Grant Distribution Strategy: The following describes the anticipated strategy for accessing regional revenues.

- **Federal Grants:** All federal grants will be distributed to the individual agencies at the time of contract award. It is the individual agency responsibility to complete the appropriate Federal processes to encumber these funds. At the point of contract award, each agency assumes the full grant management responsibility for its funds.
- **Boeing Donation:** The details of the Boeing funds distribution funds are yet to be finalized. Per the original agreement with the City of Everett, the funds were to be paid on achievement of the Beta Test Acceptance and Full System Acceptance Milestones. However, The Boeing Company has recently indicated that it prefers to make the donation to the agencies at the point of contract award.
- **Sound Transit Technology Fund Appropriation:** Sound Transit has indicated that it prefers to provide its appropriation at the point of invoice payment. As described in Section VI "Regional Payment Administrative Procedures", the Fiscal Agent will provide the regional account into which individual agency payments are made, so that the regional partners can issue a single check for vendor or other invoice payment. In order to access its Sound Transit funds, an agency would advise Sound Transit that it will make a payment to the regional account "short" the amount due. The balance of the payment is to be drawn by the Fiscal Agent from the agency share of the Technology Fund appropriation.

Federal Grant Match Strategy: For budget planning purposes, the agencies have adopted a grant match strategy which utilizes maximum allowable "grant to grant" match potential, i.e. the use of federal grants to match other grants, prior to utilizing other regional revenues or local funds. However, in actual practice, each agency may use whatever match funding strategy it desires to meet its Federal match and Regional Project payment obligations.

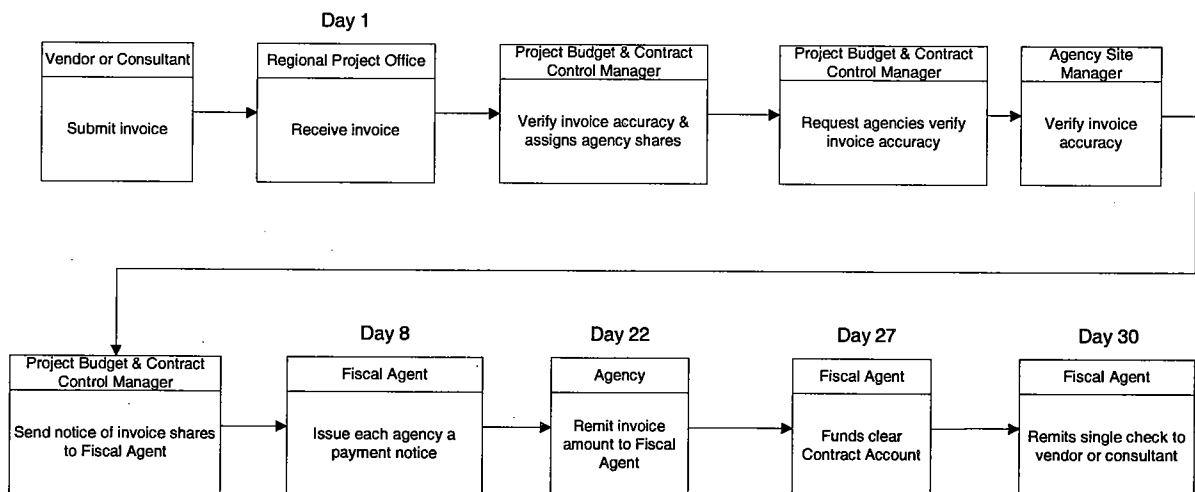
VI. Regional Invoice Payment Procedures

The administrative process for the payment of most regionally shared invoices will be jointly administered by the Project Team and the Fiscal Agent. The primary staff involved is the Budget and Contract Control Manager and the Fiscal Agent personnel. This joint administration is necessary because of the complexities of paying a single invoice, when the revenue to make that payment is generated from contributions of multiple agencies.

The Fiscal Agent Central Payments Account. Central to this process, is a single regional account that will be established and managed by the Fiscal Agent. Agencies will pay into this account their share of regional invoices and the Fiscal Agent will issue a single check payment on behalf of the region. The Vendor Contract provides for 30-day invoice payment terms. The payment process is described in the bullets and graphic below:

- An invoice is submitted to the Project Team Office
- The Budget and Contract Control Manager (BCCM) verifies the invoice accuracy and assigns agency shares, or full costs, if attributable to a single agency.
- The BCCM forwards the draft invoice to the individual Agency Site Manager to request invoice confirmation and/or corrections.
- Per the agency-verified invoice, the BCCM forwards to the Fiscal Agent the invoice detail per each agency share.
- The Fiscal Agent issues each agency a payment notice
- Each agency remits its payment share to the Fiscal Agent. The payment amount is deposited into the central payments account.
- The Fiscal Agent remits single check payment to the vendor or other invoicing party

Payment Administrative Procedures



VII. Individual Agency Internal Costs to Implement the System

Each agency will incur costs, in addition to the shared costs addressed in the RFC Project Budget, which are necessary to ensure internal agency coordination with the regional process and efficient system implementation. These internal costs will vary among the agencies and are contingent upon the complexity of its system implementation, business needs and integration strategies. The primary source of these costs is agency staff labor to support the system design review, contract deliverable acceptance, marketing and customer information and equipment installation process. In order to provide a comprehensive estimate of the project implementation costs, the agencies have adopted consistent cost generation categories and completed a cost estimation exercise.

Attachment 5: Individual agency detail on these internal agency costs can be found in Attachment 5.

A summary list of the regionally consistent categories established for planning purposes is shown below.

- Site Manager, i.e. the individual agency Project Manager and central point of contact
- Technical staff labor to review business processes and contract deliverables
- Technical staff labor to develop system interfaces – this category is necessary only for those agencies with custom interface requirements
- Finance staff labor to review business processes and contract deliverables
- Customer Service staff labor to review business processes and contract deliverables
- Legal Counsel, as needed
- Staff training to operate all aspects of the system
- Labor and materials for site preparation for facilities requiring new equipment installation
- Labor for equipment installation
- Marketing staff labor to develop public information and customer “card conversion” plans
- Purchase of a Driver Display Unit “tool kit” – this category is necessary only for those agencies who may wish to develop new custom applications for the Driver Display Unit
- Travel expense for staff to provide oversight during equipment testing and/or to inspect the system operations center
- Communication network fees

VIII. Regionally Shared Operating Cost Estimates: Operating (Phase V)

This section provides general information on the system operating services currently anticipated for 2006 through 2014. The Joint Board, as part of its work program, will develop the Phase V System Administration Plan. This plan will include at a minimum the regional staff necessary to support system operations oversight and other business details.

Regional Cost-sharing Formula: The regional cost-sharing formula for the operating phase of the project has been determined, for planning purposes, by each agency's share of regional ridership projected for the year 2005. This formula will be updated per National Transit Data Base reports prior to commencing full system operations. WSF may adjust ridership projections to include both vehicles and passengers (currently, only passengers are included in its estimates). The updated formula will be applied to, at a minimum, the first year of system operations. At such point as the Joint Board determines the system is operating at "steady state", the cost-sharing formula will be determined by each agencies actual share of smart card transactions processed by the system. The Joint Board will determine the annual schedule by which the cost-sharing formula for the next year will be reviewed and adopted.

Per the preliminary 2005 projected ridership formula described above, the five-agency Operating cost-sharing formula is as follows:

Agency	Share of Regional Costs
King County Metro	71.7%
Sound Transit	7.7%
Community Transit	6.0%
Washington State Ferries	2.8%
Kitsap Transit	2.7%
Pierce Transit	9.2%
	100%

Regional Operating Services: The regionally consistent system operation services will be provided by the vendor contract and King County Metro. See Exhibit E for a detailed description of the King County operating services.

Vendor Contract Regional System Operating Services	
1.	Equipment and Software Maintenance
2.	Customer Service
3.	Institutional Program Support
4.	Fare Card Management
5.	Card Procurement (from Manufacturer) and Distribution (to King County)
6.	Clearinghouse Services
7.	Financial Management
8.	Network Management
9.	Third Party Revalue Network Technical Support
King County Metro Regional System Operating Services	
1.	Card Procurement (centralized order processing to the vendor)
2.	Local Card Warehousing and Distribution (to the agencies and accounts)
3.	New Card Order Fulfillment
4.	(TBD) Institutional Account Administrative Support

Operating Costs: The following table provides the estimated 10-year total annual operating costs for both the Vendor Contract and King County Metro regional services. The primary factors which determine the operating cost estimates are ridership and the rate at which customers transition from physical cash fare payment to pre-payment via the smart card electronic cash or pass.

Attachment 6: Individual agency 10-year operating fixed and variable cost estimates, per each service, can be found in Attachment 6.

Preliminary Estimated Operating Cost Summary		
Agency	% Share	10-year Operating Cost Estimate Total
King County	71.7%	\$ 23,042,362
Sound Transit	7.7%	\$ 2,712,855
Community Transit	6.0%	\$ 2,029,488
Washington Ferries	2.8%	\$ 950,086
Kitsap Transit	2.7%	\$ 942,006
Pierce Transit	9.2%	\$ 3,008,606
Total *	100%	\$ 32,685,403
<i>* Slight variations due to rounding</i>		

IX. Attachment Summary

The following Attachments can be found in the PDF File "Exhibit C Attachments". Please note that all Attachment pages are legal size. From the Acrobat Reader menu bar, you can check the paper size by selecting 1) file, and then 2) page setup.

<u>Attachment No.</u>	<u>Description</u>
1	Vendor Contract Costs
2	Other Regional Project Administration Costs
3	Estimated Payment Cash Flow Assumptions for Vendor Contract and Other RFC Project Administration Costs
4	Grant Revenue Summary and Individual Agency Shares
5	Individual Agency Internal Implementation Cost Estimates
6	Estimated Agency Operating Costs

EXHIBIT D

FARE COLLECTION AND CUSTOMER SERVICE PRACTICES

The Agencies acknowledge the need for adoption of certain regional practices that in part will govern the design and operation of the RFC System. The Agencies agree to implement and maintain in effect the following fare collection and customer service practices unless amended by the Joint Board:

1. The Agencies shall accept smart cards as the primary media for pre-payment of fares on the regular transportation service they provide.
2. Each Agency agrees to honor on its system and accept its share of revenue reduction resulting from regional ridership incentives approved by the Board, e.g. the stored value "bonus trip" to encourage increased trip frequency, or the stored value "bonus value" to encourage increased amounts of pre-paid fares loaded onto the card.
3. Each Agency shall issue RFC System smart cards, and value thereon, on behalf of all the Agencies, in accordance with a uniform cardholder agreement approved by the Joint Board. Said agreement shall include, but not be limited to, the following terms:
 - a. Following the initial conversion period, cards will be issued to customers who pay a nonrefundable card fee. This card fee will include the cost of the card plus a handling charge to cover the regional and Agency-specific administrative costs associated with card distribution.
 - b. For lost, stolen or damaged cards, the Agencies shall charge a replacement fee for cards equal to the cost of the card and a handling charge to cover the regional and Agency-specific administrative costs associated with card distribution.
 - c. Cards issued through the central fulfillment center, at Agency customer service offices or WSF terminals may be linked or anonymous.
 - d. Anonymous cards will not require personal information to be provided by the cardholder.
 - e. Linked cards will require personal information or a personal identification password to be provided by the cardholder.
 - f. The Agencies will neither replace free of charge nor refund the value on anonymous cards.
 - g. Replacement or refund of a linked card must meet the terms of the cardholder agreement and will require the cardholder to provide personal information or their personal identification password.
 - h. Linked fare cards that are lost or stolen, and linked or anonymous cards that malfunction or are damaged shall be replaced at Customer Service Offices while the customer waits.

- i. Linked fare cards that are reported lost or stolen by telephone, mail, Internet or other remote means shall be replaced by a Customer Service Office or the central fulfillment center.
 - j. Malfunctioning or damaged cards (linked or anonymous) that are turned in by mail shall be replaced by mail. No card replacement fee is required for a malfunctioning (defective) card.
 - k. Institutional account cards reported lost, stolen, malfunctioning or damaged by the institution, shall be replaced and provided either by the central fulfillment center to the institution for distribution to the cardholder.
 - l. All linked fare cards that are reported lost or stolen shall be blocked from further use in the RFC System.
 - m. When a cardholder reports to an agency that his/her linked fare card is lost or stolen, Agencies shall honor the value remaining on the card by transferring this value to a new card.
 - n. Refunds of the fare card balance shall be provided for stored value on linked cards
 - o. Customers requesting stored value refunds will surrender their cards at the time of the refund.
 - p. The maximum amount of stored value that may be loaded onto a card by a customer is \$300.
 - q. The minimum amount of stored value that may be loaded onto a card by a customer is \$5.
 - r. The maximum number of autoloads onto an individual customer's card is 4 per calendar month.
 - s. A request to set up the autoload function for a card requires a customer signature on a formal written contract/agreement.
 - t. Agencies may charge a one-time "set up" fee for establishing autoload for a customer (e.g., \$5).
 - u. Autoload customers may request 3 account changes (new account, new credit card, revised "load" instructions, etc.) at no charge. After that point, the agencies reserve the right to charge an administrative fee to make additional changes.
 - v. Agencies require 10 days written notice from the customer to make an account change or to terminate the autoload function. Written notice may be in the form of e-mail, web-site, or standard mail.
 - w. Cardholder information provided shall not be disclosed by the Agencies except as otherwise required by law.
 - x. Agencies will not re-issue a smart card once a customer has used it.
4. Each Agency, or its Agent, agrees to issue cards and card value, process refund requests, and handle customer inquiries at all agency customer service locations and via telephone. Each Agency, or its agent, shall maintain an adequate inventory of cards to meet customer demand.
5. Except as otherwise specified in Section VI of the Agreement to which this Exhibit is attached, each Agency shall be the merchant of record for its own cash, check, and credit card transactions and shall bear the risk of fraud and bad debt for such transactions.

6. Each Agency shall allocate RFC System-related revenues and liabilities on an agreed upon schedule, and shall bear financial responsibility and liability during the capital and operating phases of the RFC Contract according to formulas approved by the Joint Board.
7. Each Agency shall allow the Contractor to direct fund transfers between their bank account and other Agencies' bank accounts.
8. The Agencies agree that, absent prior approval from the Joint Board allowing otherwise, a bus operator, WSF representative, ST fare inspector, or customer service representative shall be able to reverse a stored value fare transaction payment from a fare card, and restore the transaction amount to the fare card.
9. The Agencies shall comply with the procedures adopted by the Joint Board in order to receive revenue from the Claim Account.
10. Each Agency shall use a uniform agreement for Retail Accounts that has been approved by the Joint Board. If an Agency pays a commission to a Retail Account said commission shall be paid separately and shall not reduce the revenue collected by the retailer and distributed to the Agencies.
11. Requests for Public Records shall be satisfied by the Agencies according to uniform procedures adopted by the Joint Board and in accordance with state law, including any applicable exemptions.
12. The Joint Board shall approve the design of the exterior surfaces of the fare card. The Joint Board must approve any commercial use of unused exterior surfaces on the fare card, and such approval shall be subject to consideration of the impacts that such proposed uses may have on the functionality of the fare card and the value added proposition for the Agencies.

EXHIBIT E

KING COUNTY CENTRALIZED SERVICES DESCRIPTION

I. New Card Order Fulfillment

A. Relationship to the RFC Contract

1. None - at this point, the Contractor will not be providing fulfillment services.

B. Scope of Work

1. Provide a single point of new card order fulfillment for all types of sales, except Over-the-Counter.

a) Receive card orders from RFCS web-site, phone, mail or any agency establishing and/or maintaining an Institutional (subsidy) Account.

b) Provide Institutional Account system set-up and card issuance.

c) Provide individual customer account system set-up and card issuance.

d) Issue each card per the customer's instruction. During the process of "issuance", the card is unblocked, linked to the customer (if requested), assigned to an institution (if for an Institutional Account) and loaded with value.

e) Either send card(s) to customer using first class mail, priority mail, or arrange for delivery (e.g. very large Institutional Accounts).

2. Receive inventory from and provide monthly inventory reports to Card Procurement staff

3. Produce periodic activity/productivity reports for the Project Board and budget purposes.

4. Act as merchant of record for debit card and credit card sales via Internet, phone or mail.

C. Cost Assumptions

1. Each agency maintains its own inventory to provide Over-The-Counter services on-site at its Customer Service Office.

2. Actual costs will depend greatly upon initial card distribution strategy (to be determined), institutional account demographics, and other variables.

3. Estimates for 2005 assume incentives are established to encourage unaffiliated customers to obtain their cards via telephone, mail or Internet.
4. Estimates for 2005 assume aggressive marketing campaign to smaller institutional programs.
5. Estimates for 2005 assume that EDPasses are distributed to a single location rather than to individuals.
6. Cost estimates are based upon ridership and cash conversion assumptions (including RFP) as identified in RFC Project Capital Cost Worksheets Assumption Worksheet No. 3. These data were used to insure that estimates are consistent with other pricing estimates for the project. Actual costs will be used once known.
7. Estimates include costs for marketing materials (information packets, etc.) These costs are based on the preliminary concepts developed by KCM marketing staff, actual costs may differ when the regional plan is established.
8. Cost estimates for orders placed by individuals include:
 - a) First class mail
 - b) New cards: Folder and 4 brochure inserts
 - c) Replacement cards: Card "jacket" and 1 page insert
9. Cost estimates for orders placed by or for institutions include:
 - a) Very large institutions will either pick up their cards or will have cards delivered to them. All other institutional orders will be sent via priority mail with return receipt.
 - b) Card "jacket" and 1 page insert for each card
 - c) New institution: Packet with information on account management
10. Labor costs include Section Overhead and Transit Division Overhead.
11. All costs include a 10% administrative fee to cover costs of managing the service.

II. Card Procurement and Inventory Functions

A. Relationship to the RFC Contract

1. KCM will place an order for cards with the Contractor.
2. The Contractor will place an order for cards with the card provider.
3. Card provider will distribute cards to the Contractor.
4. The Contractor will "initialize" cards. This is the electronic action that registers a card in the system. Once a card is initialized, it is an RFCS card, contains application and security keys, may be assigned a fixed category (e.g., Adult, Youth, etc.) and is "blocked".
5. The Contractor will distribute cards to KCM.
6. KCM will confirm to the Contractor that they received the card order.
7. KCM will store cards in inventory and distribute as required (see *Scope of Work* below).

B. Scope of Work

1. Inventory & Distribution

- a) Provide secure storage space for all card inventory for the region. The standard card stock has no value on the card. The disposable cards will have pre-encoded values, e.g. \$5, \$10, \$20.
- b) Receive card stock from the Contractor and log in using the inventory management system feature that will be added to CARM (Contractor provided).
- c) Confirm inventory receipt with the Concord/Clearinghouse.
- d) Receive and process card orders from the agencies (via email form). Processing card orders includes assembling card stock, packaging card stock for delivery and preparing a transmittal form.
- e) Deliver card order via certified mail or van/driver. Alternately, the delivery may be picked up by the agency at a King County facility.
- f) Agency receiving order confirms inventory received.
- g) Produce periodic activity/productivity reports for Project Board review and budget purposes.

2. Card Procurement

- a) Provide a single point of interface to place all card orders with the vendor (Concord).
- b) Process agency invoices for standard card stock orders
- c) Monitor monthly inventory on-hand and delivery reports from the KC RPC and place standard card stock (Adult, Student and RF) orders as required.
- d) Process custom card orders on request:
 - (1) Provide client with regionally approved card design standards (e.g. all cards with transit application, MUST have identifying icon)
 - (2) Provide client with final card design approval
 - (3) Process pre-billing or post-billing for "white plastic" or custom design cards
 - (4) Produce periodic activity/productivity reports for Project Board review and budget purposes.

C. Cost Assumptions

1. Given the lead-time required for card orders (up to 3 months), orders for sufficient regional standard card stock will be placed only once or twice a year. Orders for "white plastic" or custom card orders can be received at any time.
2. Each agency's CSO will maintain sufficient inventory for several months of over-the-counter sales activity
3. The proposed storage location is the Revenue Processing Center, currently used for Puget Pass inventory warehousing and distribution, at Atlantic Base.
4. There will be an increase in capital costs to include modifications required to CARM for inventory management (\$72,319).
5. Cost estimates are based upon ridership and cash conversion assumptions (including RRFP) as identified in RFC Project Capital Cost Worksheets Assumption Worksheet No. 3. This data was used to insure that estimates are consistent with other pricing estimates for the project. Actual costs will be used once known.

6. Labor costs include Section Overhead and Transit Division Overhead.
7. All costs include a 10% administrative fee to cover costs of managing the service.

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ATTACHMENT B.

EXHIBIT C "Finance Plan"

7-Party Agreement

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I. Executive Summary

Finance Plan Purpose: The primary purpose of the Finance Plan, Exhibit C to the Interlocal Agreement, is to summarize the expenses, revenues, cost-sharing assumptions and administrative processes relative to Phase IV "System Design and Implementation" for the Regional Fare Coordination (RFC) Project. In order to implement this project, there will be both regionally shared and individual agency costs.

The Phase V "System Operations" estimated cost assumptions are included, at a summary level, for planning purposes. The Phase V details will be updated by the Joint Board during the project's three year design and implementation phase. Phase V of the vendor contract is a 10-year term, currently anticipated to run from 2006 through 2015.

Finance Plan Duration: The Finance Plan is intended to provide detail for the anticipated 39-month system design and implementation period, i.e. from 2003 through 2006.

Types of Costs: The Finance Plan provides detailed information on the components of the RFC Project Budget. Agencies will also incur additional internal costs necessary to support site-specific system design and installation. For purposes of providing a comprehensive budget picture, these additional internal estimated costs are identified and summarized in this Exhibit. The types of costs described in the Finance Plan are:

- a. **The RFC Project Budget:** The RFC Project Budget includes two cost categories, 1) the Vendor Contract, and 2) all items identified as "Other Project Administrative Costs". These costs are subject to the regional cost sharing formula. The Joint Board must approve changes to the RFC Project Budget, subject to the capital amounts appropriated as set forth in this Exhibit and future appropriations for operations and maintenance.
- b. **Individual Agency Internal Implementation Costs:** These costs vary among the agencies, contingent upon their internal business needs and approach to the system implementation process. The costs are largely for agency staff labor and may be covered by standard operating budgets, or, providing such costs meet the applicable criteria, they may be charged to the agency's share of regional grant funds or other grant funds it has dedicated to the RFC Project. The funding and administration of these internal project implementation budgets are entirely at the discretion of the individual agency.

RFC Project Budget Summary of Expense and Grant Revenues Per Agency: The following table provides a summary of each agency's share of the RFC Project Budget expense and its share of regional grants. Each agency signing the Interlocal Agreement commits to pay an amount up to that specified for it under the "Total RFC Project Budget Estimated Expense" column of the "RFC Project Budget Estimated Expense and Grant Revenues" table directly below. An Agency's actual payment may be less than the amount committed, but shall not exceed the amount below absent an amendment to this Agreement. This obligation will be covered by a combination of grant and local revenues. Details on these costs and grant revenues are found in Sections II, III, and V.

RFC Project Budget Estimated Expense and Grant Revenues			
Agency	Capital Share of Regional Costs	Total RFC Project Budget (Vendor + Other Admin.) Estimated Expense	Total Estimated Share of Grant Revenues
King County Metro	55.15%	\$23,107,184	\$10,487,242
Community Transit	11.56%	\$ 4,966,611	\$ 2,616,690
Sound Transit	10.65%	\$ 4,437,639	\$ 1,545,262
Kitsap Transit	5.88%	\$ 2,511,715	\$ 853,079
Washington State Ferries	5.27%	\$ 2,250,778	\$ 1,764,582
Pierce Transit	8.61%	\$ 3,619,843	\$ 2,399,247
Everett Transit	2.88%	\$ 1,231,241	\$ 517,799
Total *	100%	\$42,125,011	\$20,183,901

* Slight variations due to rounding

Total Project Implementation Estimated Costs: The following table provides a summary of each agency's total estimated project costs which includes its share of RFC Project Budget and its individual internal implementation estimates.

Total Estimated RFC Project Budget & Internal Agency Implementation Expense			
Agency	Total RFC Project Budget (Vendor + Other Admin.) Estimated Share of Regional Expense	+ Individual Agency Estimated Internal Expense to Implement	= Total Estimated Implementation Expense
King County Metro	\$23,107,184	\$ 2,446,384	\$25,553,568
Community Transit	\$ 4,966,611	\$ 932,640	\$ 5,899,251
Sound Transit	\$ 4,437,639	\$ 593,543	\$ 5,031,182
Kitsap Transit	\$ 2,511,715	\$ 732,375	\$ 3,244,090
Washington State Ferries	\$ 2,250,778	\$ 727,682	\$ 2,978,460
Pierce Transit	\$ 3,619,843	\$ 824,000	\$ 4,443,843
Everett Transit	\$ 1,231,241	\$ 173,040	\$ 1,404,281
Total	\$42,125,011	\$6,429,664	\$48,554,675

Finance Plan Attachments: The document portion of the Finance Plan provides information on a regional summary level. Please see the "Attachments", as noted in each section, for individual agency worksheets. The Attachments are found in the PDF file "Exhibit C Attachments".

II. Regionally Shared Costs: Capital (Phase IV) Cost-sharing Formula

The Capital Phase cost-sharing formula is also applied to regional grant distribution. The formula for distributing RFC Project Budget shared costs and regional grant revenues is determined by the total value of each agency's vendor contract equipment purchases and the vendor equipment installation costs. These costs, and therefore the cost distribution formula, represent each agency's relative system investment. See Sections III and V for detail on the costs to which this formula is applied and the grants subject to this distribution formula.

Attachment 1: The individual agency Vendor Contract costs, which provides the detail on equipment and installation purchases, is found in Attachment 1.

Per the formula described above, the Capital cost-sharing and regional grant distribution is as follows:

Agency	Share of Regional Costs & Grant Revenues
King County Metro	55.15%
Community Transit	11.56%
Sound Transit	10.65%
Kitsap Transit	5.88%
Washington State Ferries	5.27%
Pierce Transit	8.61%
Everett Transit	2.88%
	100%

III. RFC Project Budget (Phase IV) – Estimated Cost Detail

The RFC Project Budget is comprised of two cost categories. These are the Vendor Contract and the "Other Project Administration Costs". This section details the individual cost items of those two categories and provides the regional total costs, identifies if the cost item is subject to the regional cost-sharing formula and, where appropriate for the administrative costs, provides the cost estimation assumption. The individual agency costs shown in the table below are solely the responsibility of that agency.

a. Vendor Contract: The following table details the Vendor Contract. The Vendor Contract payment terms are "fixed price".

Attachment 1: The individual agency Vendor Contract costs are found in Attachment 1.

Vendor Contract – Cost Components and Total Value			
Cost Item Regional Quantity shown in ()	Regional Total Cost Unless Identified Otherwise	Cost Distribution	
		Regionally Shared Cost per Formula	Individual Agency Cost
Equipment :			
<i>Fare Transaction Processors (2379)</i>	\$ 1,967,584		X
<i>Driver Display Units (2207)</i>	\$ 2,789,648		X
<i>Wireless Data Base System (19)</i>	\$ 74,461		X
<i>Wireless Data Bus System (2207)</i>	\$ 1,326,407		X
<i>Data Acquisition Computer (23)</i>	\$ 303,508		X
<i>Back Office Computer (7)</i>	\$ 411,285		X
<i>Sound Transit TVM upgrade kits (34)</i>	\$ 80,750	X	
<i>Customer Service Terminals (33)</i>	\$ 280,071		X
<i>Photo Identification Units (11)</i>	\$ 190,949		X
Equipment Installation	\$ 326,728		X
Fare Cards	\$ 761,006	X	
Integration:			
<i>KCM POS w/ CST</i>	\$ 19,573		X
<i>KCM Laptop CST application</i>	TBD		X
<i>KCM Radio Control Unit Integration</i>	\$ 86,500		X
<i>CT DDU w/multiple on-board functions</i>	\$ 86,783		X
<i>CARM inventory software</i>	\$ 72,319	X	
<i>Back Office Integration</i>	\$ 246,668	X	
Reports	\$ 563,812	X	
Implementation –Phase 1 <i>Thru Revenue Service Beta Test</i>	\$ 11,197,971	X	
Implementation - Phase 2 <i>Thru Full System Acceptance</i>	\$ 1,496,969	X	
Project Management	\$ 8,016,013	X	
Training	\$ 716,375	X	
Total Vendor Contract Cost	\$31,015,380		

b. Other Project Administration Costs: The following table details the “Other Project Administration Costs”. The payment terms for these costs are handled as follows: 1) consultant contracts are fixed price per task with all costs verified, and 2) all other costs are on an expense reimbursement term. Cost estimate assumptions have been reviewed and approved by the Joint Board. All of these costs are shared per the regional cost-sharing formula.

Attachment 2: The individual agency estimated shares of “Other Regional Project Administration Costs” are found in Attachment 2.

Other RFC Project Administration Costs		
Cost Item	Key Assumptions	Est. Reg. Cost
Project Management Team	<ul style="list-style-type: none"> 4 FTE employed by King County Positions: Contract Administrator, Technical Manager, Budget & Contract Control Manager, and Project Assistant 	\$ 1,029,000
Regional Payment Funds Management	<ul style="list-style-type: none"> The Fiscal Agent is to perform this function. The task is to provide a central account into which individual agency payments can be made and a single payment check issued on behalf of the region. 	TBD
Regional Technical Consultant	<ul style="list-style-type: none"> Scope of Work is to provide expert support to agency staff and the Joint Board in the design review process and deliverable acceptance 	\$ 525,000
Sales Tax	<ul style="list-style-type: none"> 100% of the vendor contract is taxable, however there may be exemption for the custom software developed 8.8% tax rate. In actual practice, each agency will pay the applicable tax rate for items delivered to their sites 	\$ 2,662,174
Contingency Fund	<ul style="list-style-type: none"> 20% of the vendor contract value Joint Board review is required for all change orders 	\$ 6,050,395
Dispute Resolution Board	<ul style="list-style-type: none"> Three experts selected jointly by the agencies and vendor Costs shared 50/50 with the vendor DRB to have scheduled briefings and be “on call” to mediate vendor/agency deliverable acceptance/payment disputes 	\$ 122,100
Intellectual Property Software Escrow Account Fees	<ul style="list-style-type: none"> All system source code will be escrowed A contract will be secured with a firm specializing in system software escrow management The most rigorous level of verification and updates will be utilized 	\$ 99,000
Project Evaluation	<ul style="list-style-type: none"> Consultant contract Scope of Work TBD in collaboration with FTA to support its ITS Evaluation work program 	\$ 75,000
Project Marketing	<ul style="list-style-type: none"> Cost of collateral (brochures, radio ads, bus ads, etc.) for the Beta Test and Full System Rollout Plan to be developed by the agency marketing staff 	\$ 300,000
Sound Transit Consultant Fee to Oversee TVM Upgrade	<ul style="list-style-type: none"> TBD 	\$ 27,100
Total		\$ 10,889,769

IV. Payment Schedules

This section describes the assumptions for the RFC Project Budget payment schedules for the Vendor Contract and Other Administration Costs.

Attachment 3: A detailed 39-month schedule with individual agency cash flow assumptions for both the Vendor Contract and Other Project Administration Costs is found in Attachment 3.

a. Vendor Contract: Key payment assumptions for the Vendor Contract are as follows:

- The Vendor Contract is fixed price.
- Relative to payment points, the Contract provides for:
 - **Project Management:** Monthly Project management payments, providing the total value of payments made does not exceed the predetermined payment caps. In the event payment exceeds a cap; the payment will be withheld until such time as it can be released per Contract terms.
 - **Payment Caps:** Two payment caps are in place, i.e. the total payments made cannot exceed: 1) 50% of the total contract value at the Beta Test Acceptance Milestone, and 2) 60% of the total contract value prior to Full System Acceptance at the point where all King County Metro equipment is installed and satisfactorily tested.
 - **Milestone Payments:** Six milestone payments are defined which provide for the successful completion of numerous deliverables. These milestones are:
 1. Schedule Acceptance
 2. Design Acceptance
 3. Beta Test Readiness
 4. Beta Test Acceptance
 5. Equipment Installation Completed & Tested for King County
 6. Full System Acceptance

b. Other RFC Project Administrative Costs: The following table describes the anticipated payment assumptions for these costs.

Attachment 3: A detailed 39-month schedule with individual agency cash flow assumptions can be found in Attachment 3.

Cost Item	Key Payment Assumptions
Project Management Team	<ul style="list-style-type: none"> • Paid quarterly direct to King County per actual costs incurred
Regional Payment Funds Management	<ul style="list-style-type: none"> • TBD by Sound Transit (a.k.a. "the Fiscal Agent")
Regional Technical Consultant	<ul style="list-style-type: none"> • Paid monthly or as invoiced by the consultant. TBD if the Fiscal Agent central payments account will be used to streamline the process • Contract terms are fixed price, not to exceed limits per task
Sales Tax	<ul style="list-style-type: none"> • Each agency will pay, as applicable costs are incurred, per Vendor Contract payment milestone invoices.
Contingency Fund	<ul style="list-style-type: none"> • Each agency commits to fund its share of the overall project contingency fund budget and to have those funds available when required per authorized Project Budget changes. • Fund to be accessed only for approved change orders • Every effort will be made to negotiate change order payment terms that are consistent with the established six Contract Payment Milestones.
Dispute Resolution Board (DRB)	<ul style="list-style-type: none"> • The DRB is convened, at a regular schedule determined by the Joint Board, for Project updates. These costs will be billed to include an hourly fee and travel expense. • The DRB will also be convened on an as needed basis to mediate disputes. These costs will be billed as incurred.
Intellectual Property Software Escrow Account Fees	<ul style="list-style-type: none"> • The most rigorous level of software verification and updates will be utilized • Payment terms will be per the account provider contract (not yet awarded). It is anticipated this will be a quarterly fee, based on the services provided, to commence with the Design Acceptance Milestone. • TBD if the Fiscal Agent central payments account will be used to streamline the process
Project Evaluation Consultant	<ul style="list-style-type: none"> • Payment terms will be per the consultant contract (not yet awarded). Most likely to be fixed price, not exceed limits per task, paid monthly, or as invoiced by the consultant. • TBD if the Fiscal Agent central payments account will be used to streamline the process
Project Marketing	<ul style="list-style-type: none"> • The Marketing Plan, which will detail the services and/or materials to be subject to regional billing, is yet to be developed by the agency marketing staff • Marketing activity is anticipated Pre-Beta Test and at revenue service roll-out • Payment terms will be per the provider contract
Sound Transit Consultant Fee to Oversee TVM Upgrade	<ul style="list-style-type: none"> • Payment term TBD by Sound Transit

V. Project Revenue: Regional Grants, Donation and Appropriation

This section summarizes the grant and other regional revenues awarded to the project, the revenue distribution formula and a sample Federal grant match strategy. The Project has received 12 Federal Grants, a donation from The Boeing Company (via the City of Everett Traffic Mitigation Fund) and an appropriation from the Sound Transit Technology Fund. A summary of these grants and their match requirement is shown in the table below.

Attachment 4: A detailed description of the grant revenue shown below and the individual agency shares can be found in Attachment 4.

Regional Project Revenue Summary			
Grant/Source	Match % Requirement	Total Award	Total Match Requirement
Federal Section 5307 <i>7 Individual Grants</i>	20%	\$ 9,575,958	\$2,393,990
CMAQ <i>3 Individual Grants</i>	13.5%	\$ 2,686,000	\$ 419,202
ITS Earmarks 5288 <i>2 Individual Grants</i>	50%	\$ 4,421,941	\$ 4,421,941
Boeing Donation	N/A	\$ 500,000	0
ST Technology Fund	N/A	\$ 3,000,000	0
Total		\$20,183,899	\$7,235,133

Regional Grant Distribution Formula: Regional grant revenues are distributed to the agencies per the same formula used to determine the regionally shared cost distribution. The table below shows the distribution percentages.

Agency	Share of Regional Costs & Grant Revenues
King County Metro	55.15%
Community Transit	11.56%
Sound Transit	10.65%
Kitsap Transit	5.88%
Washington State Ferries	5.27%
Pierce Transit	8.61%
Everett Transit	2.88%
	100%

Individual Agency Grants: Agencies may supplement their share of regional grant revenues with grants that they have secured individually for purposes of implementing this project.

Grant Distribution Strategy: The following describes the anticipated strategy for accessing regional revenues.

- **Federal Grants:** All federal grants will be distributed to the individual agencies at the time of contract award. It is the individual agency responsibility to complete the appropriate Federal processes to encumber these funds. At the point of contract award, each agency assumes the full grant management responsibility for its funds.
- **Boeing Donation:** The details of the Boeing funds distribution funds are yet to be finalized. Per the original agreement with the City of Everett, the funds were to be paid on achievement of the Beta Test Acceptance and Full System Acceptance Milestones. However, The Boeing Company has recently indicated that it prefers to make the donation to the agencies at the point of contract award.
- **Sound Transit Technology Fund Appropriation:** Sound Transit has indicated that it prefers to provide its appropriation at the point of invoice payment. As described in Section VI "Regional Payment Administrative Procedures", the Fiscal Agent will provide the regional account into which individual agency payments are made, so that the regional partners can issue a single check for vendor or other invoice payment. In order to access its Sound Transit funds, an agency would advise Sound Transit that it will make a payment to the regional account "short" the amount due. The balance of the payment is to be drawn by the Fiscal Agent from the agency share of the Technology Fund appropriation.

Federal Grant Match Strategy: For budget planning purposes, the agencies have adopted a grant match strategy which utilizes maximum allowable "grant to grant" match potential, i.e. the use of federal grants to match other grants, prior to utilizing other regional revenues or local funds. However, in actual practice, each agency may use whatever match funding strategy it desires to meet its Federal match and Regional Project payment obligations.

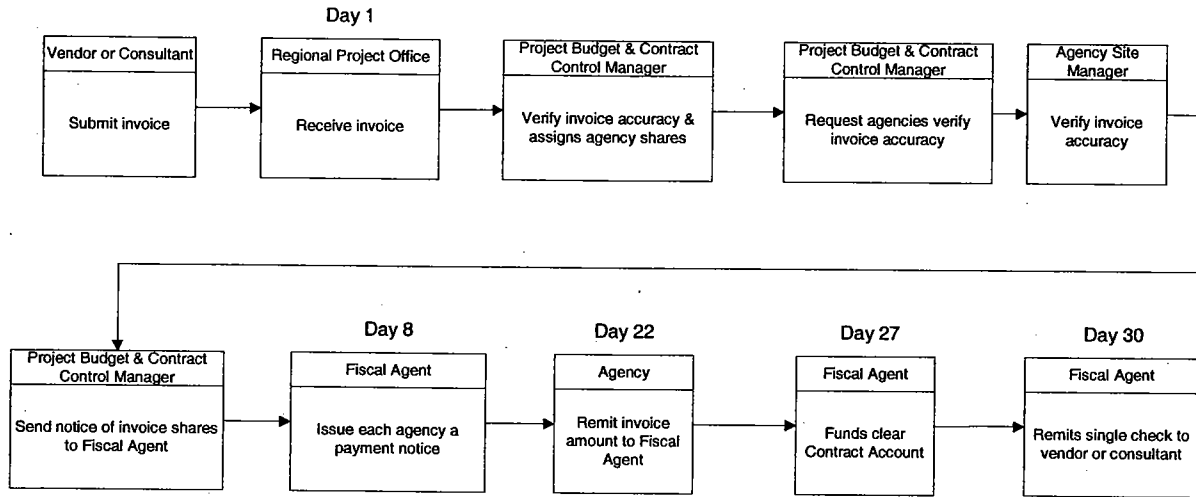
VI. Regional Invoice Payment Procedures

The administrative process for the payment of most regionally shared invoices will be jointly administered by the Project Team and the Fiscal Agent. The primary staff involved is the Budget and Contract Control Manager and the Fiscal Agent personnel. This joint administration is necessary because of the complexities of paying a single invoice, when the revenue to make that payment is generated from contributions of multiple agencies.

The Fiscal Agent Central Payments Account. Central to this process, is a single regional account that will be established and managed by the Fiscal Agent. Agencies will pay into this account their share of regional invoices and the Fiscal Agent will issue a single check payment on behalf of the region. The Vendor Contract provides for 30-day invoice payment terms. The payment process is described in the bullets and graphic below:

- An invoice is submitted to the Project Team Office
- The Budget and Contract Control Manager (BCCM) verifies the invoice accuracy and assigns agency shares, or full costs, if attributable to a single agency.
- The BCCM forwards the draft invoice to the individual Agency Site Manager to request invoice confirmation and/or corrections.
- Per the agency-verified invoice, the BCCM forwards to the Fiscal Agent the invoice detail per each agency share.
- The Fiscal Agent issues each agency a payment notice
- Each agency remits its payment share to the Fiscal Agent. The payment amount is deposited into the central payments account.
- The Fiscal Agent remits single check payment to the vendor or other invoicing party

Payment Administrative Procedures



VII. Individual Agency Internal Costs to Implement the System

Each agency will incur costs, in addition to the shared costs addressed in the RFC Project Budget, which are necessary to ensure internal agency coordination with the regional process and efficient system implementation. These internal costs will vary among the agencies and are contingent upon the complexity of its system implementation, business needs and integration strategies. The primary source of these costs is agency staff labor to support the system design review, contract deliverable acceptance, marketing and customer information and equipment installation process. In order to provide a comprehensive estimate of the project implementation costs, the agencies have adopted consistent cost generation categories and completed a cost estimation exercise.

Attachment 5: Individual agency detail on these internal agency costs can be found in Attachment 5.

A summary list of the regionally consistent categories established for planning purposes is shown below.

- Site Manager, i.e. the individual agency Project Manager and central point of contact
- Technical staff labor to review business processes and contract deliverables
- Technical staff labor to develop system interfaces – this category is necessary only for those agencies with custom interface requirements
- Finance staff labor to review business processes and contract deliverables
- Customer Service staff labor to review business processes and contract deliverables
- Legal Counsel, as needed
- Staff training to operate all aspects of the system
- Labor and materials for site preparation for facilities requiring new equipment installation
- Labor for equipment installation
- Marketing staff labor to develop public information and customer “card conversion” plans
- Purchase of a Driver Display Unit “tool kit” – this category is necessary only for those agencies who may wish to develop new custom applications for the Driver Display Unit
- Travel expense for staff to provide oversight during equipment testing and/or to inspect the system operations center
- Communication network fees

VIII. Regionally Shared Operating Cost Estimates: Operating (Phase V)

This section provides general information on the system operating services currently anticipated for 2006 through 2014. The Joint Board, as part of its work program, will develop the Phase V System Administration Plan. This plan will include at a minimum the regional staff necessary to support system operations oversight and other business details.

Regional Cost-sharing Formula: The regional cost-sharing formula for the operating phase of the project has been determined, for planning purposes, by each agency's share of regional ridership projected for the year 2005. This formula will be updated per National Transit Data Base reports prior to commencing full system operations. WSF may adjust ridership projections to include both vehicles and passengers (currently, only passengers are included in its estimates). The updated formula will be applied to, at a minimum, the first year of system operations. At such point as the Joint Board determines the system is operating at "steady state", the cost-sharing formula will be determined by each agencies actual share of smart card transactions processed by the system. The Joint Board will determine the annual schedule by which the cost-sharing formula for the next year will be reviewed and adopted.

Per the preliminary 2005 projected ridership formula described above, the Operating cost-sharing formula is as follows:

Agency	Share of Regional Costs
King County Metro	70.7%
Sound Transit	7.6%
Community Transit	5.9%
Washington State Ferries	2.8%
Kitsap Transit	2.6%
Pierce Transit	9.1%
Everett Transit	1.4%
	100%

Regional Operating Services: The regionally consistent system operation services will be provided by the vendor contract and King County Metro. See Exhibit E for a detailed description of the King County operating services.

Vendor Contract Regional System Operating Services	
1.	Equipment and Software Maintenance
2.	Customer Service
3.	Institutional Program Support
4.	Fare Card Management
5.	Card Procurement (from Manufacturer) and Distribution (to King County)
6.	Clearinghouse Services
7.	Financial Management
8.	Network Management
9.	Third Party Revalue Network Technical Support
King County Metro Regional System Operating Services	
1.	Card Procurement (centralized order processing to the vendor)
2.	Local Card Warehousing and Distribution (to the agencies and accounts)
3.	New Card Order Fulfillment
4.	(TBD) Institutional Account Administrative Support

Operating Costs: The following table provides the estimated 10-year total annual operating costs for both the Vendor Contract and King County Metro regional services. The primary factors which determine the operating cost estimates are ridership and the rate at which customers transition from physical cash fare payment to pre-payment via the smart card electronic cash or pass.

Attachment 6: Individual agency 10-year operating fixed and variable cost estimates, per each service, can be found in Attachment 6.

Preliminary Estimated Operating Cost Summary		
Agency	% Share	10-year Operating Cost Estimate Total
King County Metro	70.7%	\$ 22,783,521
Sound Transit	7.6%	\$ 2,684,942
Community Transit	5.9%	\$ 2,008,003
Washington State Ferries	2.8%	\$ 939,969
Kitsap Transit	2.6%	\$ 932,482
Pierce Transit	9.1%	\$ 2,975,338
Everett Transit	1.4%	\$ 494,607
Total *	100%	\$32,818,862
* Slight variations due to rounding		

IX. Attachment Summary

The following Attachments can be found in the PDF File "Exhibit C Attachments". Please note that all Attachment pages are legal size. From the Acrobat Reader menu bar, you can check the paper size by selecting 1) file, and then 2) page setup.

<u>Attachment No.</u>	<u>Description</u>
1	Vendor Contract Costs
2	Regional Project Budget Cost Summary
3	Estimated Payment Cash Flow Assumptions for Vendor Contract and Other RFC Project Administration Costs
4	Grant Revenue Summary and Individual Agency Shares
5	Individual Agency Internal Implementation Cost Estimates
6	Estimated Individual Agency Operating Costs and Assumptions