

Agenda

Call to Order

Pledge of Allegiance

Roll Call

Moment of Silence for CTAG Member Tommy Manning

Cody Bakken, CTAG Chair

Presentations

1. October 2018 Operator of the Month ~ Del Bartholomew

Scott Gaines
Transit Operator Assistant Manager

Public Hearing

(Citizens wishing to provide comment will be given three minutes to comment on the public hearing topic(s). The Chair, at his or her discretion, may reduce the comment time allowed to give sufficient time for the Board to conduct business.)

1. Proposed 2019 Budget

Public Comment

(Citizens wishing to provide comment will be given three minutes to comment on any transit-related matters regardless of whether it is an agenda item or not. The Chair, at his or her discretion, may reduce the comment time allowed to allow sufficient time for the Board to conduct business.)

Consent Agenda

(Items listed below were distributed to Commissioners in advance for reading and study and are enacted with one motion. Item(s) may be moved to the Action Agenda at the request of a Commissioner.)

1. Approval of Vouchers, November 1, 2018
2. Minutes: Special Study Session Meeting and Regular Board Meeting of October 8, 2018
3. 2018 Third Quarter Sole Source Contracts Over \$10,000 and Contracts and Amendments between \$100k - \$200k
4. FS 2018-087, Adoption of the 2019 State and Federal Legislative Priorities
5. FS 2018-088, Authorizing Pierce Transit to Enter Into, Execute, and Accept a Renewal Right-of Use Agreement and Non-Exclusive Franchise Agreement with the City of Tacoma Via City of Tacoma Ordinance Relating to the Construction, Installation, Operation and

Maintenance of Bus Stops, Bus Shelters, Bus Amenities and Advertising Shelters Within the City of Tacoma

6. FS 2018-089, Approving the Introduction of a Lower Priced Pierce Transit Specific Adult Monthly and 30-Day Rolling Period Pass, Effective January 1, 2019, and Authorizing Amendments to Pierce Transit Code Section 3.72, Fare Schedule
7. FS 2018-090, Authority to Award a Three-Year Sole Source Contract with Swiftly to Provide GPS Playback Module, On-Time Performance Module, Vehicle Speed Module, and Runtime Module
8. FS 2018-091, Authority for the CEO to Enter into and Execute a Contract with R.C. Zeigler Company, Inc., to Modernize the Elevator in the Pierce Transit Administration Building 4
9. FS 2018-092, Amending the 2018 Capital Budget to Increase the Trolley Replacement Project Budget and Authorizing the Purchase of Three (3) Replacement Trolleys from Schetky Northwest Sales, Inc., and Rescinding Resolution No. 2018-027
10. FS 2018-093, Authority to Execute a Contract with DCS, Inc., to Purchase and Install Detectors, Collision Avoidance Warning System and an Automatic Emergency Braking System in Support of the Collision Avoidance System Project

Discussion

1. Proportionate Representation within the Public Transit Benefit Area (PTBA)

Action Agenda

1. FS 2018-094, Authorization to Execute a Multi-Party Interlocal Cooperation Agreement for Design, Implementation, Operation, and Maintenance of The Next Generation Regional Fare Coordination System (Next Generation ORCA) Mark Eldridge
Sr, Program Administrator//ORCA
2. FS 2018-095, Authorizing the Chief Executive Officer to Enter into and Execute Amendment No. 1 To Extend The Sound Transit (ST) Express Bus Service Operations and Maintenance Contract For One-Year Through December 31, 2019 Which Includes a Revised Cost Allocation Model (CAM) Mike Griffus
E.D. of Service Delivery and Support

Staff Updates

1. CEO's Report Sue Dreier
Chief Executive Officer

Informational Board Item

- | | |
|--------------------------------------|--------------------------------|
| 1. Chair Report | Chair Henderson |
| 2. Sound Transit Update | Any Sound Transit Board Member |
| 3. PSRC Transportation Policy Update | Commissioner Ryan Mello |
| 4. Commissioners' Comments | Any Commissioner |

Special Business

1. Recognizing Commissioner Rick Talbert for
14 Years of Service on the Pierce Transit
Board

Executive Session

The Board may call an Executive Session pursuant to RCW 42.30.110 (1) (i) (iii); however, no final disposition on any matter will occur.

Adjournment

American Disability Act (ADA) accommodations are available with a 72-hour notice. An interpreter for the hearing impaired will be provided upon request with a minimum notice of two weeks. Please contact the Clerk's office at 253-581-8066 for special accommodations. Meeting room is wheelchair accessible. Registered SHUTTLE customers may obtain specialized transportation to and from the hearing by calling SHUTTLE at 253-581-8000 from one to five days in advance of the hearing.



**PIERCE TRANSIT
NOTICE OF PUBLIC HEARING
PROPOSED 2019 BUDGET**

A public hearing will be held as part of the Board of Commissioners Special Meeting on Thursday, November 15, 2018, at 10:00 AM. The meeting will be held at the Pierce Transit Training Center, Rainier Conference Room, located at 3720 96th ST SW, Lakewood, Washington. The purpose of the Public Hearing is to obtain comment and feedback from citizens on the proposed 2019 Budget.

The proposed Budget may be viewed on the Agency's website at [http://www.piercetransit.org/Resources/Public documents](http://www.piercetransit.org/Resources/Public%20documents) and is also on file in the Budget Office located at 3701 96th ST SW, Lakewood, WA. Questions and written comments pertaining to the proposed Budget should be submitted to:

Kelli Dion, Budget Assistant Manager
PO Box 99070
Lakewood, WA. 98496-0070
Or calling 253-983-3344

Registered SHUTTLE customers may obtain specialized transportation to and from the hearing by calling SHUTTLE AT 253-581-8000, press 1, press 2, and then press 1, from one to five days in advance of the hearing. An interpreter for the hearing impaired will be provided upon request with a minimum notice of five days.

Deanne Jacobson, CMC
Clerk of the Board

Published in the Tacoma Daily Index and Tacoma News Tribune on Monday, November 5, 2018.

**PIERCE TRANSIT
BOARD OF COMMISSIONERS
SPECIAL STUDY SESSION MINUTES**

October 8, 2018

CALL TO ORDER

Chair Henderson called the meeting to order at 3:12 p.m.

ROLL CALL

Commissioners present:

Nancy Henderson, Chair of the Board, Town of Steilacoom Councilmember
(representing Auburn/Gig Harbor/Fircrest/Pacific/Ruston/Steilacoom)
Victoria Woodards, Mayor of City of Tacoma
Ryan Mello, City of Tacoma Councilmember
Kent Keel, City of University Place Mayor
Bruce Dammeier, Pierce County Executive
Daryl Eidinger, Vice Chair of the Board, City of Edgewood Mayor
(representing Fife/Milton/Edgewood)

Commissioners excused

Rick Talbert, Pierce County Councilmember
Robin Farris, Puyallup City Councilmember
Don Anderson, City of Lakewood Mayor

Staff present:

Sue Dreier, Chief Executive Officer
Dana Henderson, General Counsel
Deanne Jacobson, Clerk of the Board

PRESENTATIONS

1. 2019 Proposed Budget

Executive Director of Finance Brett Freshwaters presented on the proposed 2019 Budget. Highlights of the proposed budget included the following:

- \$305 Million budget that is balanced and sustainable;
- Meets reserve requirements;
- Funds 985 positions;
- Provides for over 1 Million Total Service Hours;
- No anticipated additional service hours anticipated;
- Includes four new staff positions;
- Focus on improving On Time Performance and the Perception of Pierce Transit;
- Continual focus on safety and reducing accident rate; and
- Pierce Transit public safety officers, service supervisors and partnering police agencies will work on providing a more coordinated effort to its customers.

A question and answer period ensued about ridership (*Commissioner Woodards arrived at 3:23 p.m.*).

CEO Dreier applauded staff for their work in negotiating costs with Sound Transit for the operation of the Express Bus routes and noted that this agreement will come before the Board in November. (*Commissioner Dammeier arrived at 3:26 p.m.*)

After discussion, each of the department directors reviewed their Strategic Initiatives for their departments.

At the end of the discussion, various commissioners requested additional information on the following matters:

- Review of the Agency's diversity and/or Equal Employment Opportunity;
- More information on the capabilities of the Agency's new Financial Management Systems (anticipated go live date is March 2019);
- The efforts that are being made to increase On Time Performance; [Staff replied that Pierce Transit is working on improvements to the scheduling and is working on an App that more accurately reflects real time information of the buses.]
- Could Pierce Transit partner to create trips to Mt. Rainier.

Chair Henderson thanked staff for preparing the Budget.

Mr. Freshwaters thanked his staff members for putting the Budget together.

2. Board Expectation Document

Chair Henderson distributed a document outlining customary Board expectation protocols, noting that it would be helpful for all to have the expectations in the forefront.

Adjournment

Commissioners Woodards and Keel **moved** and seconded to adjourn the meeting at 4:16 p.m.

Motion **carried**, 6-0.

Deanne Jacobson
Clerk of the Board

Nancy Henderson, Chair
Board of Commissioners

**PIERCE TRANSIT
BOARD OF COMMISSIONERS
MINUTES**

October 8, 2018

CALL TO ORDER

Chair Henderson called the meeting to order at 4:22 p.m.

PLEDGE OF ALLEGIANCE

For those attendees who chose to participate, Chair Henderson led attendees in the pledge of allegiance.

ROLL CALL

Commissioners present:

Nancy Henderson, Chair of the Board, Town of Steilacoom Councilmember
(representing Auburn/Gig Harbor/Fircrest/Pacific/Ruston/Steilacoom)
Victoria Woodards, Mayor of City of Tacoma
Ryan Mello, City of Tacoma Councilmember
Kent Keel, City of University Place Mayor
Bruce Dammeier, Pierce County Executive
Daryl Eidinger, Vice Chair of the Board, City of Edgewood Mayor
(representing Fife/Milton/Edgewood)

Commissioners excused

Rick Talbert, Pierce County Councilmember
Don Anderson, City of Lakewood Mayor
Robin Farris, Puyallup City Councilmember

Staff present:

Sue Dreier, Chief Executive Officer
Dana Henderson, General Counsel
Deanne Jacobson, Clerk of the Board

PRESENTATIONS

1. ~~September 2018 Operator of the Month~~

This item was removed from the agenda.

2. Appreciation for Transit Champions: Representative Jake Fey and Senator Hans Zeiger

Government and Community Relations Officer Alex Mather thanked Representative Fey and Senator Hans Zeiger for their efforts in advocating for mobility transit needs in the community. She reported that they were instrumental in securing Pierce Transit \$300,000 in funding for real-time signage and she presented both gentlemen with a framed certificate thanking them for being Pierce Transit's 2018 Transit Champions.

Senator Zeiger announced that it is an honor to partner with Pierce Transit on transportation needs, and he thanked CEO Sue Dreier for her leadership.

Representative Fey thanked Pierce Transit for honoring him and noted that he appreciates the cooperation that he has experienced over the years with Pierce Transit. He expressed his disappointment with Pierce Transit for not implementing SB 6414 relating to proportionate representation within the Public Transportation Benefit Area (PTBA) now as opposed to waiting until the next regular scheduled Board Composition Review Meeting that would occur in 2020.

He asked that the Board restore the Board composition so that the City of Tacoma is represented by three seats. He reviewed transit initiatives that he has worked hard to get through the legislature. He reported that the City of Tacoma represents 37 percent of the population within the PTBA and that The City of Tacoma used to have three seats. He noted that he doesn't believe the citizens of Tacoma are properly represented with two seats. He briefly discussed his interpretation and intent of SB 6414.

Representative Fey asked the Board to deliberate on this matter before the legislative session begins next year and suggested that Pierce Transit take public comment on the matter.

3. Review of 2019 State and Federal Legislative Priorities

Government and Community Relations Officer Alex Mather reviewed the proposed 2019 Federal and State Priorities, giving a short overview of the purpose/benefit of each priority. She spoke at length about the exploration of a Supplemental Revenue Strategy to be utilized during economic downturns and reported that the State Transportation Commission is currently leading the study. She noted the next steps will be for the Board to consider adoption of the Priorities at the November Board Meeting.

Commissioner Keel congratulated Representative Fey and Senator Zeiger for receiving the award and thanked them for doing things that are beneficial to the people they represent. He reported that with regards to SB 6414, it is the Board's understanding that Pierce Transit is following the law. He reported that during the Public Transportation Improvement Conference (PTIC) there were people from the County and the City of Tacoma who all agreed to the new makeup of the Board.

Commissioner Woodards thanked Representative Fey for his effort and asked that Pierce Transit General Counsel to take a second look at the legislation in coordination with the Legislative staff and bring back to the Board for further consideration.

Commissioner Mello thanked Senator Zeiger and Representative Fey for working for Pierce County and affirmed that he heard Representative Fey's sincere remarks about equitable representation for the City of Tacoma. He also asked that General Counsel Henderson revisit the legislation and bring back to the Board for further consideration.

Commissioner Dammeier announced that he looks forward to revisiting the issue and that he considers himself a representative of all the citizens in Pierce County. He noted he would like to see the history of the bill and how it moved through the process.

General Counsel noted that she can work with the Legislative Attorney.

AGENDA RE-ORDER

Due to the announcement that two Commissioners need to leave the meeting early, the agenda was re-ordered so that a quorum of the commissioners was present for items that need approval.

CONSENT AGENDA

(Items listed below were distributed to Commissioners in advance for reading and study and are enacted with one motion. Item(s) may be moved to the Action Agenda at the request of a Commissioner.)

Commissioners Mello and Woodards **moved** and seconded to approve the consent agenda as presented.

Motion **carried**, 6-0.

1. Approval of Vouchers, September 1, 2018
Operating Fund #10
Capital Fund #90
Voucher CK Nos. 364678 through 365176
Advance Travel Numbers CK 1340 through CK 1349
Wire Nos. 2306 through 2323
Total \$7,654,337.81
2. Minutes: Regular Board Meeting of September 10, 2018.
3. FS 2018-085, Approved Resolution No. 2018-039, adopting amendments to Sections 6.2 and 6.3 of the Personnel Manual pertaining to Paid Time Off and Major Sick Leave for non-represented employees as presented in Exhibits 1 and 2 with changes to Section 6.2 effective December 30, 2018 and changes to 6.3 effective immediately and to further authorize the CEO to develop personnel policies and procedures to administer Paid Time Off and Major Sick leave for non-represented employees in accord therewith.

ACTION AGENDA

- 1. FS 2018-086, A Resolution Amending the 2018 Capital Budget to Include Funding for the Pacific Avenue/SR7 Park and Ride and Authorizing the Chief Executive Officer to Enter into and Execute an Agreement with the Washington State Department of Transportation to Receive Regional Mobility Grant Funds for the Pacific Avenue /SR7 Park and Ride**

Community Development Manager Tina Lee presented on the item. She noted that staff submitted for grant funds in 2016 and staff just recently received notification that funds are available if the project moves forward at this time. She reviewed a map depicting the location where the park and ride would be constructed and explained how it will support the current Route 1 and a future Bus Rapid Transit (BRT) if the Agency moves forward with it. She noted that the new facility would improve passenger congestion and would include amenities such as a comfort station for operators, boarding zone, and parking.

Commissioners Dammeier and Woodards **moved** and seconded to approve Resolution No. 2018-040, authorizing amendments to the 2018 Capital Budget to include funding for the Pacific Avenue/SR7 Park and Ride and authorizing the Chief Executive Officer to enter into and execute an agreement with the Washington State Department of Transportation as presented in Exhibit A to receive Regional Mobility Grant Funds for the Pacific Avenue /SR7 Park and Ride.

Motion **carried**, 6-0.

PUBLIC COMMENT

Chair Henderson provided directions for participating in public comment and the following individuals spoke:

- Cinderella Helga, Lakewood, provided positive comments about service to the Washington State Fair. She reported that the Route 48 in Lakewood is not reliable, and the scheduling is not right.
- Deeann Lancaster, Tacoma/Parkland, spoke about the need to have later bus hours for people who work late. She reported that the bus isn't on time and she takes the Route 1. She encouraged Pierce Transit to provide 24-hour service.

PUBLIC HEARING

1. Implementation of Pierce Transit Specific Adult Monthly Pass

Transit Development Manager Jay Peterson provided a presentation on the proposal to implement a Pierce Transit Specific Adult Monthly Pass. He noted he has not received any comments from the public on the proposal and that this proposal was one of the recommendations from the last fare study. Mr. Peterson explained how the program would work and the implementation schedule. He noted the Board is required to review fares every two years. Staff plans on bringing this item to the November 2018 Board meeting for adoption.

Chair Henderson provided directions to the public for the public hearing.

The public hearing was opened at 5:08 p.m., and the following individuals spoke:

- Cinderella Helga, Lakewood, noted that she was confused about this proposal versus the ORCA plan.
- Cody Bakken, Chair of the Community Transportation Advisory Group (CTAG), noted that the CTAG supports the Pierce Transit Specific Adult Monthly Pass.

The public hearing was closed at 5:13 p.m.

The Board inquired whether there is a need for senior or youth fares. Staff recommended that the Board discuss this next year when it reviews fares.

Commissioner Keel noted that he supports the Pierce Transit Specific Adult Monthly Pass.

PRESENTATIONS CONTINUED

4. Overview of Next Generation ORCA Interlocal Agreement Contract

Transit Development Manager Jay Peterson introduced Cheryl Huston, ORCA Administrator for Sound Transit. (*Commissioners Dammeier and Woodards left at 5:15 p.m.*). The Joint Board on September 10, 2018 approved the System Integrator contract and approved the ORCA ILA Nextgen. She reviewed the changes to the new ORCA agreement. The annual fee is based on each entity's ridership from the previous year.

Commissioner Mello asked if the ORCA Board could look at a more equitable distribution of the cost sharing and proposed the idea whether transit agencies with more complicated fare structures could pay more than a transit agency with a more streamlined fare structure.

Commissioner Keel noted that he will bring the idea forward to the Sound Transit Board.

Ms. Huston reminded the Board that the Next Generation Interlocal Agreement does not have costs tied to it; that Pierce Transit's costs of approximately \$6.1 is included in the System Integrator Contract. The Board noted that they are interested in knowing the regional costs for this agreement and the cost share amount for all the members. Staff will bring this information back to a future meeting.

5. CTAG Third Quarter Update

CTAG Chair Cody Bakken reported on the work of the committee over the last few months.

On behalf of the Board, Chair Henderson thanked Mr. Bakken and the CTAG members for their service.

6. Limited Access Connection Project Update

Business Partnership Administrator Penny Grellier reminded the Board that this is a partnership program with LYFT, Sound Transit and Pierce College Puyallup to provide first and last mile connections in various underserved areas in the service area to selected bus stops and transit centers. She reviewed data that was provided by LYFT that showed the types of rides that were provided, popular times of travel and destinations. She noted that the average ride was 2-4 miles with the most popular time of the day being mid-day. (*Commissioner Eiding left the meeting at 5:33 p.m.*)

A question and answer period ensued about various aspects of the data.

Next steps include more marketing to increase awareness about the pilot program and to expand the zones: The first expansion zone is the “college night ride” for students at Pierce College Puyallup. The zone will be expanded to move westward towards Meridian Ave. and West towards Shaw Rd. A rider survey will be conducted at the end of the project that will give Pierce Transit helpful information about ridership behavior. Ms. Grellier offered to come back to the Board to report out on the remainder of the project.

A short question and answer period ensued.

~~7. General Contractor/Construction Manager Job Ordering Contract Method~~

This item was postponed to a future meeting when more Board Members are present.

STAFF UPDATES/DISCUSSION

CEO's Report

CEO Dreier noted that staff has been working on designing the new bus look, starting with the Electric Bus. She reviewed a short slide show of the Sept. 1, 2018 Electric Bus Elected Officials/Media Event that held at Pierce Transit and that was attended by Congressman Heck, Representative Muri, and Chair Henderson. She reviewed the new bus design that will be placed on all future buses. Pierce Transit has begun a new billboard campaign to promote ridership and the new buses.

She also reported that Pierce Transit will be giving a free ride day to all its riders on October 17, 2018, with outreach being conducted on the streets and on social media.

Pierce Transit has been working together with South Sound Together to roll out the *Pierce Transit is South Sound Proud* Bus. Sue announced that she joined the South Sound Together group, and this outreach bus will be rolled out October 11, 2018.

She further announced that she was recently invited to join the United Way of Pierce County and the Tacoma-Pierce County Chamber of Commerce Boards and is looking forward to serving on these boards beginning next month.

INFORMATIONAL BOARD ITEMS

Chair Report

Chair Henderson thanked CEO Dreier for participating in community groups and for going above and beyond of what is required.

She noted her excitement for the electric buses that are scheduled to be put in service this month and expressed optimism about the 15 percent increase in Washington State Fair ridership over the previous year and noted that she is pleased that the 512 Park and Ride, Tacoma Dome Station and Tacoma Mall projects were completed on time and under budget.

She thanked employees for raising money for the American Heart Association Heart Stroke Walk.

Sound Transit Update

Commissioner Keel noted Sound Transit is going through the budget process and he spoke of upcoming track closures that will occur due to maintenance.

PSRC Transportation Policy Board Update

Commissioner Mello reported that at their next meeting they will adopt two items of business: the 2019 to 2022 Regional Transportation Improvement Program and Federal Performance Measures, which are required.

Commissioners' Comments

None.

EXECUTIVE SESSION

None.

ADJOURN

There being no further business before the Board, Chair Henderson adjourned the meeting at 5:51 p.m.

Deanne Jacobson
Clerk of the Board

Nancy Henderson, Chair
Board of Commissioners

3rd QUARTER 2018
Report to Board of Commissioners
Sole Source Over \$10,000
Contracts and Amendments - \$100,000 to \$200,000

Sole Source Over \$10,000			
Name	Explanation	Amount	Eff. Date
Lamar Advertising Co.	This is for advertising space on Lamar Advertising's billboards to create awareness of our new electric buses and generate ridership. Lamar Advertising is the only outdoor advertising company with billboards along our targeted advertising area.	\$22,200	7/26/18
Thomson Reuters	This is for renewal of our Westlaw subscription, which is an online research service used by General Counsel. Westlaw features Key Numbers and Key Cites which result in ease of search and up-to-date case currency checks. The Key Number system is proprietary to Thomson Reuters.	\$13,500.00	9/18/18

Contracts and Amendments - \$100,000 to \$200,000 awarded from 7/1/18 – 9/30/18			
Name	Explanation	Amount	Eff. Date
The Aftermarket Parts Company, LLC	PT-57-18 Contract for Alcoa Dura-Bright Wheels for Buses	\$116,661.93	9/24/18
Downs Enterprises, Inc. dba Downs Leadership	PT-46-18 Contract for Executive Coaching	\$194,037.00	9/25/18

Sole Source: A circumstance when the vendor is the sole provider of licensed or patented goods or services, or has specialized knowledge or skill needed for a project when there is limited time and vendors with the expertise.

Amendments: Master agreements sometimes have amendments. This could be due to time extensions to a contract, or a situation where changing a contractor before the work is complete could cause delays, hardships and/or added costs.

TITLE: A Resolution Adopting the 2019 Federal and State Legislative Priorities

DIVISION: Executive

SUBMITTED BY: Alexandra Mather, Government & Community Relations Officer

RELATED ACTION: N/A

ATTACHMENTS:
Proposed Resolution
Exhibit A, 2019 Federal Legislative Priorities
Exhibit B, 2019 State Legislative Priorities

RELATION TO STRATEGIC PLAN: Customer

BUDGET INFORMATION: N/A

BACKGROUND:

Pierce Transit works diligently to build and maintain strategic partnerships with the Washington state and federal legislative delegation, State and U.S. Department of Transportation, State and U.S. Department of Energy, relevant state and federal Transportation Committee staff and national advocacy organizations. Pierce Transit aims to remain a key influencer in the national discussion for public transportation.

Staff seeks adoption of the proposed 2019 Federal and State Legislative Priorities and authorizes Pierce Transit staff and consultants to continue communicating about issues that impact the agency throughout the coming fiscal year. As Pierce Transit's state and national priorities evolve and advance, staff will seek advice and guidance from the Board as appropriate. Staff will send updates by email to the Board highlighting major milestones relating to Pierce Transit's state and national priorities and will call upon Board members to assist in advancing public transportation advocacy and objectives as appropriate.

The 2019 federal and state priorities were driven by Commissioner input, prior ongoing legislative work and advocacy, consumer demand and in response to the priorities of national leadership.

On Oct. 8, 2018, the Board of Commissioners received a briefing from the state legislative affairs team. In addition, a draft of the 2019 federal legislative priorities was brought before Pierce Transit's Executive Finance Committee for review and discussion on July 26, 2018.

STAFF RECOMMENDATION:

Staff recommends the adoption of the 2019 Federal & State Legislative Priorities.

ALTERNATIVES:

1. Do not adopt the 2019 Federal & State Legislative Priorities.
2. Modify the proposed priorities.

PROPOSED MOTION:

Approve Resolution No. 2018-041, adopting the 2019 Federal and State Legislative Priorities as presented in Exhibits A and B.

RESOLUTION NO. 2018-041

A RESOLUTION of the Board of Commissioners of Pierce Transit Adopting the 2019 Federal and State
Legislative Priorities

WHEREAS, the Board of Commissioners received a briefing from the state legislative affairs team about
the 2018 state legislative priorities at the October 8, 2018 Board of Commissioners meeting; and

WHEREAS, the Executive Finance Committee received an overview of the proposed 2019 federal
priorities at its July 26, 2018 meeting; and

WHEREAS, The Pierce Transit Board of Commissioners desires to give guidance and direction to its staff
and contracted Legislative Liaison; and

WHEREAS, the Federal advocacy is an ongoing process and the State Legislature will convene the 2019
legislative session on January 14, 2019; and

WHEREAS, The Pierce Transit Board of Commissioners wishes to assure that its policies and positions
are effectively communicated to the members of the Washington State Congressional delegation and relevant
federal agencies, Washington State Legislature, Washington State Agencies and the Office of the Governor;
and

WHEREAS, the Pierce Transit Board of Commissioners finds it is in the best interest of Pierce Transit to
adopt an agenda for federal and state legislative priorities; and

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pierce Transit as follows:

Section 1. The Board herewith adopts the Pierce Transit 2019 Federal & State Legislative Priorities
in substantially the same form as Exhibits A and B.

ADOPTED by the Board of Commissioners of Pierce Transit at their special meeting thereof held on
the 15th day of November 2018.

PIERCE TRANSIT

Nancy Henderson, Chair
Board of Commissioners

ATTEST/AUTHENTICATED

Deanne Jacobson, CMC
Clerk of the Board

**Pierce Transit
Federal Legislative Agenda
2019**

Pacific Avenue/SR 7 BRT Corridor (Capital Investment Grants - Small Starts)

Pierce Transit has requested entry into the Small Starts Project Development (SSPD) Phase seeking federal assistance in support of the Pacific Avenue/SR7 Corridor Bus Rapid Transit (BRT) Project through the Capital Investment Grant (CIG) Program.

The Pacific Avenue/SR7 Corridor is a 14-mile segment of Pacific Avenue S/SR 7 between the Commerce Street Transfer Center in Downtown Tacoma and 204th Street E in Spanaway, entirely within Pierce County. It is Pierce Transit's highest ridership corridor 5,950 average weekday boardings and over 18% of total fixed route ridership system wide. There are more than 3,500 weekday boardings along the portion of the Route 1 being considered for BRT. More than 1.7 million passengers were served in 2016, which is nearly 20 percent of Pierce Transit's fixed route ridership. Pierce Transit's Destination 2040 Long Range Plan, Sound Transit's ST3 Plan, and Puget Sound Regional Council's (PSRC) Transportation 2040 Long Range Plan all support this investment in the busiest transit corridor in Pierce County.

The project will: increase transit ridership through enhanced transit service; deliver cost-effective service that provides capacity to meet future demand; promote transportation equity in the corridor by ensuring that transit service is accessible to all populations; improve multi-modal access and connectivity; support a regional vision for the community as documented in land use and transportation plans; enhance safety and security for transit patrons and public health overall; support existing economic activity and be a catalyst for sustainable economic growth and corridor redevelopment; and promote environmental stewardship and sustainability.

The current 31,500 jobs located along the corridor will increase to an estimated 59,000 by 2040. Approximately 11% of the people living along the corridor are dependent on transit for their travel needs. The City of Tacoma and Pierce County have already identified this corridor for higher-density, mixed-use, transit-oriented development. The project will result in better access to educational, vocational and job opportunities, services, and businesses and commerce in the area.

Pierce Transit has already committed nonfederal resources totaling \$75 million, including \$60 million from Sound Transit 3 and \$15 million in state funding. The agency will seek federal assistance for the Pacific Avenue/SR7 Corridor through the Small Starts Program. We appreciate your continued support for this critical infrastructure project.

Appropriations Requests

Capital Investment Grants (Section 5309)

Protect and preserve the Capital Investment Grant program, specifically the Small Starts program and direct the Administration to continue reviewing applications and making investments in the Pacific Avenue Corridor and other critical projects throughout the country.

Low or No Emissions Vehicles (5339c)

Bus and Bus Facilities (5339)

Formula Grants (5339a)

Discretionary Grants (5339b)

Urbanized Formula Grants (5307)

Maintain investment in key discretionary grant program, maintaining or exceeding the maximum annual levels authorized in the FAST Act.

Grant Applications

Transit Oriented Development Program

Bus and Bus Facilities Program

We appreciate the Congressional delegation's continued support for Pierce Transit's pending and future federal grant applications. We will be sure to make you aware of any forthcoming proposals.

Tax Code

Preserve the Alternative Fuels Tax Credit, which resulted in \$852,617.60 in savings for Pierce Transit in 2017.

Surface Transportation Reauthorization Principles

As Congress prepares for the next surface transportation reauthorization when the FAST Act expires in FY2020, we encourage them to uphold these following principles.

Highway Trust Fund

Work toward bipartisan solution to address the solvency of the Highway Trust Fund to ensure long-term reliability.

Innovation

- Promote policies that build upon the innovative pilot programs and demonstrations implemented by Pierce Transit with support of FTA Grants since FY 2016.
- Collaborate toward regulatory solutions that will better enable local transit agencies to partner with TNCs and rideshare operators to implement innovative, cost-effective models of service that increase riders' mobility, such as Pierce Transit's piloted basis during the Limited Access Connection. This project is supported by federal funding from the FTA MOD Sandbox Demonstration.

Safety

- Support the deployment of new and emerging technologies, such as collision avoidance warning systems and advanced emergency braking to enhance safety for the public.
- Engage and work with transit agencies to address industry concerns and promote best practices that will enhance safety for operators.

Pierce Transit 2019 State Legislative Agenda

Funding

- BRT 2 Feasibility Study: Planning & Phase 1 Implementation - \$4 Million
- Sustainable Public Transit Funding Study - \$1 Million
- Retain \$15 million from Connecting Washington

Sustainability

- Support legislation which promotes incentives for use of Clean Fuels, including Compressed Natural Gas
- Clean energy incentives
- Through WSDOT's Vanpool Investment Program grant, promote the use of electric vanpools
- Electric Bus Fleet Diversification

Stewardship

- Extend RCW [39.26.030](#) to include Public Transportation Benefit Areas
 - Ensures bid submissions and bid evaluations are exempt from disclosure until the agency announces the apparent successful bidder.
- Work to include PTBA's as eligible to practice unit priced contracting, as stated in [RCW 39.04.010](#).
 - A form of public work contracting that allows government entities to enter into contract for an extended time period for public work without a known specific amount of work that will need to be done. Requires prevailing wage rates to be updated annually and intents to pay prevailing wages to be filed annually, rather than for individualized jobs.

Partnership

- Support Washington State Transit Association's Legislative goals and priorities
- Support Pierce County Regional Council's multimodal transportation goals and priorities
- WSDOT Park & Ride parking management

Support and Encourage Policies which:

- Reduce congestion
- Promote environmental stewardship
- Improve local governmental operations
- Encourage investment in multimodal transportation and infrastructure
- Statewide funding mechanism to fund Mass Transit

TITLE: A Resolution Authorizing Pierce Transit to Enter Into, Execute, and Accept a Renewal Right-of Use Agreement and Non-Exclusive Franchise Agreement with the City of Tacoma Relating to the Construction, Installation, Operation and Maintenance of Bus Stops, Bus Shelters, Bus Amenities and Advertising Shelters Within the City of Tacoma

DIVISION: Planning & Community Development

SUBMITTED BY: Kathy Walton, Marketing Assistant Manager

RELATED ACTION:

Preceding Acceptance of City of Tacoma Ordinance 26829 Non-Exclusive Franchise agreement dated July 17, 2001.

Resolution No. 2016-012, Accept a Right-of Use Agreement and Non-Exclusive Franchise Agreement with the City of Tacoma, retroactive January 1, 2014 to January 1, 2019.

ATTACHMENTS:

RELATION TO STRATEGIC PLAN: Financial

Proposed Resolution
Exh B, Proposed Franchise Agreement Ordinance No. 28535

BUDGET INFORMATION: N/A

BACKGROUND:

In 2001, Pierce Transit entered into a Franchise Agreement with the City of Tacoma which allowed the agency to occupy City Right of Way for the purpose of installing bus stop passenger shelters and to generate revenue through the sale of advertising space. This agreement expired in 2012, and Pierce Transit and City of Tacoma staff then worked collaboratively for several years to develop a proposed new Right of Use and Non-Exclusive Franchise Agreement, which was approved by the Pierce Transit Board of Commissioners in Resolution No. 2016-012 on May 9, 2016. The agreement allows for both parties to renew it for an additional five-year term subject to the approval of each party's governing board.

The provisions of the agreement allow for the City of Tacoma to retain a percentage of advertising revenue that Pierce Transit earns in advertising shelters in the City of Tacoma and deposits it into a fund intended for right of way improvements with an emphasis on Americans with Disabilities Act improvements adjacent to bus stops and shelters within the City of Tacoma. The City of Tacoma in turn is expected to design, oversee, and construct such right of way improvements, which is more efficient than if Pierce Transit were to undertake construction. The agreement to emphasize use of the revenues for ADA improvements around bus facilities benefits Pierce Transit customers in Tacoma in that it is expected to improve the paths of travel around bus stops and is expected to result in more people being able to use fixed route service as opposed to paratransit.

Between January 1, 2014 and December 31, 2018 Pierce Transit will have provided the City of Tacoma \$218,046.60 in revenue, which is the sum of \$193,819.20 for Right of Way Improvements plus \$24,227.40 for the City Property Fund. The City has utilized funds to make Right of Way improvements on Martin Luther King Jr. Way, in conjunction with the People's Community Center and Pool rehabilitation. The City has also used these funds to make budget modifications for providing ADA/Right of Way improvements, such as curb ramps and concrete boarding pads, adjacent to bus zones at South 48th Street & Tacoma Mall Transit Center, and at North 26th & North Cheyenne Streets.

The renewal agreement, Ordinance No. 28535, went before the Tacoma City Council on October 23, 2018. The final reading is scheduled to go before the Tacoma City Council on November 20, 2018.

STAFF RECOMMENDATION:

Staff recommends authorizing the Chief Executive Officer to enter into, execute, and accept the renewal of the Right-of Use Agreement and Non-Exclusive Franchise Agreement with the City of Tacoma, effective January 1, 2019, in substantially the same form as Exhibit A.

ALTERNATIVES:

Do not authorize the execution and acceptance of the Right of Use and Franchise Agreement. Failure to adopt the Ordinance would jeopardize the progress that Pierce Transit has made with the City with regard to permitting and installation of new or improved bus stops and shelters. This franchise agreement has funded design, construction, and inspection costs by the City of Tacoma, which has proven to be significantly less expensive and more efficient than if done by Pierce Transit. This could limit the number of new and improved bus stops within the City of Tacoma. Failure to adopt would also bring an end to the advertising shelter program within the City of Tacoma, eliminating a revenue stream that is intended to be utilized for ADA improvements around bus facilities.

PROPOSED MOTION:

Approve Resolution No. 2018-042, authorizing the CEO to enter into and execute and accept City of Tacoma Franchise Agreement, Ordinance No. 28535, the Renewal of Right of Use Agreement and Non-Exclusive Franchise Agreement, effective January 1, 2019, and ending January 1, 2024, in substantially the same form as attached hereto as Exhibit A.

RESOLUTION NO. 2018-042

1 A RESOLUTION of the Board of Commissioners of Pierce Transit Authorizing to the CEO to Enter Into, Execute,
2 and Accept a Renewal of Right-of Use Agreement and Non-Exclusive Franchise Agreement Via the City of
3 Tacoma Relating to the Construction, Installation, Operation and Maintenance of Bus Stops, Bus Shelters, Bus
4 Amenities and Advertising Shelters Within the City of Tacoma
5

6 WHEREAS, Pierce Transit and the City of Tacoma entered into a Non-Exclusive Franchise agreement on
7 July 17, 2001; and

8 WHEREAS, the Board of Commissioners adopted Resolution No. 2016-012 on May 9, 2016, authorizing
9 the renewal of the Right of Use Agreement and Non-Exclusive Franchise Agreement with the City of Tacoma,
10 retroactive January 1, 2014 to January 1, 2019, to construct, install, operate, own, control, repair, and maintain
11 bus stops, shelters, amenities, and advertising shelters within the public right of way areas; and

12 WHEREAS, as a condition of permitting Pierce Transit the continued right of use of the public right of
13 way for advertising shelters, the City of Tacoma and Pierce Transit have agreed to deposit a percentage of the
14 advertising revenue from advertising shelters within the City of Tacoma into a City of Tacoma- administered
15 fund designated for right of way improvements with an emphasis on Americans with Disabilities Act (ADA)
16 improvements adjacent to bus stops and shelters with the City of Tacoma; and

17 WHEREAS Pierce Transit and the City of Tacoma are currently operating under a Franchise Agreement
18 which provides for the same level of contribution of payment of advertising revenues to the City, and such funds
19 are to be used for ADA improvements adjacent to bus stops and shelters; and

20 WHEREAS, the agreement allows for a five-year extension and both parties wish to extend the franchise
21 agreement with the same terms and conditions for a five-year period from January 1, 2019 to January 1, 2024;
22 and

23 NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pierce Transit as follows:

24 Section 1. The Board of Commissioners authorizes the Chief Executive Officer to enter into, execute,
25 and accept via Ordinance No. 28535 the existing Right-of Use Agreement and Non-Exclusive Franchise
26 Agreement with the City of Tacoma, attached hereto as Exhibit A, effective on January 1, 2019 and ending
27 January 1, 2024.

28 ADOPTED by the Board of Commissioners of Pierce Transit at a special meeting thereof held on the
29 15th day of November 2018.

PIERCE TRANSIT

Nancy Henderson, Chair
Board of Commissioners

ATTEST/AUTHENTICATED

Deanne Jacobson, CMC
Clerk of the Board



ORDINANCE NO. 28535

1 AN ORDINANCE relating to City real property and right-of-way; approving the
2 renewal and extension of the Right of Use Agreement and Non-Exclusive
3 Franchise between the City of Tacoma and Pierce Transit for a five-year
4 period, from January 1, 2019, to January 1, 2024, for transit-related
5 infrastructure within City rights-of-way.

6 WHEREAS Pierce County Public Transportation Benefit Area Corporation
7 ("Pierce Transit") was established under RCW 36.57A and is vested with the
8 powers necessary to construct and operate a public transportation system
9 benefitting Pierce County residents, and

10 WHEREAS, pursuant to Ordinance No. 28365, passed July 12, 2016, the
11 City entered into a Non-Exclusive Franchise and Right-Of-Use Agreement with
12 Pierce Transit, retroactive to January 1, 2014, to construct, install, operate, own,
13 control, repair, and maintain bus stops, shelters, amenities, and advertising
14 shelters within the public right-of-way areas, and

15 WHEREAS the initial term of the agreement was for a five-year period,
16 which will expire on January 1, 2019, and

17 WHEREAS the agreement includes an option to renew for an additional
18 five-year period, which Pierce Transit has requested to exercise, and

19 WHEREAS during the five-year renewal period, staff from the City and
20 Pierce Transit will work toward an amendment to the agreement, with the intent
21 to establish an extended term and to consider any other adjustments to current
22 language that either party feels are necessary; Now, Therefore,
23
24
25
26



BE IT ORDAINED BY THE CITY OF TACOMA:

That the renewal and extension of the Right of Use Agreement and Non-Exclusive Franchise between the City of Tacoma and Pierce Transit for a five-year period, from January 1, 2019, to January 1, 2024, for transit-related infrastructure within City rights-of-way, is hereby approved.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney

TITLE: A Resolution Approving the Introduction of a Lower-Priced Pierce Transit Specific Adult Monthly and 30-Day Rolling Period Pass, Effective January 1, 2019, and Authorizing Housekeeping Amendments to Pierce Transit Code Section 3.72, Fare Schedule

DIVISION: Planning & Community Development

SUBMITTED BY: Jay Peterson, Transit Development Manager

RELATED ACTION: Resolution No. 17-028, Approving a Fare Increase to SHUTTLE Fares, Effective September 1, 2017 and Authorizing Related Amendments to Pierce Transit Code Chapter 3.72 – Fare Schedule

ATTACHMENTS:

RELATION TO STRATEGIC PLAN: Customer

Proposed Resolution
Exhibit A, Title VI Fare Equity Analysis
Exhibit B, Proposed Revisions (red-lined)

BUDGET INFORMATION: N/A

BACKGROUND:

Pierce Transit conducted a comprehensive fare review in 2012. The primary recommendations from that review were to: eliminate paper transfers; introduce an all-day pass and introduce a lower-priced Pierce Transit-specific adult pass. The elimination of paper transfers and the introduction of an all-day pass occurred in 2014.

The lower-priced Pierce Transit-specific adult pass was recommended due to rider demographics, specifically, household income. Data from the 2017 customer satisfaction survey shows that 60 percent of our riders live in households with annual household incomes of \$25,000 or less. A lower-priced Pierce Transit-specific adult pass will help make the purchase of a monthly pass within the reach of more of our riders.

Currently, the regional adult pass costs \$72 per month. This pass allows unlimited rides for a calendar month on Pierce Transit local service and provides a transfer value toward more expensive rides on regional partner systems (e.g. Sound Transit and King County Metro). Most Pierce Transit riders do not transfer to regional systems. The proposed Pierce Transit-Specific Adult Monthly and 30-Day Rolling Period Pass has a recommended price of \$62 which is \$10 under the regional pass price. The pass is already an option inactive in the ORCA system so all we would have to do is submit the approved price and a go live date.

An added feature is that this pass would also be available on the mobile app Pierce Pay. Through Pierce Pay, this pass would be a 30-day rolling period pass, not tied to a calendar date. Meaning, that the first day a rider uses the pass, the rider then gets 30 days of use, regardless of the date or day on which the rider starts the pass. This is different than ORCA passes which are only valid from the first day of each month until the last day of the month and which cannot be purchased after the 15th day of any given month. The 30-day rolling period pass on Pierce Pay will give riders more flexibility.

On October 8, 2018, the Board of Commissioners held a public hearing on the proposal to implement a discounted Pierce Transit Specific Adult Monthly and 30-Day Rolling Period Pass and received comments. The Community Transportation Advisory Group (CTAG) voiced support for this Pass.

The Agency has also conducted a Title VI Equity Analysis, attached as Exhibit A. For proposed changes that would increase or decrease fares on the entire system, or by fare payment type or fare media, Pierce Transit must analyze any available information generated from ridership surveys indicating whether minority and/or low-income riders are disproportionately more likely to use the mode of service, payment type, or payment media that would be subject to the fare change. In conducting this Title VI Equity Analysis, Pierce Transit used data from the 2017 Customer Satisfaction Survey. There is no disparate impact on minority riders or disproportionate burden on low income riders as those terms are defined by the Federal Transit Administration as a result of this proposed fare change and as a result of using ORCA Cards and Pierce Pay as the fare media.

STAFF RECOMMENDATION:

Staff recommends that the Board of Commissioners approve a Pierce Transit-Specific Adult Pass and 30-Day Rolling Period Pass priced at \$62, effective January 1, 2019.

ALTERNATIVES:

Do not approve a Pierce Transit Specific Adult Pass. This is not recommended for it would not allow us to implement the last primary recommendation from the comprehensive fare study and will make it harder for our riders to afford a pass.

PROPOSED MOTION:

Approve Resolution 2018-043, approving the introduction of a lower-priced Pierce Transit Specific Adult Monthly and 30-day Rolling Period Pass, effective January 1, 2019, and authorizing housekeeping amendments to Pierce Transit Code Section 3.72, Fare Schedule to make fare fees consistent with Board-approved fare policies in substantially the same form as Exhibit B attached hereto.

RESOLUTION NO. 2018-043

1 A RESOLUTION of the Board of Commissioners of Pierce Transit Approving the Introduction of a Lower-Priced
2 Pierce Transit-Specific Adult Monthly and 30-Day Rolling Period Pass, Effective January 1, 2019, and
3 Authorizing Housekeeping Amendments to Pierce Transit Code Section 3.72, Fare Schedule
4

5 WHEREAS, the Revised Code of Washington 36.57A.090 provides the Board of Commissioners the
6 authority to set fares; and

7 WHEREAS, Pierce Transit conducted a comprehensive fare study in 2012 which included focus groups
8 with riders, transit operators and service supervisors; and

9 WHEREAS, results of the study recommended introducing a lower-priced Pierce Transit-specific adult
10 pass to make pass buying within reach of more customers; and

11 WHEREAS, Through Pierce Pay, the Agency can offer a 30-day rolling period pass, not tied to a calendar
12 date which will offer riders greater flexibility. This will allow a rider the benefit of a full 30 days of use, regardless
13 of the date or day on which the rider starts the pass.

14 WHEREAS, staff conducted a Title VI Fare Equity Analysis, attached hereto as Exhibit A, as required by
15 the Federal Transit Administration any fixed-route fare change is made to evaluate the impact of those changes
16 on our minority and low-income riders; and

17 WHEREAS, the fare equity analysis showed that the proposed fare change would have no
18 disproportionate burden on low-income riders nor disparate burden to minority riders; and

19 WHEREAS, Pierce Transit provided public notice, conducted a public hearing on October 8, 2018, and
20 received comments on the proposed fare revisions; and

21 WHEREAS, the chair of Community Transportation Advisory Group (CTAG) spoke at the public hearing
22 and voiced support on behalf of CTAG for the lower-priced Pierce Transit specific adult monthly and rolling 30-
23 day period pass.

24 NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pierce Transit as follows:

25 Section 1. The Board of Commissioners approves the introduction of a lower-priced Pierce Transit
26 Specific Adult Monthly and 30-day Rolling Period Pass, effective January 1, 2019, and

Section 2. The Board of Commissioners authorizes Housekeeping amendments to Pierce Transit Code Section 3.72, Fare Schedule to make fare fees consistent with Board-approved fare policies in substantially the same form as Exhibit B attached hereto.

ADOPTED by the Board of Commissioners of Pierce Transit at their special meeting thereof held on the 15th day of November 2018.

PIERCE TRANSIT

Nancy Henderson, Chair
Board of Commissioners

ATTEST/AUTHENTICATED

Deanne Jacobson, CMC
Clerk of the Board

Pierce Transit

Title VI Fare Equity Analysis

Pursuant to FTA Circular 4702.1B

New Pierce Transit-Specific Adult Monthly Pass

November 6, 2018

PIERCE TRANSIT TITLE VI FARE EQUITY ANALYSIS

TABLE OF CONTENTS

1	INTRODUCTION.....	1
2	BACKGROUND.....	1
2.1	Proposed Fare Changes	1
2.2	Federal Transit Administration Requirements	3
3	TITLE VI POLICIES & DEFINITIONS	4
3.1	Pierce Transit Disparate Impact Policy	4
3.2	Pierce Transit Disproportionate Burden Policy.....	5
4	METHODOLOGY	6
5	EFFECTS OF PROPOSED FARE CHANGES ON MINORITY AND LOW-INCOME RIDERS.....	11
5.1	Disparate Impact Analysis	11
5.2	Disproportionate Burden Analysis	11

PIERCE TRANSIT TITLE VI FARE EQUITY ANALYSIS

1 INTRODUCTION

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving Federal financial assistance. This analysis was conducted in compliance with Federal Transit Administration (FTA) Circular 4702.1B, which requires any FTA recipient serving a population of 200,000 or greater to evaluate any fare change and any major service change at the planning and programming stages to determine whether those changes have a discriminatory impact. This document is an analysis of Pierce Transit's proposed addition of a Pierce Transit specific adult monthly pass.

2 BACKGROUND

2.1 Proposed Fare Changes

Pierce Transit conducted a comprehensive fare review in 2012. The primary recommendations from that review were to: eliminate paper transfers; introduce an all-day pass and introduce a lower-priced Pierce Transit-specific adult pass. The elimination of paper transfers and the introduction of an all-day pass occurred in 2014. The lower-priced Pierce Transit-specific adult pass was recommended due to rider demographics, specifically, household income. Data from the 2017 customer satisfaction survey shows that 60 percent of our riders live in households with annual household incomes of \$25,000 or less. A lower-priced Pierce Transit-specific adult pass will help make the purchase of a monthly pass within the reach of more of our riders.

Currently, the regional adult pass costs \$72 per month. This pass allows unlimited rides for a calendar month on Pierce Transit local service and provides a transfer value toward more expensive rides on regional partner systems (e.g. Sound Transit and King County Metro). Most Pierce Transit riders do not transfer to regional systems. The proposed Pierce Transit-Specific Adult Monthly and 30-Day Rolling Period Pass has a recommended price of \$62 which is \$10 under the regional pass price. This pass has a trip value of \$2.00, which covers the adult fare on Pierce Transit buses. The pass is already an option in the ORCA system so all we would have to do is submit this new price and a go live date.

An added feature is that this pass would also be available on the mobile app Pierce Pay. Through Pierce Pay, this pass would be a 30-day rolling period pass, not tied to a calendar month. Meaning, that the first day a rider uses the pass, the rider then gets 30 consecutive days of use. This is different than ORCA passes which are only valid from the first day of each month until the last day of the month and which cannot be purchased after the 15th day of any given month. The 30-day rolling period pass on Pierce Pay will give riders more flexibility.

A public hearing was held at the October 8, 2018 Board of Commissioners meeting to allow the public to comment on the proposed new monthly pass. The Community Transportation Advisory Group (CTAG) voiced support for this Pass.

This fare equity analysis analyzes whether the addition of a new PT-specific adult monthly pass will have a disparate impact on Pierce Transit's minority riders and/or a disproportionate burden on the agency's low-income riders.

2.2 FEDERAL TRANSIT ADMINISTRATION REQUIREMENTS

FTA requires that its recipients evaluate the impacts of fixed-route fare changes on minority and low-income populations. If the transit provider finds potential disparate impacts or disproportionate burdens and then modifies the proposed changes in order to avoid, minimize or mitigate those impacts, the transit provider must reanalyze the proposed changes in order to determine whether the modifications actually removed the potential disparate impacts or disproportionate burdens of the changes.

If a transit provider chooses not to alter the proposed fare changes despite the disparate impact on minority ridership or disproportionate burden on low-income ridership, or if the transit provider finds, even after the revisions, that minority or low-income riders will continue to bear a disproportionate share of the proposed fare change, the transit provider may implement the fare change only if:

- the transit provider has a substantial legitimate justification for the proposed fare change, **and**
- the transit provider can show that there are no alternatives that would have a less disparate impact on minority riders but would still accomplish the transit provider's legitimate program goals.

If the transit provider determines that a proposed fare change will have a disparate impact or disproportionate burden, the transit provider shall analyze the alternatives to determine whether alternatives exist that would serve the same legitimate objectives but with less of a disparate or disproportionate effect on the basis of race, color, national origin, or income status. Where disparate impacts are identified, the transit provider shall provide a meaningful opportunity for public comment on any proposed mitigation measures, including any less discriminatory alternatives that may be available.

This fare equity analysis analyzes whether the addition of a PT-specific adult monthly pass will have a disparate impact on Pierce Transit's minority riders and/or a disproportionate burden on the agency's low-income riders.

3 TITLE VI POLICIES & DEFINITIONS

Pierce Transit's Board of Commissioners adopted new policies in February 2013 related to Title VI which apply to fare changes: Disparate Impact Policy; and Disproportionate Burden Policy. The requirement for these policies comes from Federal Transit Administration (FTA) Circular 4702.1B, "Title VI Requirements and Guidelines for Federal Transit Administration Recipients" which became effective October 1, 2012. The Circular requires any FTA recipient that operates 50 or more fixed route vehicles in peak service and serving a population of 200,000 persons or greater to evaluate any fare change and any major service change at the planning and programming stages to determine whether those changes have a discriminatory impact.

3.1 Pierce Transit Disparate Impact Policy

The purpose of this policy is to establish a threshold which identifies when adverse effects of a major service change or any fare change are borne disproportionately by minority populations.

A disparate impact occurs when the minority population¹ adversely affected by a fare or service change is ten percent more than the average minority population of Pierce Transit's service area.

(paragraph not relevant to fare changes removed)

If Pierce Transit finds a potential disparate impact, the agency will take steps to avoid, minimize or mitigate impacts and then reanalyze the modified service plan to determine whether the impacts were removed. If Pierce Transit chooses not to alter the proposed changes, the agency may implement the service or fare change if there is substantial legitimate justification for the change AND the agency can show that there are no alternatives that would have less of an impact on the minority population and would still accomplish the agency's legitimate program goals.

¹ **Minority Population** – Persons identifying themselves as a race other than white or of Hispanic origin, self-reported in the U.S. Census.

3.2 Pierce Transit Disproportionate Burden Policy

The purpose of this policy is to establish a threshold which identifies when the adverse effects of a major service change or any fare change are borne disproportionately by low-income² populations.

A disproportionate burden occurs when the low-income population adversely affected by a fare or service change is five percent more than the average low-income population of Pierce Transit's service area.

(paragraph not relevant to fare changes removed)

If Pierce Transit finds a potential disproportionate burden, the agency will take steps to avoid, minimize or mitigate impacts and then reanalyze the modified service plan to determine whether the impacts were removed. If Pierce Transit chooses not to alter the proposed changes, the agency may implement the service or fare change if there is substantial legitimate justification for the change AND the agency can show that there are no alternatives that would have less of an impact on low-income population and would still accomplish the agency's legitimate program goals.

² **Low-Income Population** – Persons reporting as being under the federal household poverty limit as defined by the U.S. Department of Health and Human Services. In 2016 the poverty limit was \$24,563 for a family of four.

4 METHODOLOGY

Staff used data from Pierce Transit's 2017 Customer Satisfaction Survey to assist with the fare equity analysis. This survey of 615 Pierce Transit Riders provides local system-wide representation proportionate to weekday ridership by route and time of day on Pierce Transit's local fixed routes. A two-phase approach was used for data collection. A database of potential respondents was developed through several different outreach methods and were asked to provide contact information – email and/or phone number. Those who provided an email address were initially contacted by email and asked to complete the survey online. To encourage online completes, a \$5 incentive (in the form of a coffee card) was offered. If they did not respond to the email invitation and they also provided a phone number, they were contacted by phone. Customers who only provided a phone number were contacted by phone to complete the survey. Surveys were completed with 615 respondents – 339 online and 276 by telephone. Of those 615 respondents, 506 were riders who paid adult fares. The new monthly PT-specific pass is an adult fare so this group is the primary subject of the analysis in Tables 4-3 and 4-4 below.

Data collection occurred from October 16 through December 3, 2017. The data from the 2017 survey represents the most current data on our riders available to Pierce Transit.

The 2017 survey provides data on the following:

- Trip purpose (commute, school, work, medical, shopping, recreation)
- Payment method (Paper Ticket, Paper Day Pass, Mobile Ticket, Mobile Pass, ORCA Pass, ORCA e-purse, Cash, UPass, Clover Park ID, Other)
- Fare type (Adult, Youth, Senior, Disabled)
- Time of day (peak, mid-day, evening, weekends)
- Routes ridden
- Ridership
 - Very Infrequent (0-2 Trips)
 - Infrequent (3-10 Trips)
 - Moderate (11-20 Trips)
 - Frequent (21-50 Trips)
 - Very Frequent (> 50 Trips)
- Length of time riding Pierce Transit (years)
- Number of transfers
- Overall satisfaction with Pierce Transit (Dissatisfied, Neutral, Satisfied)
 - Comfort/Cleanliness (stops, buses)
 - Drivers

- Personal safety/security
- Transit Centers/Park and Ride lots
- Information
- Customer Service
- Demographics
 - Number of vehicles in household (None, 1, 2+)
 - Driver's license (yes/no)
 - Employment status
 - Length of residency in Pierce County
 - Household size and ages
 - Income (less than \$7.5K, \$7.5-\$15K, \$15K-\$25K, \$25K-\$35K...)
 - Gender
 - Ethnicity
 - Phone type (cell/landline)

The majority of customers surveyed are dependent on Pierce Transit for transportation—that is, they do not have a driver's license and/or access to a vehicle for their personal use. Only two out five customers surveyed in 2017 have a driver's license. Approximately three out of five (59%) customers surveyed have one or more vehicles in their household. However, fewer than half (48%) of those report that the vehicle is available for their personal use. The survey provides valuable information about the demographics of the agency's customers and their fare payment methods. In terms of ethnicity, 40% of Pierce Transit's riders identified themselves as non-white. Sixty percent of riders have annual incomes of less than \$25,000. The US Department of Health and Human Services' poverty threshold is dependent on household size. Table 4-1 below shows these thresholds for the 48 contiguous states and District of Columbia:

TABLE 4-1 2016 FEDERAL POVERTY THRESHOLDS

Size of family unit	Weighted average thresholds	Related children under 18 years								
		None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person (unrelated individual):	\$12,228									
Under age 65.....	\$12,486	\$12,486								
Aged 65 and older.....	\$11,511	\$11,511								
Two people:	\$15,569									
Householder under age 65.....	\$16,151	\$16,072	\$16,543							
Householder aged 65 and older.....	\$14,522	\$14,507	\$16,480							
Three people.....	\$19,105	\$18,774	\$19,318	\$19,337						
Four people.....	\$24,563	\$24,755	\$25,160	\$24,339	\$24,424					
Five people.....	\$29,111	\$29,854	\$30,288	\$29,360	\$28,643	\$28,205				
Six people.....	\$32,928	\$34,337	\$34,473	\$33,763	\$33,082	\$32,070	\$31,470			
Seven people.....	\$37,458	\$39,509	\$39,756	\$38,905	\$38,313	\$37,208	\$35,920	\$34,507		
Eight people.....	\$41,781	\$44,188	\$44,578	\$43,776	\$43,072	\$42,075	\$40,809	\$39,491	\$39,156	
Nine people or more.....	\$49,721	\$53,155	\$53,413	\$52,702	\$52,106	\$51,127	\$49,779	\$48,561	\$48,259	\$46,400

Source: U.S. Census Bureau

Table 4-2 below shows the proposed changes to adult fares, by fare type. No changes are proposed for Youth, or Senior/Disabled fares.

TABLE 4-2 PROPOSED FARE CHANGES

Fare Type	Cost		Change	
	Existing	Proposed	Absolute	Percentage
Adult ORCA Monthly Pass	\$ 72.00	\$ 72.00	\$ -	0%
Adult PT-Specific Pass (30 day rolling)	N/A – new fare	\$ 62.00	N/A – new fare	N/A
Adult Cash	\$ 2.00	\$ 2.00	\$ -	0%
Adult ORCA e-purse	\$ 2.00	\$ 2.00	\$ -	0%
Adult ORCA Regional All-day Pass	\$ 8.00	\$ 8.00	\$ -	0%
Adult Mobile Ticket	\$ 2.00	\$ 2.00	\$ -	0%
Adult Paper One-ride Ticket	\$ 2.00	\$ 2.00	\$ -	0%
Adult Mobile All-day Pass	\$ 5.00	\$ 5.00	\$ -	0%
Youth ORCA Pass	\$ 36.00	\$ 36.00	\$ -	0%
Youth Cash	\$ 1.00	\$ 1.00		
Youth e-purse	\$ 1.00	\$ 1.00	\$ -	0%
Youth Ticket	\$ 1.00	\$ 1.00	\$ -	0%
Senior/Disabled ORCA Pass	\$ 36.00	\$ 36.00	\$ -	0%
Senior/Disabled Cash	\$ 1.00	\$ 1.00		
Senior/Disabled e-purse	\$ 1.00	\$ 1.00	\$ -	0%
Senior/Disabled Ticket	\$ 1.00	\$ 1.00	\$ -	0%

Table 4-3 below provides the data on how Pierce Transit’s adult riders paid their fares. We examine characteristics of adult riders because the new Pierce Transit-Specific Monthly Pass would be an adult fare. Senior, Youth and Disabled fares are not affected.

TABLE 4-3 PIERCE TRANSIT ADULT-FARE RIDERS BY FARE PAYMENT TYPE

Fare Type	Usage by Group (%)					More Likely to Switch to New PT-Specific Monthly Pass?
	All Riders	Minority Riders	Difference (> +10%?)	Low-income Riders	Difference (> +5%?)	
Cash	28.5%	29.2%	0.70%	31.9%	3.40%	No
Paper one-ride ticket	2.0%	1.0%	-1.00%	3.0%	1.00%	No
Paper All-Day Pass	10.1%	10.8%	0.70%	15.3%	5.20%	No
Mobile ticket	3.0%	3.1%	0.10%	2.6%	-0.40%	Yes
Mobile Local All-Day Pass	1.2%	0.0%	-1.20%	1.3%	0.10%	Yes
ORCA Regional All-Day Pass	4.3%	5.1%	0.80%	4.7%	0.40%	Yes
ORCA Monthly Pass	18.0%	20.0%	2.00%	18.3%	0.30%	Yes
ORCA e-purse	21.5%	19.0%	-2.50%	17.4%	-4.10%	Yes
ORCA annual pass	7.9%	7.2%	-0.70%	3.4%	-4.50%	No
UPASS	3.0%	3.6%	0.60%	1.3%	-1.70%	No
Clover Park ID	0.6%	1.0%	0.40%	0.9%	0.30%	No
Total	100%	100%		100%		

TABLE 4-4 PT RIDERS MORE LIKELY TO CONSIDER SWITCHING TO NEW PT-SPECIFIC MONTHLY PASS

Fare Type	Usage by Group (%)				
	All Riders	Minority Riders	Difference (> +10%?)	Low-income Riders	Difference (> +5%?)
Mobile ticket	3.0%	3.1%	0.10%	2.6%	-0.40%
Mobile All-Day Pass	1.2%	0.0%	-1.20%	1.3%	0.10%
ORCA All-Day Pass	4.3%	5.1%	0.80%	4.7%	0.40%
ORCA Monthly Pass	18.0%	20.0%	2.00%	18.3%	0.30%
ORCA e-purse	21.5%	19.0%	-2.50%	17.4%	-4.10%
Total	48%	47%	-0.80%	44%	-3.70%

The data provided in Table 4-3 and 4-4 provides the basis for the equity analysis which is provided below in Section 5.

5 EFFECTS OF PROPOSED FARE CHANGES ON MINORITY AND LOW-INCOME RIDERS

Pierce Transit's Disparate Impact (DI) and Disproportionate Burden (DB) policies are stated such that only fare types and media that are used by more than 10% of minority riders and 5% of the low-income riders could be subject to a finding of DI or DB.

5.1 Disparate Impact Analysis

Pierce Transit's policy (see Section 3.2) states that a disparate impact occurs when the minority population adversely affected by a fare or service change is 10% more than the average minority population of Pierce Transit's service area. In the case of a fare change, the intent of the policy is to compare the difference between the percentage of all riders using that fare type and the percentage of minority riders using that fare type, and to look at whether more minority riders are more impacted by the change than all riders. Table 4-3 provides this data for all current adult fare payment options in the darker green column entitled "Difference > +10%?". However, we are not analyzing changes to existing fares. Since we are analyzing a brand-new fare type, we need to make assumptions regarding which riders would be more likely to consider switching to the new monthly pass. Table 4-4 shows which fare types are assumed to have potential for some of those riders to switch to the new pass; these include riders who currently use: Mobile Ticket, Mobile All-Day Pass, ORCA All-Day Pass, Orca Monthly Pass, and ORCA e-purse. In Table 4-4 where these are grouped, we again look at the darker green column entitled "Difference > +10%". We see that individually and in aggregate, there are no fare types with a difference of greater than 10%, and in aggregate the difference between all riders and minority riders who use these fare types is less than 1%, so there would be no disparate impact to minority riders of the proposed changes.

5.2 Disproportionate Burden Analysis

Pierce Transit's policy states that a disproportionate burden occurs when the low-income population adversely affected by a fare or service change is 5% more than the average low-income population of Pierce Transit's service area. In the case of a fare change, this means that we must examine the difference between the percentage of all riders using that fare type and the percentage of low-income riders using that fare type, and look at whether more low-income riders are more impacted by the change than all riders. Table 4-3 provides this data in the final darker blue shaded column entitled "Difference > +5%?". The Paper All-Day Pass has just over 5% more low-income riders than all adult riders (so any increases to that fare could have a disproportionate burden on low-income riders). However, we are not analyzing changes to existing fares. Since we are analyzing a brand-new fare type, we need to make assumptions regarding which riders would be more likely to consider switching to the new monthly pass. Table 4-4 shows which fare types are assumed to have potential for some of those riders to switch to the new pass; these include riders who currently use: Mobile Ticket, Mobile All-Day Pass, ORCA All-Day Pass, Orca Monthly Pass, and ORCA e-purse. In Table 4-4 where these are grouped, we again look at the darker blue column entitled "Difference > +5%". We see that individually and in aggregate, there are no fare types with a difference of greater than 5%, and in aggregate the difference between all riders and low-income riders who use these fare types is less than 4%, so there would be no disproportionate burden to low-income riders of the proposed changes.

EXHIBIT B

ARTICLE IV. - FARES

Chapter 3.72 - FARE SCHEDULE

Sections:

3.72.010 - Definitions.

As used in this chapter:

- A. "Accompanying companion" means a person who is traveling with a SHUTTLE customer, has the same origin and destination, but does not need to assist the SHUTTLE customer with travel needs.
- B. "All-day pass" means a pass available for purchase on-board Pierce Transit vehicles or loaded on an ORCA card for local fixed route and BUS PLUS service. An all-day pass is valid for unlimited rides on the service day the pass is issued. All-day passes shall have no transfer value on other transit agencies service.
- C. "Board of commissioners" means elected officials appointed by local jurisdictions to the Pierce Transit Board of Commissioners.
- D. "Bus PLUS" means transit services differentiated from fixed route service by customer-initiated deviations from routes or schedules. Bus PLUS service does not require complementary Americans with Disabilities Act (ADA) paratransit service.
- E. "Class pass" means a pass that allows up to thirty people riding together to make a one-day round trip, on local fixed route transit service.
- F. "Disabled person (persons with disabilities)" means any person(s) with a mental, physical, or sensory disability that meets established criteria and has Pierce Transit-approved identification.
- G. "Discounted fare" means the fare offered to senior citizens, persons with disabilities or individuals with a valid Medicare card. A valid regional reduced fare permit is required to obtain the discounted fare.
- H. "Emergency situation" means adverse weather; fire/flood evacuation; threat of explosive devices, or other regional emergencies requiring rapid movement of any group or groups of people.
- I. "Farebox recovery" means the percentage of operating expenses that are met by fares paid by passengers. It is computed by dividing the system's total fare revenue by its total operating expenses.
- J. "Federal law enforcement officer" means a commissioned civilian federal law enforcement agent, as designated by the U.S. Attorney General and/or military police officers.

- K. "Fixed route" means transit service using buses to provide service at designated bus stops along specific routes on set schedules.
- L. "Full-fare" means the fare for riders not specifically designated to qualify for a reduced fare.
- M. —"Personal care attendant" means a person traveling as an aide in order to facilitate travel by a disabled person.
- ~~N~~ "Pierce Transit specific" means fare media that is only valid on Pierce Transit local service, and is not valid for travel and no transfer credit on Community Transit, Everett Transit, King County Metro Transit, Kitsap Transit, Sound Transit.
- ~~NO~~. "Preschool child" means any person five years of age or younger when accompanied by a fare paying passenger.
- ~~OP~~. "Public safety officer" means a person commissioned by any state, county, or municipal law enforcement or fire protection agency.
- ~~PQ~~. "PugetPass" means a regional bus pass valid for travel on Community Transit, Everett Transit, King County Metro Transit, Kitsap Transit, Sound Transit and Pierce Transit. PugetPass prices are set at thirty-six times the trip value of the pass.
- ~~QR~~. "Senior citizen" means any person sixty-five years of age or over with a Pierce Transit-approved identification or a regional reduced fare permit (RRFP).
- ~~RS~~. Service day means the span of service that comprise a day of transit service. Service begins at 3:00 a.m. and ends at 2:59 a.m.
- ~~ST~~. "SHUTTLE" means specialized transportation (paratransit) for persons with disabilities.
- ~~TU~~. "Special event" means any open to the public event of less than thirty days duration expected to attract significant numbers of people.
- ~~UV~~. "Youth" means any person six to eighteen years of age.

Fare policies:

- A. The Pierce Transit Board of Commissioners shall review transit fares at least once every two years.
- B. The fixed route farebox recovery goal shall be twenty percent.
- C. It is the intent of the Agency to achieve parity between its SHUTTLE fare and adult fixed route cash fare over time. The SHUTTLE fare will achieve parity when the ratio of the cash SHUTTLE fare to the cash adult fixed route bus fare is one to one.

3.72.020 - Local fixed route and Bus PLUS cash fares.

- A. The cash fare for full-fare riders shall be two dollars during all hours of operation.
- B. The cash fare for youth riders shall be one dollar during all hours of operation.
- C. The discounted cash fare shall be one dollar during all hours of operation.

3.72.030 - Tickets.

- A. Full-fare tickets shall be two dollars per ticket.
- B. Youth tickets shall be one dollar per ticket.
- C. Discounted tickets shall be one dollar~~s~~ per ticket.
- D. SHUTTLE tickets shall be one dollar and seventy-five cents per ticket.

3.72.040 - Local fixed route and Bus PLUS passes.

- A. Full-fare all-day passes shall be two times the full-fare cash fare plus one dollar.
- B. Youth all-day passes shall be two times the youth cash fare plus fifty cents.
- C. Discounted all-day passes shall be two times the discounted cash fare plus fifty cents.
- D. The full-fare monthly pass (two dollar regional PugetPass) shall be seventy-two dollars.
- E. The youth monthly pass (one dollar regional PugetPass) shall be thirty-six dollars.
- F. The discounted monthly pass (one dollar regional PugetPass) shall be thirty-six dollars.
- G. The Pierce Transit specific discounted monthly pass shall be ~~sixty-three~~~~forty-five~~ dollars.
- H. The Pierce Transit specific adult monthly pass shall be sixty-two dollars (which may be on a thirty (30) day rolling basis only if purchased through the Pierce Pay system).
- IH. The summer youth pass shall be thirty-six dollars for unlimited youth rides during June, July and August. The summer youth pass shall have no transfer value on Olympia Express or Sound Transit services.
- J. The class pass shall be forty-eight dollars.

3.72.050 - SHUTTLE service fares.

- A. The cash fare shall be one dollar and seventy-five cents.
- B. The monthly pass shall be sixty-three dollars.
- C. One personal care attendant traveling with a SHUTTLE customer shall ride for free.
- D. Accompanying companions may travel with SHUTTLE customers for the same fares as described in subsections A. and B. of this section.

3.72.060 - Transfers.

Transfers are allowed for customers using an all-day pass or an ORCA card with e-purse pursuant to ORCA terms of use.

3.72.070 - Free riding privileges.

- A. An unlimited number of children five years of age and under ride free on any Pierce Transit service when accompanied by a responsible fare paying passenger.
- B. General authority Washington peace officers of a general authority Washington law enforcement agency, or fully commissioned federal peace officers may ride Pierce Transit

service without payment of fare provided such officers are in uniform or display their police badge(s) to the transit operator.

C. The board of commissioners of Pierce Transit shall ride free on all Pierce Transit services.

3.72.080 - Special event service.

The fare for special event transit service shall be equal to local fixed route fares for all fare categories. Up to four children, ages 13 and under, may ride free when accompanied by a fare-paying passenger.

3.72.090 - Special express and supplemental service.

The rate for special express and supplemental service shall be based on the local direct hourly rate with a minimum charge of two hours.

3.72.100 - Special rates of fare.

- A. For the purpose of attracting new ridership, relieving congestion, developing marketing strategies, testing prices or experimental service, and implementing other special events, programs or promotions, the chief executive officer may temporarily waive, discount or increase fare, ticket and pass prices. The waiver or discount shall not require the addition of regularly scheduled public transportation services and, in the judgement of the chief executive officer, the value of the program or promotion and the benefit to the public exceeds the expected loss of revenue. The loss in revenue of all such waivers or discounts shall, in the aggregate, be no greater than three hundred thousand dollars annually.
- B. The chief executive officer is authorized to suspend fares at such time an emergency situation is determined to exist.

3.72.110 - Conference and convention visitor passes.

Pierce Transit is authorized to sell special conference and convention visitor passes. The pass per day rate shall be calculated at twice the full-fare cash fare.

3.72.120 - Bicycle locker rental rates.

- A. The chief executive officer is authorized to set bicycle locker rental and key deposit rates at a nominal level which will encourage use, recover some administrative costs and allow for productive management.
- B. Rates will be reviewed annually with thirty days' advance written notice of any rate change sent to all persons renting lockers.

3.72.130 - Vanpool Services—Defined—Fares.

A. Definitions.

1. "Commuter vanpool" is defined as the same group of people who travel round trip per day to and from work. Fares are set by the board of commissioners.
2. "Special use vanpool" is defined as one which serves a finite group of people and which is sponsored by an organization or an agency. Use of this vanpool is usually

limited to that organization's or agency's staff and/or clients. Fares are set by the chief executive officer to include a fixed rate and mileage rate that includes an amount estimated for full or partial recovery of the fixed rate, depending upon how fares are collected.

3. "Shared use vanpool" is defined as supplemental use of a given commuter vanpool which is used during non-commute hours primarily by social service agencies. The vanpool is used during commute hours as a commuter vanpool. Fares will be set by the chief executive officer and will be based on a mileage rate.
 4. "Community use vanpool" is defined as one that serves and is available to all members of a given community or organization for transportation for employees and clients outside a usual commute. Services are not limited to one round trip per day. Fares will be set by the board of commissioners.
 5. "Vanshare" is defined as a service that provides the link connecting commuters from home to established bus, train, or ferry service or from said service to employer. This service will be limited to thirty (30) miles or less round trip per day. The fee is set by the chief executive officer to include a flat rate.
- B. Vanpool fares will be based on recovering a majority of the program's direct operating costs.
- C. Vanpool fares will be reviewed annually with thirty days' advance written notice of any fare change sent to all current vanpool participants.

TITLE: Authority to Award a Three-Year Sole Source Contract with Swiftly to Provide GPS Playback Module, On-Time Performance Module, Vehicle Speed Module, and Runtime Module

DIVISION: Planning & Community Development

SUBMITTED BY: Peter Stackpole, Service Planning Assistant Manager

RELATED ACTION: N/A

ATTACHMENTS: None

RELATION TO STRATEGIC PLAN: Customer

BUDGET INFORMATION

Is it Budgeted? ☐ Yes / ☒ No

Project Name or Number: N/A

☒ Operating Budget

☐ Capital Budget

FUNDING SOURCE:		EXPLANATION:
Local Amount	\$ 143,000	Funding to come from Information Technology operating budget.
Grant/Other Amounts	\$	
Total Expenditure	\$ 143,000	

BACKGROUND:

Staff requests that the Board of Commissioners authorize the CEO to execute a sole source purchase of real time software solutions with Swiftly.

Swiftly will provide real time vehicle tracking for the Pierce Transit fleet through software as a service subscription and support to assure effective management and improvements to the system's reliability. It provides a data platform that will enable Pierce Transit to pinpoint performance issues. It will allow Pierce Transit planners, IT personnel, customer service representatives, and operations staff to visualize and understand system performance, including on-time performance, running times, historical vehicle speed heat maps, live mapping, and route playback.

The platform can combine multiple vehicle position feeds, in real-time, even when those feeds do not contain driver assignment information. This produces higher granularity data to a level not previously accessible. Furthermore, it generates and stores important data attributes, such as on-time performance, actual headways, and scheduled headways for every GPS position update. This will allow Pierce Transit to access the most granular information possible calculated for each GPS coordinate, enabling stop segment-level analysis. Swiftly can work with any vehicle hardware. If Pierce Transit chooses to switch or replace onboard hardware in the future, Swiftly's services will not be impacted. The data feeds Swiftly will provide will be used as the source of record for the vehicle location data feed going out to all apps, websites and developers. This will replace the currently inaccurate data feed

information we are receiving from our CAD/AVL system – this will allow those recipients to display accurate vehicle location information.

Swiftly is the only software solution that is compatible with locational data coming from multiple sources. Swiftly is the only currently-available software solution that will take location data from multiple hardware systems and provide us that data without requiring us to buy proprietary hardware. Other AVL providers require a client to purchase hardware to provide the locational data whereas Swiftly's technology, which simply uses the data produced by existing Pierce Transit locational feeds (e.g., GPS units, Wi-Fi, CAD/AVL, etc.), combines all of them to provide vehicle location and arrival predictions. This function uniquely positions the software to provide a solution now, and in the future, regardless of hardware on the buses.

STAFF RECOMMENDATION:

Based on the above, staff is recommending the Board of Commissioners authorize awarding a sole source contract to Swiftly.

ALTERNATIVES:

Do not proceed with the contract and continue to use current CAD / AVL data realizing that there will be inadequacies and a lack of reliability in producing real-time data.

PROPOSED MOTION:

Authorize the CEO to enter into and execute a sole source contract with Swiftly to provide GPS Playback Module, On-Time Performance Module, Vehicle Speed Module, and Runtime Module in an amount not to exceed \$143,000.

TITLE: Authority for the CEO to Enter into and Execute a Contract with R.C. Zeigler Company, Inc. to Modernize the Elevator in the Pierce Transit Administration Building 4

DIVISION: Finance

SUBMITTED BY: Douglas Dickinson, Sr. Construction Project Manager

RELATED ACTION: N/A

ATTACHMENTS: N/A

RELATION TO STRATEGIC PLAN: Financial

BUDGET INFORMATION

Is it Budgeted? ☒ Yes / ☐ No

Project Name or Number: Project 345 B4 Modifications

☐ Operating Budget

☒ Capital Budget

FUNDING SOURCE:		EXPLANATION:
Local Amount	\$ 91,459.67	Funds for construction are part of the total budget amount of \$1,925,714 for the Building 4 Modification Projects, supported by an FTA grant in the amount of \$1,271,134.
Grant/Other Amounts	\$ 369,838.68	
Total Expenditure	\$ 461,298.35	

BACKGROUND:

The Administrative Building (Building 4) and elevator were constructed in 1985, the elevator is built under American Society of Mechanical Engineer's (ASME) A17.1 1984 code requirements and has been experiencing regular shutdowns where long lead-times are experienced procuring or repairing obsolete or unavailable parts. On March 01, 2018 Pierce Transit executed contract PT-78-17 Building 4 Elevator Modernization with SM Stemper Architects, PLLC, for a pre-modernization evaluation, design document development, and construction support.

An Invitation for Bid (IFB) PT-60-18 was solicited on August 30, 2018 for Building 4 Elevator Modernization to bring the elevator up to current code and to improve its reliability and function. R.C. Ziegler Company, Inc. partnered with ThyssenKrupp Elevator, Inc. and submitted the only bid in the amount of \$421,298.35 including WSST. Staff reviewed the cost with the consulting Architectural company and finds the rates to be fair and reasonable and the proposed vendor to be responsible and able to do this work in a timely manner.

STAFF RECOMMENDATION:

Staff recommends that a contract be authorized to be awarded to R.C. Zeigler Company, Inc. for \$421,298.35 and a project contingency of \$40,000.00 for the B4 Elevator Modernization in a not to exceed amount of \$461,298.35.

ALTERNATIVES:

1. Do not modernize the elevator. This is not recommended; the existing condition of the elevator will continue to degrade and increase the chance of extended breakdowns and/or catastrophic failure.
2. Re-advertise. This alternative is also not recommended. The Seattle/Tacoma area is experiencing a construction boom that has placed stress on the construction work force. In interviews of local elevator companies as to why they did not bid, the answers were a combination of too much work and not enough crews, and the project is too small in this bidding climate.

PROPOSED MOTION:

Authorize the CEO to enter into and execute a construction contract with R.C. Zeigler, Inc., to modernize and improve reliability and function of the Building 4 elevator in an amount not to exceed \$461,298.35.

TITLE: A Resolution Amending the 2018 Capital Budget to Increase the Trolley Replacement Project Budget and Authorizing the Purchase of Three (3) Replacement Trolleys from Schetky Northwest Sales, Inc. and Rescinding Resolution No. 2018-027

DIVISION: Maintenance

SUBMITTED BY: Skip Huck, E.D. of Maintenance

RELATED ACTION:

Resolution No. 2018-027, Amending the 2018 Capital Budget to Increase the Trolley Replacement 2018 Project Budget and Authorizing the Purchase of Three (3) Replacement Trolleys from the Oregon State Contract ODOT Vehicle Contract Crosswalk No. 4729 (adopted August 13, 2018)

ATTACHMENTS: Proposed Resolution

RELATION TO STRATEGIC PLAN: Financial

BUDGET INFORMATION

Is it Budgeted? ☒ Yes / ☐ No

Project Name or Number: Trolley Replacement 2018

☐ Operating Budget

☒ Capital Budget

FUNDING SOURCE:		EXPLANATION:
Local Amount	\$ 939,999	This amendment increases the Trolley Replacement 2018 Project budget by \$81,810 and authorizes the purchase of three (3) Trolley buses. The additional requested funds are available from capital reserves.
Grant/Other Amounts	\$ N/A	
Total Expenditure	\$ 1,021,808.99	

BACKGROUND:

The Board of Commissioners on August 13, 2018, approved Resolution No. 2018-027 that authorized amending the 2018 Capital Budget to increase the Trolley Replacement 2018 Project Budget and authorized the purchase of three (3) replacement trolleys from the Oregon State Contract ODOT Vehicle Contract Crosswalk No. 4729. Shortly after the contract award, it was determined that the Trolleys added to the ODOT contract were not competitively bid and staff determined that it was in the best interest of Pierce Transit to independently procure these trolleys to be in compliance with the Agency's purchasing rules and procedures.

Pierce Transit developed its own specifications and sent Request for Quotes (RFQ) out to six (6) vendors on October 2, 2018. The RFQ was advertised on Pierce Transit's website with quotes due on October 11, 2018. We received three (3) quotes, one (1) from Specialty Vehicles, two (2) from Schetky Northwest Sales, Inc. Schetky Northwest Sales, Inc. submitted a quote for new Trolley's and also submitted a quote for one (1) demo Trolley. The demo Trolley was not

selected as the option list was different from our specifications and would be an odd vehicle. The Trolleys to be purchased are 2019 one-door Low Floor Spirit of America 29', up to twenty-nine (29) passenger vehicles. The pricing is considered to be fair and reasonable. Replacing the vehicles will help mitigate major component failures, downtime, and unplanned maintenance costs.

Staff seeks authority to purchase three (3) replacement Trolley buses all of which will be twenty-nine-foot (29') Spirit of America Diesel Trolleys. The Agency budget for 2018 includes funding for replacement Trolleys. The Trolleys being replaced are 2000 Chance Trolleys (Replacement Policy: 14 years or 280,000 miles). The Trolleys being replaced are 18-years old with an average of 250,000 miles and are consistent with Pierce Transit's Replacement Policy.

STAFF RECOMMENDATION:

Authorize amendment of the 2018 Capital Budget to Increase the Trolley Replacement 2018 Capital Budget and authorize the purchase of three (3) Spirit of America Trolleys from Schetky Northwest Sales, Inc.

ALTERNATIVES:

Do not replace the current trolleys; however, that is not recommended as parts are hard to find and the lifts are no longer made or supported and there are no replacement parts available for purchase. The down time for the current trolleys is more frequent and the ability to source the parts needed for repairs is becoming more difficult.

PROPOSED MOTION:

Approve Resolution No. 2018-044, amending the 2018 Capital Budget to increase the Trolley Replacement 2018 project budget and authorizing the purchase of three (3) replacement trolleys from Schetky Northwest Sales, Inc., and rescinding Resolution No. 2018-027.

RESOLUTION NO. 2018-044

A RESOLUTION of the Board of Commissioners of Pierce Transit Amending the 2018 Capital Budget to Increase the Trolley Replacement Project Budget and Authorizing the Purchase of Three (3) Replacement Trolleys from Schetky Northwest Sales, Inc., and Rescinding Resolution No. 2018-027

WHEREAS, the Agency Budget for 2018 includes the funding for the purchase of three (3) replacement trolleys; and

WHEREAS, the Agency's replacement policy for trolleys is fourteen (14) years or 280,000 miles and the trolleys proposed to be replaced are 18-years old with average mileage of 250,000; and

WHEREAS, Pierce Transit put out a Request for Quotes (RFQ) to purchase the three (3) Replacement Trolley's. Pierce Transit seeks to purchase from Schetky Northwest Sales, Inc.; and

WHEREAS, the previous Resolution No. 2018-027 to purchase three (3) Trolley's from the Oregon State Contract ODOT Vehicle Contract Crosswalk No. 4729 is being rescinded as it was brought to staff attention that the Trolley's that were added to the ODOT contract were not competitively bid.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pierce Transit as follows:

Section 1. The 2018 Capital Budget is herewith amended to increase the Trolley Replacement 2018 Project by \$81,810, from \$939,999 to \$1,021,808.99.

Section 2. The Chief Executive Officer is hereby authorized to purchase three (3) Spirit of America replacement trolleys from Schetky Northwest Sales, Inc. in the total amount of \$1,021,808.99.

Section 3. Resolution No. 2018-027 is hereby rescinded in its entirety.

ADOPTED by the Board of Commissioners of Pierce Transit at their special meeting thereof held on the 15th day of November 2018.

PIERCE TRANSIT

Nancy Henderson, Chair
Board of Commissioners

ATTEST/AUTHENTICATED

Deanne Jacobson, CMC
Clerk of the Board

TITLE: Authorization to Execute a Contract with DCS, Inc., to Purchase and Install Detectors, Collision Avoidance Warning System and an Automatic Emergency Braking System in Support of the Collision Avoidance System Project

DIVISION: Maintenance

SUBMITTED BY: Heidi H. Soule, PMO Manager

RELATED ACTION:

Fact Sheet No. 2018-047, Authorization to Execute a Contract with DCS, Inc. to Install Detectors and an Automatic Emergency Braking System on 30 Buses in Support of the Collision Avoidance System Project.

Fact Sheet No. 2018 – 046, Authorization to Execute a Contract with Rosco Collision Avoidance, Inc. for the Installation of a Collision Avoidance Warning System on 30 Buses.

Resolution 17-048, Authorization to Enter into and Execute an Agreement with Washington State Transit Insurance Pool (WSTIP) for Collision Avoidance System Project.

ATTACHMENTS: None

RELATION TO STRATEGIC PLAN: Financial

BUDGET INFORMATION

Is it Budgeted? ☒ Yes / ☐ No

Project Name or Number: Collision Avoidance System, Project #0518

☐ Operating Budget

☒ Capital Budget

FUNDING SOURCE:		EXPLANATION:
Local Amount	\$ 206,568.02	The contract authorizes the purchase and installation of 30 systems, with an option for up to another 30 if the initial tests prove successful (included in Contingency).
Grant/Other Amounts	\$ 826,272.08	
Contingency	\$ 546,648.09	
Total Expenditure	\$ 1,579,488.19	

BACKGROUND:

Pierce Transit has received an FTA grant as well as partner funding for a research project to test Automatic Emergency Braking (AEB) on buses. Assuming this project is successful, it is expected to improve safety for operators, passengers, pedestrians and bicyclists through accident avoidance and reduce severity of accidents.

This project will install detectors (Light Detection and Ranging - LiDAR) on the outside of thirty 40' buses. These detectors will alert operators of detected pedestrians, bicyclists, etc. and integrate with an AEB deceleration system that will fill the approximately 1/10 second delay between when an imminent danger is discovered to when the operator releases the gas and engages the brake. The project includes installation of this integrated system, pilot testing in non-revenue service, testing in revenue service (if pilot is successful), data gathering and analysis, and knowledge transfer to the transit industry through webinars, conferences, etc.

DCS was a named partner in the competitive grant application process. Another named partner, Rosco, was unwilling to allow their Mobileye (Collision Avoidance Warning System (CAWS)) product to be installed on vehicles equipped with AEB and was unwilling to adhere to FTA clauses. Pierce Transit has received FTA approval and is able to transfer CAWS element of this project to DCS which offers a similar product, so DCS's contract will be revised to include this scope.

STAFF RECOMMENDATION:

Authorize the CEO to enter into and execute a contract with DCS, Inc. for the Collision Avoidance System project.

ALTERNATIVES:

Do not enter contract with DCS, Inc. This is not recommended, as DCS, Inc., is a key partner in this project. If we were to solicit for a different vendor, we would need FTA authorization to do so.

PROPOSED MOTION:

Authorize the CEO to enter into and execute a contract with DCS, Inc., to install detectors, collision avoidance warning system, and an automatic emergency braking system on 30 buses in an amount of \$1,032,840.10 and contingency of \$546,648.09 (which includes an option for 30 additional systems and 10% contingency).

TITLE: A Resolution Authorizing Execution of a Multi-Party Interlocal Cooperation Agreement for Design, Implementation, Operation, and Maintenance of The Next Generation Regional Fare Coordination System (Next Generation ORCA)

DIVISION: Planning & Community Development

SUBMITTED BY: Jay Peterson, Transit Development Manager

RELATED ACTION:

Resolution No. 09-001 Authorizing Execution of an Interlocal Cooperation Agreement for Design, Implementation, Operation, and Maintenance of the Regional Fare Coordination system (ORCA)

ATTACHMENTS:

RELATION TO STRATEGIC PLAN: Customer

Proposed Resolution
Exhibit A, Proposed Interlocal Cooperation Agreement

BUDGET INFORMATION: \$6.1 million

BACKGROUND:

In 2003, Pierce Transit became a party to an Interlocal Agreement (ILA) among seven regional partners for the development of a regional coordinated fare smartcard program. In 2009, Pierce Transit joined the other regional partners in an ILA for the design, implementation, operation and maintenance of the ORCA system.

Due to both the age of the ORCA system and the upcoming end of the current ORCA vendor contract with Vix (December 31, 2022), the participating agencies saw a need to establish a new next generation ORCA system and corresponding ILA. In September 2018, the ORCA Joint Board approved the new ORCA system ILA, attached in the materials found at Exhibit A. The new ILA will be in effect concurrently with the legacy ILA until the expiration of the Vix contract.

Key goals of the new system include: prompt account revalue; eliminating the delay between customers loading value and funds being available; increased flexibility for customers, including multiple fare payment options such as mobile devices, and the ability for the system to evolve with future technology; improved access to ORCA via a mobile app, a customer-oriented web site; and an expanded retail network.

The purpose of the new ILA is to establish the terms under which the ORCA agencies will plan and implement activities necessary to transition from legacy ORCA and will operate the next generation ORCA system. It will also allow approval of vendor contracts that will follow. This agreement, among other things, establishes the framework for the centralized Regional ORCA Operations Team (ROOT) and Regional Service providers, the respective roles and responsibilities of the agencies, the Systems Integrator (SI) and other ORCA vendor contractors, the allocation of revenue collected utilizing the ORCA system, and the agencies' commitments to fund their own and the regionally shared-costs to develop, operate, maintain and update the ORCA system.

The current next generation ORCA schedule shows the transition from legacy ORCA to next generation ORCA in late 2021, with full system cutover occurring in 2022. The total cost for next generation ORCA is approximately \$90 million. Pierce Transit's share is \$6.1 million (6.7 percent).

STAFF RECOMMENDATION:

Staff recommends that the Board of Commissioners approve the next generation ORCA interlocal cooperation agreement.

ALTERNATIVES:

Do not approve the next generation ORCA Interlocal Agreement. This is not recommended for we would lose all the resources already put into next generation ORCA, withdrawing from the agreement subjects us to additional costs, and would result in Pierce Transit effectively withdrawing from the ORCA program.

PROPOSED MOTION:

Approve Resolution 2018-045, authorizing the CEO to enter into and execute a multi-party Interlocal Cooperation Agreement for design, implementation, operation, and maintenance of the next generation regional fare coordination system (next generation ORCA).

RESOLUTION NO. 2018-045

1 A RESOLUTION of the Board of Commissioners of Pierce Transit Authorizing Execution of an Interlocal
2 Cooperation Agreement for Design, Implementation, Operation, and Maintenance of the Next Generation
3 Regional Fare Coordination System (next generation ORCA)
4

5 WHEREAS, in 2003, Pierce Transit became a party to an Interlocal Agreement among seven regional
6 partners for the development of a regional coordinated fare smartcard program; and

7 WHEREAS, in 2009 the Pierce Transit Board of Commissioners approved Resolution 09-001 authorizing
8 execution of an interlocal cooperation agreement for design, implementation, operation, and maintenance of
9 the regional fare Coordination system (ORCA); and

10 WHEREAS, the current legacy ORCA system is antiquated and much of the equipment is past its useful
11 life; and

12 WHEREAS, the current ORCA vendor contract expires on December 31, 2022; and

13 WHEREAS, the participating agencies saw a need to establish a new next generation ORCA interlocal
14 agreement; and

15 WHEREAS, the purpose of the new interlocal agreement is to establish the terms under which the ORCA
16 agencies will plan and implement activities necessary to transition from legacy ORCA and will operate the next
17 generation ORCA system; and

18 WHEREAS, on September 10, 2018, the ORCA Joint Board unanimously approved the proposed
19 Interlocal Cooperation Agreement for Implementation, Operation and Maintenance of the ORCA System found
20 in Exhibit A, to be effective after approval by each agency's governing body.

21 NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pierce Transit as follows:

22 Section 1. The CEO is authorized to enter into and execute an interlocal cooperation agreement for the
23 next generation regional fare coordination system (next generation ORCA) in substantially the same form as the
24 Interlocal Cooperation Agreement for Implementation, Operation and Maintenance of the ORCA System found
25 in Exhibit A attached hereto.

26 ADOPTED by the Board of Commissioners of Pierce Transit at their special meeting thereof held on
27 the 15th day of November 2018.
28

PIERCE TRANSIT

Nancy Henderson, Chair
Board of Commissioners

ATTEST/AUTHENTICATED

Deanne Jacobson, CMC
Clerk of the Board



401 S Jackson
Seattle WA 98104
orcacard.com
888-988-6722

RFCS ORCA Joint Board Memorandum of Decision

Joint Board

Community Transit
Emmett Heath
Chief Executive Officer

Everett Transit
Tom Hingson
Transportation Services Director

King County Metro
John Resha
Assistant General Manager

Kitsap Transit
John Clauson
Executive Director

Pierce Transit
Susan Dreier
Chief Executive Officer

Sound Transit
Michael Harbour
Deputy Chief Executive Officer

WSDOT Ferries Division
Amy Scarton
Assistant Secretary


Meeting Date: September 10, 2018

Subject: Approve the new ORCA System Interlocal Agreement (ILA)

Record of Decision:

The undersigned hereby certifies that at its regular meeting on the above-referenced date, the RFCS ORCA Joint Board, by unanimous vote, approved the new ORCA System Interlocal Agreement and will recommend approval to their individual governing body or council.

Upon confirmation by each ORCA agencies' governing body, the new ILA will be executed by the authorized representatives.


Chair, RFCS ORCA Joint Board

Joint Board Meeting
September 10, 2018

Action: Approve the new ORCA System Interlocal Agreement (ILA)

Purpose: To obtain Joint Board approval of the new ORCA System Interlocal Agreement for the purpose of securing ORCA agencies' individual governing bodies approval and authority for each Joint Board member to execute the ILA.

Once executed, the new ORCA System Interlocal Agreement will be in effect concurrently with the legacy Interlocal Agreement. The legacy ILA will expire once the Vix Contract is terminated. In the event of a dispute, the Joint Board will determine which Interlocal Agreement takes precedent.

Recommendation: The ILA Task Force recommends approval of the new ORCA System Interlocal Agreement.

INTERLOCAL COOPERATION AGREEMENT
FOR IMPLEMENTATION, OPERATION AND MAINTENANCE
OF THE ORCA SYSTEM

[_____, 2018]

**Interlocal Cooperation Agreement
For Implementation, Operation and Maintenance
of the ORCA System**

Table of Contents

	Page
1.0 Background and Purpose.....	4
2.0 Transition Period.....	5
3.0 Definitions.....	6
4.0 Joint Board.....	9
5.0 Regional Operations and Administration	13
6.0 Contract Administration and Management	15
7.0 Individual Agency Responsibilities	18
8.0 Financial Provisions	23
9.0 Fare Revenue	26
10.0 Security.....	29
11.0 Addition of New Parties.....	30
12.0 Intellectual Property	31
13.0 Legal Representation.....	33
14.0 Legal Relations	37
15.0 Termination, Withdrawal and Removal.....	39
16.0 General Provisions.....	41
17.0 Severability	43

Interlocal Cooperation Agreement
For Implementation, Operation and Maintenance
of the ORCA System

This Interlocal Cooperation Agreement for design, implementation, operation and maintenance of the ORCA System is entered into 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, Ferries Division ("Washington State Ferries"), the Pierce County Public Transportation Benefit Area ("Pierce Transit"), the City of Everett ("Everett") and King County ("King County"), individually referred to as an "Agency" and collectively known as "the Agencies" in this Agreement.

RECITALS

- A. The Agencies provide public transportation services within their service areas and as part of such services, collect fares from riders.
- B. 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 payments 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.
- C. The Agencies desire to implement the next generation ORCA System to update the common, non-cash fare system throughout their service areas.
- D. The purpose of this Agreement is to establish the terms under which the Agencies will plan and implement activities necessary to transition from legacy ORCA and will operate the next generation ORCA System. The 2009 "Amended and Restated Interlocal Cooperation Agreement for Design, Implementation, and Maintenance of the Regional Fare Coordination System" will remain in place until termination of the legacy ORCA vendor contract.

NOW, THEREFORE, in consideration of the following terms and conditions and the above recitals which are incorporated into this Agreement and other valuable consideration, the sufficiency of which is hereby acknowledged, the Agencies agree to the above Recitals and the following:

TERMS AND CONDITIONS

1.0 BACKGROUND AND PURPOSE

1.1 Agreement Purposes. This Agreement expresses the common interests of the Agencies for the successful implementation and operation of the ORCA System to encourage the use of public transportation and increased conveniences to the public in the payment of public transportation fares. This Agreement, among other things, establishes the framework for the Regional ORCA Operations Team (ROOT) and Regional Service Providers, the respective roles and responsibilities of the Agencies, the Systems Integrator (SI) and other ORCA Vendor contractors, the allocation of revenue collected utilizing the ORCA System, and the Agencies' commitments to fund their own and the regionally-shared costs to develop, operate, maintain and update the ORCA System.

1.2 Joint Board. The Agencies have created the Joint Board for the purpose of acting in the common good for all Agencies on the matters covered by this Agreement.

1.3 Naming Convention. The Agencies have agreed that the ORCA System will continue use of the trademarked name "ORCA" to inform and educate the public, in marketing materials and documents, and when undertaking other activities related to the ORCA System.

2.0 TRANSITION PERIOD

2.1 Need for Transition Period. The Agencies agree it is necessary to provide for a Transition Period to accommodate the concurrent performance of the final activities related to legacy ORCA and the initial and subsequently on-going operating activities necessary for the ORCA System.

2.2 Need for Regional Staff During Transition. The Agencies acknowledge and agree that during the Transition Period, regional staff will be necessary for development and operations activities for the new ORCA System and concurrently for operations of the legacy ORCA program.

2.3 Resolution Between Agreements. In the event of a conflict between legacy ORCA 2009 ILA and this Agreement, any such conflicts will be resolved by the Joint Board.

3.0 DEFINITIONS

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

3.1 "Agency" or "Agencies" means each of the public transportation agencies that is a party to this Agreement.

3.2 "Agency Business Manager" means the person designated by an Agency to act as the primary point of contact for the Agency and the person authorized to speak for that Agency in matters relating to the ORCA System, unless otherwise provided in this Agreement.

3.3 "Business Account" means an entity other than an individual customer, including, but not limited to, an employer, educational institution or social service agency, that purchases ORCA Cards and/or Products for distribution to its employees, students or other program participants according to the terms of an agreement with a Business Account Lead Agency.

3.4 "Business Account Lead Agency" means an Agency authorized by the Joint Board to enter into agreements with Business Accounts on behalf of itself and other participating Agencies.

3.5 "Central Payments Account" means the payment account(s) maintained by the Regional ORCA Operations Team (ROOT) on behalf of the Agencies for the collection of individual Agency funds and subsequent transmission of payments on behalf of the Agencies to the ORCA Vendors and to Agencies acting as the ROOT or as Regional Service Provider.

3.6 "Change Order" means any written change to the Systems Integrator (SI) or other ORCA Vendor contract terms, conditions, specifications, scope, schedule or price, and may be either bilateral or unilateral.

3.7 "Contract Management" means the post-award management of the SI Contract or other ORCA Vendor contracts to ensure compliance with the terms of the contract by the ORCA Vendors, the ROOT and the Agencies.

3.8 "Contract Documentation" means the contract administration or contract management documentation contained in each contract file maintained by the ROOT Agency on behalf of the Agencies.

3.9 "Day" or "day" means a calendar day unless otherwise expressly provided.

3.10 "Escrow Agreement" means the agreement identifying the terms of the escrow services and any related verification services under the Systems Integrator Contract.

3.11 "Joint Board" means the governing body described in Section 4.0 of this Agreement.

3.12 "ORCA" means the regional fare collection system used by the participating Agencies. ORCA is a trademarked term.

3.13 "ORCA Accounts" means collectively the bank accounts that receive or hold payments made by customers, including Business Accounts, arising from the sales of ORCA Cards and/or ORCA Products, to be held on behalf of or disbursed to the Agencies. Such accounts shall be held in the name of the ROOT Agency.

3.14 "ORCA Capital Budget" means a capital project budget approved by the Joint Board for the regionally-shared ORCA Capital Costs.

3.15 "ORCA Capital Costs" means the actual costs in the ORCA Capital Budget for the development, implementation and any future enhancements to the ORCA System, including but not limited to the costs of ORCA systems and equipment, expansions and replacements. ORCA Capital Costs may consist of both agency-specific costs and regionally-shared costs that are allocated to each agency in accordance with the Capital Budget Policy.

3.16 "ORCA Card(s)" means any fare media or credential that can be presented for payment of fare on participating Agencies' services provided by, and in accordance with the terms established by the Agencies.

3.17 "ORCA Central Payment Gateway" means a single e-commerce application provider service that receives payment data for authorized credit card payments for all Agency sales channels except for Washington State Ferries.

3.18 "ORCA Director" means the employee of the ROOT Agency, approved by and reporting to the Joint Board, who directs and oversees administration, operations and planning of the ORCA System. As used in this Agreement, the term ORCA Director includes any person designated by the ORCA Director to perform a specific task on his or her behalf.

3.19 "ORCA Operating Budget" means the annual budget approved by the Joint Board that contains ORCA Operating Costs as defined in this Agreement.

3.20 "ORCA Operating Costs" means the actual costs of operating and maintaining the ORCA System and equipment that are approved by the Joint Board for cost-sharing among the Agencies in the annual ORCA Operating Budget. ORCA Operating Costs include: (a) the actual labor, material, overhead and other costs of the ROOT and other regional services providers; (b) the shared costs payable to the Systems Integrator (SI) and other ORCA Vendor contractors; and (c) such other operating costs designated and approved for cost-sharing by the Joint Board. ORCA Operating Costs are a component of the regional costs shared by the Agencies according to the ORCA budget policies. Agencies are also responsible for agency-specific operating costs related to that agencies' administration and management of the ORCA System.

3.21 "ORCA Project Team" means the regional program team tasked with design and implementation of the ORCA System.

3.22 "ORCA Product(s)" or "Product(s)" means any transit fare payment option offered for sale within the ORCA System including, but not limited to, monthly or period passes, E-purse, or ORCA Cards.

3.23 "ORCA Steering Committee" (OSC) means the regional Agency committee created to advise and collaborate with the Joint Board, the ORCA Project Team, and the Agency Business Managers on development and implementation of the ORCA System and subsequent ORCA projects.

3.24 "ORCA System" means the equipment, systems, facilities, ORCA Cards, ORCA Products, ORCA websites, data, information, and any products and services implemented by the Agencies using smart cards, open architecture and application-based systems to provide fare payment on participating Agencies' transportation services.

- 3.25 "ORCA Vendor(s)" means any contractor, including the Systems Integrator (SI), other than an Agency, that is retained by authority of the Joint Board and on behalf of all the Agencies to provide goods, legal, financial, technical and other services.
- 3.26 "Participating Agency" means an Agency on whose behalf a Business Account Lead Agency enters into an agreement with a Business Account for the sale of ORCA Cards and/or ORCA Products.
- 3.27 "PCI-DSS" means Payment Card Industry Data Security Standards.
- 3.28 "Regional ORCA Operations Team" or "ROOT" means the centrally-managed dedicated team responsible for planning, administration, management, and operations of the ORCA System.
- 3.29 "Regional Program Manager" means the ORCA Project Team manager responsible for implementation of the ORCA System and for contract administration as described in the SI Contract or other ORCA Vendor contracts.
- 3.30 "Regional Service Providers" means the Agencies designated by the Joint Board to perform regional functions for the ORCA System under Service Level Agreements with ROOT.
- 3.31 "ROOT Agency" means the agency designated by the Joint Board responsible for centralized, regional management, operations and administration of the ORCA System.
- 3.32 "Security Document" means a generic term for either an irrevocable letter of credit or a performance bond depending on the context.
- 3.33 "Service Level Agreement" (SLA) means an agreement that governs functions and performance between the ROOT and each Regional Service Provider or between the ROOT and the Agencies.
- 3.34 "Systems Integrator Contract" (SI) or (SI Contract) means the contract signed by Sound Transit, on behalf of the Agencies, under which the contractor shall design and implement the ORCA System.
- 3.35 "Transition Period" means the period during which both legacy ORCA and the ORCA System operating efforts are undertaken concurrently.

4.0 JOINT BOARD

4.1 Creation of Joint Board. The Joint Board created under the executed 2003 Interlocal Agreement and maintained in the executed 2009 Amended and Restated Interlocal Agreement, remains in effect under this Agreement. By executing this Agreement, the Joint Board shall function as a joint board pursuant to chapter 39.34 RCW. The Joint Board shall serve as the governing, policy-setting body to oversee the activities of the ORCA Director, Regional ORCA Operations Team (ROOT), Agencies, Systems Integrator (SI) and other ORCA Vendor contractors related to the design, implementation, operation and maintenance of the ORCA System, 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 ORCA System.

4.2 Joint Board Members; Quorum. Membership on the Joint Board shall consist of the following Agency officials or their designees, 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 Chief Executive Officer; Kitsap Transit's Executive Director; Pierce Transit's Chief Executive Officer; Everett's Director of Transportation Services; and Washington State Department of Transportation's Assistant Secretary for Ferries' Division. In addition, an Agency may select an alternate representative to participate on the Joint Board during the absence or inability of the designated official to participate. A quorum for a meeting of the Joint Board shall be a majority of the representatives of the Agencies.

4.3 Meeting Procedures. 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 and the frequency of meetings. 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. The Joint Board shall comply with applicable requirements of the Washington State Open Public Meetings Act.

4.4 Authority of Joint Board. The Joint Board is authorized to make decisions and take actions on all matters related to the ORCA System except those matters that require action by the governing boards of the Agencies. At a minimum, such decisions and actions that do not require further action by Agency governing boards include, but are not limited, to the following:

- 4.4.1 Make such decisions and take such actions as are expressly delegated to the Joint Board under this Agreement.
- 4.4.2 Approve changes to, and termination of, the SI Contract and other ORCA Vendor contracts. The Joint Board may delegate to the ORCA Director the authority to make changes to the SI Contract and other ORCA Vendor contracts, within limits established by the Joint Board and subject to the adopted Budget.
- 4.4.3 Approve the ORCA Capital Budget, capital shares methodology, and any budget amendments in accordance with the ORCA Capital Budget Policy.
- 4.4.4 Approve the ORCA Operating Budget, operating shares methodology, and any budget amendments in accordance with the ORCA Operating Budget Policy.
- 4.4.5 Approve revenue allocation formula for all regional ORCA Products.

- 4.4.6 Authorize the ROOT Agency to enter into contracts and make changes to same for designated Regional Services Providers. Provided, however, the Joint Board may delegate to the ORCA Director the authority to enter into contracts and make changes to same, within limits established by the Joint Board and subject to the adopted Budget.
- 4.4.7 Approve the public communication plan for the ORCA System implementation as developed by the ROOT Agency.
- 4.4.8 Consent to an Agency entering into a contract with an ORCA Vendor for a specialized application.
- 4.4.9 Approve the addition of new applications or integrations on ORCA Cards and access to the ORCA System by third parties. It is expressly agreed that no Agency is authorized to perform these activities without prior review by the ROOT Agency and approval of the Joint Board.
- 4.4.10 Appoint or replace an agency designated as a Regional Service Provider.
- 4.4.11 Approve the selection, oversee and review performance, and conduct annual performance review of the ORCA Director.
- 4.4.12 Approve the selection of an acting ORCA Director to fulfill responsibilities during absence or vacancy of the ORCA Director.
- 4.4.13 Adopt and amend a policy on ORCA System funds management to include guidelines designed to maximize return on ORCA funds while ensuring liquidity, under which the ROOT is to manage funds held by it in its role under this Agreement.
- 4.4.14 Authorize purchase of liability insurance with an appropriate deductible to protect the Agencies, provided that the funds to purchase such insurance are available in the ORCA Operating Budget. The insurance carrier or carriers providing such insurance shall be authorized to do business in the state of Washington and each have a Best's rating of no less than A: VIII.
- 4.4.15 Approve or amend all necessary business rules, policies and Service Level Agreements (SLA) under this Agreement, including but not limited to: Business Account Program Policy, Capital Budget Policy, Capital Investment Policy, Operating Budget Policy, Data Security Policy, Incident Response Plan, Records Management Policy, ROOT-Agency SLA and ROOT-Regional Service Provider SLAs.
- 4.4.16 Approve the addition of new parties to this Agreement and the terms and conditions for such addition pursuant to Section 11.0.
- 4.4.17 Approve the terms and conditions for an Agency's withdrawal from this Agreement, pursuant to Section 15.0.
- 4.4.18 Remove an Agency from this Agreement for good cause and establish the payments to be made by the Agency on account of such removal, pursuant to Section 15.0.
- 4.4.19 Conduct or cause to be conducted an annual review of the ORCA System and the performance of any ORCA Vendor.

- 4.4.20 Establish committees and advisory groups to perform activities related to the ORCA System or to provide reports or recommendations to the Joint Board related to the ORCA System.
- 4.4.21 Approve and amend the charter for the ORCA Steering Committee (OSC) outlining the structure, roles, responsibilities and authorities associated with OSC activities during design and implementation of the ORCA System and future ORCA capital projects.
- 4.4.22 Approve and amend the charter for the ORCA Security Committee (OSEC) outlining the structure, roles, responsibilities and authorities associated with OSEC oversight of information security and risk management activities for the ORCA System.
- 4.4.23 Approve, by unanimous vote, the addition of other decisions and actions to those specified below in Subsection 4.5 that 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.
- 4.4.24 Delegate the Joint Board's authority under this Agreement subject to such limitations and conditions as the Joint Board may establish.

4.5 Decision-Making/Voting Process. The Joint Board shall attempt to reach consensus agreement on the decision before it. The Joint Board shall make decisions and take action by voting with each Agency having one vote. Except as provided below, decisions and actions 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:

- 4.5.1 Termination/replacement of the ORCA Director, in accordance with Section 5.0.
- 4.5.2 Termination/replacement of one of the Regional Service Providers.
- 4.5.3 Approval of change orders, provided the amount approved does not exceed the adopted Budget.
- 4.5.4 Determination of the amount of damages and additional costs to be paid by a withdrawing Agency or an Agency removed from this Agreement.
- 4.5.5 Approval of agency-specific purchases of goods and services in accordance with this Agreement.

4.6 Record of Decisions. Except as provided in 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 or acting chair of the Joint Board. A copy of each decision and action shall be distributed to each Joint Board representative and alternate representative within five (5) days of the decision or action.

4.7 Emergency Procedures. Consistent with applicable Washington State law, the Joint Board may adopt procedures for providing direction and decision-making in the event of emergencies that have or may have direct, significant and material negative effects on the operation and maintenance of ORCA and consideration of such emergencies by the Joint Board could not occur in a timely manner, all as determined by the Chair or Vice Chair of the Joint Board. Such procedures may allow expedited

procurement procedures to address the emergency, as may be permitted by Washington State law. Each decision made pursuant to such procedures shall be subject to ratification by the Joint Board in a regular or special meeting within two (2) weeks after the finding of an emergency by the Chair or Vice Chair of the Joint Board.

5.0 REGIONAL OPERATIONS AND ADMINISTRATION

5.1 ORCA Project Team and Duties. The ORCA Project Team is tasked with design and implementation of the ORCA System. The duties and responsibilities of the ORCA Project Team are set forth in the legacy ORCA 2009 Interlocal Agreement as *Exhibit J next generation ORCA Replacement System, Attachment 2 next generation ORCA Program Charter*. The ORCA Steering Committee provides oversight for the ORCA Project Team. Upon transition to operations, the ORCA Project Team will be managed by the ORCA Director and become a part of the Regional ORCA Operations Team (ROOT).

5.2 ORCA Director. The ORCA Director shall serve at the discretion of the Joint Board and will oversee and manage the ROOT. The ORCA Director shall serve under the employment terms and conditions established by the designated Agency who shall nominate and recommend to the Joint Board a person to serve as ORCA Director. The Joint Board, in its sole discretion, may accept or not accept the person recommended by the designated Agency. The designated Agency shall not offer the position of ORCA Director until the Joint Board has approved the recommendation of that person.

5.2.1 ORCA Director Duties. The ORCA Director shall report to the Joint Board and have day-to-day responsibility for the functions and performance of the ORCA System and oversight of the ROOT and the Regional Service Providers as set forth under Service Level Agreements (SLA) adopted by the Joint Board. The ORCA Director shall collaborate with the ORCA Steering Committee, the Agencies and committees established by the Joint Board, and perform other work as may be directed by the Joint Board.

5.2.1.1 The ORCA Director shall work with the ORCA Steering Committee to establish a staffing and operations plans for approval by the Joint Board, and oversee the functions and responsibilities of the ROOT.

5.2.1.2 The ORCA Director shall work with the Agency Business Managers and the ROOT to establish Service Level Agreements for approval by the Joint Board.

5.2.2 Change of ORCA Director. If the Joint Board determines, for whatever reason, that the ORCA System requires a different ORCA Director, the Joint Board shall notify the designated Agency. Such request for removal which shall be subject to the limits and requirements of any personnel or human resources policies and provisions of designated Agency. Subject to such limits and requirements, designated Agency shall then nominate a new ORCA Director who shall be subject to approval of the Joint Board.

5.3 Regional ORCA Operations Team (ROOT). The Joint Board has designated an Agency to perform the functions of the ROOT including budget, change management, finance, operations, planning, security or other functions as may be directed by the Joint Board. The members of the ROOT shall act on behalf of and under the direction of the ORCA Director and under Service Level Agreements approved by the Joint Board. Each member of the ROOT shall serve under the employment terms and conditions established by the ROOT Agency.

5.4 Regional Service Providers. The Joint Board will designate Agencies to perform Regional Service Provider functions under the oversight of the ORCA Director and as set forth in Service Level Agreements adopted by the Joint Board. Changes to the designation of an Agency as a Regional Service Provider must be approved by the Joint Board. The staff of each Regional Service Provider shall serve under the employment terms and conditions established by the Regional Service Provider's agency.

5.5 Protection of ROOT and Regional Service Providers. In consideration of and as an inducement for the work of the ROOT and the Regional Service Providers, the Agencies agree that:

- 5.5.1 The ROOT or Regional Service Providers staff may rely upon any written report (including net settlement reports prepared by an ORCA Vendor), notice, request, direction, consent, order, resolution, certificate, statement, instrument, or other paper or document submitted to the ROOT by an Agency, the ORCA Director, the ORCA Vendors, the Joint Board or its designee, or any bank holding the ORCA Accounts or any Agency account(s), provided the ROOT has a reasonable belief that the document is: (1) genuine; (2) within the submitting entity's authority under this Agreement, the ORCA Vendor's contract or other applicable agreement; and (3) signed or presented by the authorized representative of the submitting entity. Any action taken, suffered or omitted by ROOT based on such reliance shall be deemed to have been done in good faith for purposes of Section 5.6 below. For purposes of this section an "authorized representative" of an Agency is the person identified by the Agency Business Manager as the person authorized by the Agency to communicate with the ROOT. For purposes of this section, a "written" report, notice, request, direction, consent, order, resolution, certificate, statement, instrument, or other document may be delivered to the ROOT online or by email.
- 5.5.2 The ROOT or any Regional Service Provider may consult with counsel engaged by its Agency (whether in-house or external) and independent certified public accountants from time to time, and reliance on the written advice of such counsel or accountants with respect to any action taken, suffered or omitted by the ROOT shall be deemed to be in good faith and subject to the provisions of Subsection 5.5.1 above.
- 5.5.3 The ROOT or any Regional Service Provider staff shall be under no obligation to perform any functions or activities not provided for under this Agreement unless (a) the Joint Board has authorized such function or activity; and (b) the Agencies provide to the ROOT and Regional Service Providers such security or indemnity as is reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in the performance of such function or activity.

5.6 Indemnity of the ROOT and Regional Service Providers by Agencies. The Agencies, including the Agency appointed as the ROOT or as a Regional Services Provider, acting in its capacity as an "Agency", hereby agree to defend, indemnify and hold harmless the designated Agency and its officers, directors and employees for and against, any lawsuits, claims, actions, loss, liability or expense arising out of or in connection with the ROOT or Regional Service Providers' acts or omissions in the performance of the duties under this Agreement, except to the extent such lawsuits, claims, actions, loss, liability or expense arises from the ROOT or Regional Service Providers' gross negligence, bad faith, or willful misconduct. This defense and indemnity shall be the joint obligation of all the Agencies and all costs incurred by them to perform the obligations of this Section 5.6 shall be shared by all the Agencies, including the agencies appointed as the ROOT or Regional Service Provider, in accordance with the cost-sharing percentages that were in effect at the time of the ROOT or Regional Service Provider acts that are entitled to the Agencies' indemnity hereunder.

The provisions of this Section 5.6 shall survive the termination of this Agreement or the earlier resignation or removal of the agency designated as the ROOT or as a Regional Service Provider.

6.0 CONTRACT ADMINISTRATION AND MANAGEMENT

6.1 Authority to Execute and Administer Contracts. The Regional ORCA Operations Team (ROOT) Agency is duly authorized to award, execute and modify contracts with the Systems Integrator (SI) and with other ORCA Vendors. Said contracts provide that no Agency shall be liable to the contractors for more than its applicable percentage share, of the total amounts due the contractors.

The ROOT Agency shall solicit proposals and bids and award and administer the SI and other ORCA Vendor contracts related to the ORCA System within the budgets adopted by the Joint Board. The ROOT Agency shall follow its established procurement policies and procedures, and unless otherwise approved by the Joint Board, and shall be responsible for administration of such contracts.

6.2 Contract Administration and Management. The Agencies agree it is essential to have efficient processes and procedures for administering contracts with the SI and other ORCA Vendors. This Section 6.0 describes the general contract administration and management activities and actions that are to be managed or taken by the ORCA Director, the ROOT Agency, the Regional Program Manager, or by the Agencies. The Agencies intend that the authorities of the ROOT 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 the ROOT Agency may have specific policies and practices related to contract administration that are different from the other Agencies.

- 6.2.1 The ORCA Director shall make all decisions except those decisions identified in this Agreement that are made by the Joint Board or governing bodies of the Agencies consistent with the level of monetary expenditure authorized by the Joint Board. The ORCA Director, ROOT contract management staff, and the ORCA Project Team, will monitor the performance of ORCA Vendor contracts and maintain a contract management system that ensures that the contractors perform in accordance with the terms, conditions and specifications of their contracts.
- 6.2.2 The Agencies acknowledge that it is essential the contract administration and management staff and the ORCA Project Team serve as communication conduit with the SI or other ORCA Vendors. The Agencies and members of the Joint Board shall refrain from communicating directly with the SI or other ORCA Vendors, unless specifically designated by the ORCA Director or Regional Program Manager. However, each Agency may communicate directly with ORCA Vendors as necessary for specialized applications or Agency-specific integrations.
- 6.2.3 The SI and other ORCA Vendor contracts shall be administered by the ORCA Project Team's Regional Program Manager during the development and implementation of the ORCA System and by the ORCA Director after transition to operations.
- 6.2.4 Contract Documentation for SI and other ORCA Vendors contracts will be maintained by the ROOT Agency on behalf of the Agencies. Any Agency may request copies of the Contract Documentation. If an Agency receives a public disclosure request for any of the materials in the Contract Documentation, the Agency will forward the request to the ORCA Director, who shall administer the request in accordance with the ORCA Public Records Disclosure Policy.
- 6.2.5 The ORCA Director may delegate specific activities required to perform contract administration or contract management functions to various members of the ROOT.

6.3 Change Orders. Prior to transition to operations, the Regional Program Manager shall manage Change Orders on behalf of the Agencies. After transition to operations, the ORCA Director shall manage Change Orders under a Service Level Agreement approved by the Joint Board.

6.3.1 The ORCA Director shall notify each Agency of any approved Change Orders and amendments. Each Agency delegates to the ORCA Director its authority to negotiate and approve Change Orders, so long as each Change Order does not exceed \$250,000 and does not exceed the approved budget.

6.3.2 The ORCA Director may request the Joint Board authorize a Change Order that exceeds \$250,000. The Joint Board may authorize additional amounts at levels it deems appropriate provided the approved budget is not exceeded.

6.4 Deliverables under ORCA Vendor Contracts. Approval of contract deliverables shall be described and managed under Service Level Agreement between the ROOT and the Agencies.

6.5 Claims against ORCA Vendors. The ROOT Agency has the authority to file a claim against or seek damages from an ORCA Vendor during the term of the contract. In the event an Agency identifies a cause for a claim, that Agency shall notify the ORCA Director. The ROOT contract management staff shall follow provisions under the applicable ORCA Vendor contract for any claims, damages or delays.

6.6 ROOT Agency; Indemnity. Each Agency agrees to defend, indemnify and hold the ROOT harmless, in its capacity as an individual Agency, for any costs that may be subsequently disallowed for grant reimbursement due to any differences between the ROOT Agency'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 ORCA System.

6.7 Specialized Applications; Indemnity. "Specialized applications" related to the ORCA System and developed by an Agency through the SI or other ORCA Vendors are applications that benefit one or more Agencies but are not integral to the ORCA System, as determined by the Joint Board.

6.7.1 An Agency seeking to develop specialized applications shall enter into individual contracts with the SI Contractor or other ORCA Vendors 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 ORCA System. Any revenue received from a specialized application shall be allocated solely to the Agency that paid for the specialized application.

6.7.2 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 for specialized applications with the SI or other ORCA Vendor.

6.8 Other Agency Consultant Contracts. Each Agency may sign and administer individual consultant contracts for the performance of ORCA System tasks unique to such Agency that are not covered by SI or other ORCA Vendor contracts. An Agency entering into such 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 development or operations of the ORCA System.

6.9 Individual Consultant Contract Procurement; Indemnity. To the extent an Agency (the "contracting Agency") enters into such an individual consultant contract by using the procurement process conducted for ORCA Vendor contracts by another Agency (the "procuring Agency"), the contracting Agency thereby accepts the procuring Agency's competitive selection process for the purpose of entering into the contracting Agency's contract and hereby agrees to defend, indemnify and hold the procuring Agency 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 ORCA Vendor contracts.

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.

6.10 No Authority Except As Expressly Granted. Each Agency agrees that it shall not exert or purport to possess authority with regard to the ORCA System not expressly provided under this Agreement.

7.0 INDIVIDUAL AGENCY RESPONSIBILITIES

7.1 General Responsibilities. In addition to, and not in limitation of other Agency performance requirements contained in this Agreement, each Agency shall take the following actions consistent with the provisions of this Agreement.

- 7.1.1 Comply with the terms of this Agreement and any policies, business rules, Service Level Agreements or guidelines adopted by the Joint Board including, but not limited to, those regarding business accounts, change management, data and system security, data management, finance, operations, privacy, and public disclosure.
- 7.1.2 Designate an Agency Business Manager to act as a single point of contact for the Agency to work with the Regional ORCA Operations Team (ROOT) to ensure full and timely performance of all Agency responsibilities under this Agreement.
- 7.1.3 Designate an ORCA Steering Committee representative for activities associated with design and implementation of the ORCA System and design and implementation of future changes to the ORCA System.
- 7.1.4 Designate and direct Agency representatives to participate in regional committees as may be established by the Joint Board, or in meetings with the ROOT, Systems Integrator (SI) or other ORCA Vendors, representatives of other Agencies, and any combination of such parties.
- 7.1.5 Comply with the business rules for fare collection and customer services practices, as may be adopted or amended by the Joint Board.
- 7.1.6 Continue to set its own fares and fare policies provided they are consistent with the provisions and practices set forth in this Agreement or business rules established by the Joint Board.
- 7.1.7 Respond to public disclosure requests as required by the Public Disclosure Act (RCW 42.56 *et seq.*), and coordinate Agency responses with other Agencies and the ROOT pursuant to the guidelines adopted by the Joint Board.
- 7.1.8 Maintain individual Agency bank accounts as outlined in the system design and as may be required by the ROOT to facilitate timely transfer of revenue allocations based on sales and use of ORCA Cards and/or ORCA Products.
- 7.1.9 Provide authorization to the ROOT to direct the movement of funds among the ORCA Accounts and the Agency's bank account(s) for the purposes of fare revenue settlement ("Settlement Account").
- 7.1.10 Provide authorization to Internet gateway processors and other service providers as necessary for the authorization and processing of internet sales transactions.
- 7.1.11 For agencies requiring a non-centralized processor, establish merchant agreements with banks and system-designated gateway processors for acceptance and processing of credit and debit card transactions. Such Agency shall accept the risk of loss regarding cash, check, and credit/debit card transactions: (a) processed at the Agency's customer

service office; (b) processed at the Agency's call center; and (c) under a Business Account Agreement when acting as the Business Account Lead Agency.

- 7.1.12 Comply with Generally Accepted Accounting Principles (GAAP), methods prescribed by the Washington State Auditor and business rules established by the Joint Board in accounting for assets, liabilities, resources and expenditures related to the ORCA System.
- 7.1.13 Allow access to facilities and records and/or conduct annual audits in accordance with GAAP and Generally Accepted Auditing Standards (GAAS); report audit concerns to the ROOT.
- 7.1.14 Collect, report and pay any taxes applicable to transactions that are processed by the Agency. Each Agency shall indemnify, defend and hold harmless other Agencies from claims, judgments and penalties of any kind and for all cost incurred (including attorney fees) as a result of the Agency's non-compliance with this subsection.
- 7.1.15 Agree to address all "user control considerations" identified in the Service Organization Controls (SOC) diagnostic review performed by an external auditor and implement such control activities or risk mitigation recommendations made in future external auditor engagements for the ROOT or SI Contractor.
- 7.1.16 Maintain insurance, or if self-insured, adequate reserves to respond to potential issues that arise through the course of the operation of the ORCA System. 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 ORCA System 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.

7.2 Security.

- 7.2.1 Adequately manage the security of the Agency's portions of the system, and collectively, the ORCA System, including (but not limited to) the Payment Card Industry Data Security Standard (PCI-DSS), as evaluated against the version that is enforceable during the compliance period being assessed.
- 7.2.2 Incorporate and follow best security practices, the applicable standards at the point in time, in the operation and maintenance of the Agency's respective portions of the ORCA System.
- 7.2.3 Comply with the provisions of business rules and data security policies adopted by the Joint Board.

7.3 Networks, Equipment and Software.

- 7.3.1 Comply with preventative maintenance programs as outlined in the SI or other ORCA Vendor contracts and in operations and maintenance manuals provided by the contractor.
- 7.3.2 Monitor the Agency's networks, equipment, and software related to the ORCA System and take such reporting and corrective measures as are required under the business rules and policies adopted by the Joint Board.
- 7.3.3 Provide to the ORCA Director requested information relating to, and take requested actions required for, the administration and enforcement of warranties on all ORCA-related equipment, hardware and software.
- 7.3.4 Maintain equipment and equipment inventory, warranty and repair records and provide reports as requested by the ORCA Vendors or the ORCA Director to monitor overall system and component reliability, identify regional trends in equipment failures.
- 7.3.5 Comply with the processes and requirements set out by the ORCA Vendors and the ORCA Director to submit requests for authorizing return of equipment and return of defective equipment.
- 7.3.6 Comply with the process set out by the ORCA Director for the submission of documentation to receive ORCA Vendor reimbursement, if applicable, for the cost of removing, replacing and returning defective equipment.
- 7.3.7 Maintain an inventory of spare ORCA System equipment adequate to have sufficient quantities available for the Agency's ORCA operations at all times.

7.4 System Operations.

- 7.4.1 As applicable, provide and maintain communication lines, wireless communications infrastructure, routers and switches connecting locations, including, but not limited to Agency facilities, as necessary for data transmittal for the ORCA System.
- 7.4.2 Repair and reinstate communications networks to maintain an adequate level of network availability as needed to support operation of the ORCA System, as set forth in the Service Level Agreement with the ROOT and as adopted by the Joint Board.
- 7.4.3 Train, or provide training for Agency personnel on operation and maintenance of the ORCA System, consistent in content with those of other Agencies and based on training materials developed by ORCA Vendors.
- 7.4.4 Allow ORCA Vendors to access Agency equipment and facilities for the performance of development, installation, operation and maintenance functions under applicable contracts; provided that the ORCA Vendor shall comply with the Agency's security policies, procedures and requirements including applicable labor agreements.
- 7.4.5 Submit requests to modify the ORCA System following the change management process as set forth in Service Level Agreement with the ROOT and as adopted by the Joint Board.

No changes shall be implemented except through the established change management process.

- 7.4.6 Coordinate fare table and service data updates with other Agencies in accordance with rules established by the ROOT and approved by the Joint Board, and provide such updates in advance per prescribed time lines as may be required by the ORCA Director and the ORCA Vendors to support regional testing prior to deployment into the ORCA System.
- 7.4.7 Ensure operating staff use ORCA components in accordance with published training and operating procedures. Take remedial action and provide supplemental training as required to be in compliance with published training and operating procedures.
- 7.4.8 Establish and maintain procedures and responsibilities for handling incidents and emergencies related to the ORCA System; and provide a designated contact available within two (2) hours' notice to respond to such incidents and emergencies.
- 7.4.9 In coordination with the ROOT, develop, maintain and periodically exercise an Agency business continuity plan to be activated in the event of substantial or complete failure of the ORCA System. Support the ROOT in coordination with the SI Contractor and other ORCA Vendors in the event of the need to recover from such failures.
- 7.4.10 Maintain records of any disciplinary action taken against an employee resulting from willful or negligent misuse or mishandling of ORCA equipment or data, and, as appropriate, notify the ORCA Director of any ORCA System impacts that may result.
- 7.4.11 Make no changes or modifications to any ORCA component, software or ORCA Vendor-provided documentation (other than Agency-customized training materials) without approval from the ROOT.

7.5 Customer Services.

- 7.5.1 If applicable, issue ORCA Cards and/or load ORCA Products for ORCA customers on behalf of all of the Agencies in accordance with the business rules adopted by the Joint Board.
- 7.5.2 Assist in the development and implementation of uniform agreements to be used in the ORCA System, including but not limited to agreements used by Business Account Lead Agencies.
- 7.5.3 Respond to all customer inquiries and transaction requests related to ORCA functionality regardless of the services actually used by the customer. Direct the customer to other Agencies for assistance.
- 7.5.4 As applicable, participate in the ORCA regional call center operations.

7.6 Agency Duties under ORCA Vendor Contracts. The Agencies have additional responsibilities that are set forth in the Systems Integrator Contract and will or may be set forth in other ORCA Vendor contracts. The Agencies shall apprise themselves of the terms and conditions of all ORCA Vendor contracts and take all necessary and appropriate actions to fulfill all responsibilities, whether described in this Agreement, in the SI or other ORCA Vendor contracts. In the event that the Agency believes that

there is a conflict between its responsibilities described in this Agreement and those ORCA Vendor contracts, the Agency shall bring said conflict to the attention of the ORCA Director. In the event the matter is not resolved, it shall be referred to the ORCA Steering Committee, and if still not resolved, to the Joint Board for resolution. The Agency shall abide by the decision of the Joint Board.

7.7 Agencies Serving as Business Account Lead Agencies. An Agency may act as a Business Account Agreement Lead Agency or Participating Agency subject as specified in the Business Account Program Policy adopted by the Joint Board, and under business rules adopted by the Joint Board.

8.0 FINANCIAL PROVISIONS

8.1 General Provisions. By entering into this Agreement, each Agency agrees to pay the capital and operating costs of the ORCA System for the duration of the System Integrator (SI) Contract or other ORCA Vendor contracts.

8.1.1 Utilization Period. Having invested in the development and implementation of the ORCA System, the Agencies are committed to utilizing the system for at least eleven (11) years. By entering into this Agreement, each Agency agrees to fund its own agency-specific costs and to pay its percentage of regionally-shared costs.

8.1.2 ORCA Program Costs. ORCA Program Costs will include agency-specific costs and regionally-shared costs as approved by the Joint Board. Agency-specific costs shall be budgeted and managed by the individual Agencies incurring those costs.

8.1.3 Uncompensated Contributions. The cost of goods and services which benefit all Agencies, when provided by an Agency and designated as uncompensated contributions, will not be considered regionally-shared costs. Provided, however, an Agency may terminate any contribution designated as such after providing written notice to the other Agencies at least eighteen (18) months in advance of the budget year in which the termination will take effect.

8.2 ORCA Capital Budget. The ORCA Project Team manager shall prepare for approval the project scope and capital budget that includes the ORCA Capital Costs for the design, development, testing and implementation of the replacement ORCA System. For ORCA System enhancements and capital projects, the ORCA Director in coordination with the ROOT and Agency Business Managers shall prepare project scope and capital budget for approval by the Joint Board.

8.3 Capital Shares. The regional cost sharing methodology for calculating percentage shares to be paid by each Agency, is described in the ORCA Capital Budget Policy, as adopted by the Joint Board. The capital shares for each project phase shall not be subject to revision, unless approved by the Joint Board, or as necessary to accommodate the addition of a new Agency, or the withdrawal or removal of an Agency from this Agreement.

8.4 ORCA Operating Budget. The ORCA Director, in coordination with the ROOT and Agency Business Managers, will prepare each annual ORCA Operating Budget with the regionally-shared costs for the following year, for approval by the Joint Board by June 1 or such other date as may be established by the Joint Board. Amendments to the adopted ORCA Operating Budget will be submitted to the ORCA Director for approval by the Joint Board. The ORCA Director is responsible for monitoring expenses to ensure that any changes required to the adopted Budget are approved by the Joint Board prior to the commitment of funds in excess of the adopted annual budget.

8.5 Operating Shares. The regional cost sharing methodology for calculating percentage shares to be paid by each Agency for regionally-shared operating costs are set forth in the ORCA Operating Budget Policy, as adopted by the Joint Board.

8.6 Budget Amendments. Any amendment to the ORCA Capital Budget or ORCA Operating Budget shall be subject to approval by Joint Board and subject to the amounts committed by each Agency.

8.7 System Investments. For capital investments such as software revisions, enhanced functionality, expansion, enhancements, replacement and repair, approved by the Joint Board as regionally-shared

costs, the capital percentage shares shall be calculated and agreed to by the Joint Board for capital projects.

8.8 Bill payment and invoicing.

- 8.8.1 Pursuant to RCW 39.34.030 (4)(b), the Joint Board shall establish a special fund(s) account(s) with the ROOT Agency on behalf of all the Agencies. The ROOT shall establish a Central Payments Account and process payments on behalf of the participating Agencies from that account. One or more of the Agencies may, at their own expense, audit the performance of the financial services provided by the ROOT under this Agreement. Upon reasonable notice, during normal working hours, ROOT staff shall provide such Agency auditors access to its facilities for copying the records of its actions and decisions while performing financial services as the ROOT.
- 8.8.2 Each Agency agrees to make payments promptly, and consistent with the deadlines set forth in business procedures established by the ROOT Agency.
- 8.8.3 The cost of agency-specific goods and services and any other agency-specific costs shall be fully paid by the requesting Agency in addition to its cost sharing commitment under this Agreement. The Agency will coordinate the payment of invoices for agency-specific costs owed to an ORCA Vendor, with the ORCA Director as necessary.
- 8.8.4 The ROOT shall not be obliged to disburse funds from the Central Payment Account unless balances in the account are sufficient to cover the disbursement. In the event that one or more agencies do not remit within the prescribed timeframes, the ROOT may disburse to an ORCA Vendor up to the amounts received in respect of that vendor's invoice (also referred to as short payment of vendor invoice).
- 8.8.5 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. 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 regionally-shared 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 ORCA Operating Budget. Any costs incurred to seek the judgment and recover costs will be charged in full against the responsible Agency.

8.9 Security Documents. The Agencies agree that the Agency executing the SI Contract or other ORCA Vendor contracts, shall be named as the sole beneficiary on any Security Documents as defined in and provided by the ORCA Vendors under the applicable vendor contract. In the event the designated Agency makes a draw on a Security Document in accordance with an ORCA Vendor contract, 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.

8.10 Retainage. If a retainage account is created in place of a Security Document, the Agencies authorize the ROOT to manage the retainage account in the manner provided under the SI or other ORCA Vendor contracts. In the event the Joint Board authorizes a withdrawal of funds from the retainage account, the ROOT shall transfer the funds to the Central Payments Account 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 withdrawal is made.

8.11 Business Account Lead Agencies. Business Account Lead Agencies may elect to have business account invoicing handled centrally by the ROOT. For a Business Account whose invoicing is handled through the Lead Agency with which it has entered into a Business Account agreement, the Business Account Lead Agency is responsible for collecting such payments in compliance with established settlement rules.

8.12 Transition Period.

8.12.1 The Transition Period shall commence when the Systems Integrator's back-office becomes the system of record and ends at Final System Acceptance.

8.12.2 During the Transition Period, the ORCA Capital Budget and ORCA Operating Budget for the ORCA System will be in effect concurrently with the legacy ORCA Operating Budget. In the event that there is a question as to which budget applies to a given cost, the Joint Board will make the determination.

9.0 FARE REVENUE

9.1 Revenue Apportionment. All revenue received from ORCA sales will be distributed from ORCA Accounts held by the Regional ORCA Operations Team (ROOT) in accordance with the following:

- 9.1.1 Revenue received from the sale of products usable only on a single Agency's transportation service shall be remitted to that Agency.
- 9.1.2 Revenue received from the sale of E-purse value will be deposited to the E-purse Account held by the ROOT on behalf of the Agencies and shall be distributed to each Agency according to the use made of said E-purse value for payment of fare for travel on each Agency's transportation services.
- 9.1.3 Revenue received from the sale of regional pass products valid on multiple Agencies shall be distributed among those participating Agencies in proportion to the total value of the transportation services used on each Agency during the pass validity period.
- 9.1.4 Revenue received from the sale of Business Passport products which are valid on multiple Agencies shall be distributed among those Agencies based on the pricing methodology selected by the business entity contracting for transit services.
- 9.1.5 An Agency may submit a claim for fare revenue not distributed to it through the revenue apportionment process. A claim shall state the reason the Agency believes it is entitled to the revenue claimed and shall be supported by documentation. All claims will be reviewed by a committee established by the Joint Board, which shall make a recommendation to the ORCA Director. If a claim is approved by the ORCA Director, it will be processed by the ROOT Agency.

9.2 Funds Settlement.

- 9.2.1 Each Agency shall establish a Settlement Account pursuant to Section 7.1.9. Each Agency shall establish an automated clearinghouse (ACH) authorization with its own bank to allow the transfer of funds to and from each Agency's Settlement Account and the ORCA Accounts held by the ROOT, and authorize the ROOT to initiate daily net settlements between the various Agency accounts and the ORCA Accounts pursuant to Section 8.0. Agencies shall designate the bank accounts that will be used in the net settlement process, and establish the ACH authorization as outlined in Section 8.0 of this Agreement.
- 9.2.2 The Agencies acknowledge that the ROOT will use a net daily settlement process to simplify and reduce the number of transfers necessary to accomplish reconciliation.
 - 9.2.2.1 Revenues received from sales of pass products will be distributed to the Agencies' accounts approximately thirty (30) days after the end of the month in which the pass was valid.
 - 9.2.2.2 Revenues received from sales of E-purse will be distributed to the Agencies' bank accounts approximately three (3) days after the value was used for fare payment. Transactions involving transfers between Agencies will be subject to a reapportionment process thirty (30) days following the transaction.

9.3 Transactions Not Related to Public Transportation. The provisions of this Agreement assume that all load and use transactions related to the ORCA System are related to public transportation.

9.4 Sales Transactions Processing. Except as otherwise specified below, the ROOT shall be the merchant of record for all sales of ORCA Cards and ORCA Products processed through the ORCA Central Payment Gateway. Credit or debit card fees charged for all transactions processed through the ORCA Central Payment Gateway will be regional costs, shared by the participating agencies in accordance with applicable operating shares.

9.4.1 Agency sales channels include:

- 9.4.1.1 Over-the-counter Transactions. For the purchase of products at Agency customer service offices using credit or debit cards will be processed through the ORCA Central Payment Gateway with the exception of sales processed by Washington State Ferries. If an Agency receives payment for ORCA Cards and/or ORCA Products in the form of cash, check, or money order, the Agency shall deposit such payments into the Agency's Settlement Account for allocation under this Agreement. The transacting Agency shall bear the risk of fraud, dishonored checks for insufficient funds.
- 9.4.1.2 Vending Machine (VM) Transactions. For the purchase of products at vending machines using credit or debit card will be processed through the ORCA Central Payment Gateway. Payments made in the form of cash shall be deposited into the account held by the ROOT using an armored car revenue services agency.
- 9.4.1.3 Call Center Transactions. For the purchase of products at Agency call centers, using credit or debit cards, will be processed through the ORCA Central Payment Gateway.
- 9.4.1.4 Mail Transactions. The Regional Service Provider operating the Regional Mail Center will process all mail transactions. Payments for ORCA Cards or Products using credit or debit cards will be processed using the ORCA Central Payment Gateway. If an Agency receives payment for ORCA Cards and/or ORCA Products in the form of cash, check, or money order, the Agency shall deposit such payments into the Agency's Settlement Account for allocation under this Agreement. The transacting Agency shall bear the risk of fraud, dishonored checks for insufficient funds.
- 9.4.1.5 Website and Mobile Application Transactions. Transactions for the purchase of products on the ORCA Website or Mobile Application, including Autoload transactions, using credit or debit cards will be processed through the ORCA Central Payment Gateway.

9.4.2 Sales channels processed outside of the ORCA Central Payment Gateway include:

- 9.4.2.1 Washington State Ferries. WSF shall act as the merchant of record for all transactions processed at WSF terminals. Credit or debit card fees charged to WSF for over-the-counter transactions are the responsibility of WSF. In addition, WSF shall bear the risk of fraud, including chargebacks, unless WSF transfers the risk to its merchant bank.

9.4.2.2 Retail Network Provider. Per terms of the agreement with the Retail Network provider agreement, the retail providers shall be the merchant of record, including bearing responsibility for credit/debit card fees and any other fees and the risk of fraud, dishonored checks for insufficient funds and other payment reversals and failures, including chargebacks, for transactions occurring on its premises.

10.0 SECURITY

10.1 Committee Charter. The ORCA Security Committee Charter, as adopted by the Joint Board per Section 4.0, outlines the structure, roles, responsibilities and authorities associated to the ORCA Security Committee (OSEC). The OSEC is tasked with the oversight of information security and risk management activities for the ORCA System.

10.2 Regional Security Engineer. Under the Regional ORCA Operations Team (ROOT), the Regional Security Engineer (RSE) will serve as the technical expert representing the Agencies in the technical evaluation of all proposed actions and activities that may have an impact on the security of the ORCA System. Duties and responsibilities of the RSE will be described under the Service Level Agreement between the ROOT and the Agencies.

11.0 ADDITION OF NEW PARTIES

The Joint Board may approve the addition of new parties to this Agreement and the terms and conditions for such addition. New parties may include full partner agencies, affiliate agencies, or other third parties. Notwithstanding the foregoing, new parties shall be admitted under the following conditions. Any charge assessed to a new party shall be allocated among the original Agencies according to the capital shares applicable during the development and implementation of the ORCA System.

11.1 Full partner agencies will have financial and operating obligations as stated below. Rights of a full partner agency include representation at the Joint Board with equal voting rights as well as full access to the ORCA System and reporting.

11.1.1 A full partner agency shall (1) pay for its equipment and for all additional costs of integration into the ORCA System, (2) be assessed a charge to recover a share of the planning, design and implementation costs incurred by the originating Agencies, and (3) pay a prorate share of annual operations and maintenance costs.

11.1.2 A full partner agency shall (1) provide for an Agency Business Manager, (2) participate in regional committees and the regional call center, and (3) operate an ORCA customer service office if applicable.

11.2 Affiliate agencies must be sponsored by a current Agency and will have financial and operating obligations as stated below. The affiliate agency will receive their apportioned revenues and any applicable reports provided by the sponsoring agency.

11.2.1 An affiliate agency shall pay for (1) its equipment and for all additional costs of integration into the ORCA System, (2) an entry fee into the ORCA System, and (3) a monthly fee to defray regional costs.

11.2.2 An affiliate agency shall operate any ORCA equipment in accordance with the requirements of the sponsoring agency and the ORCA System.

11.3 Other third parties shall be admitted under policies established by the Joint Board.

12.0 INTELLECTUAL PROPERTY

12.1 Use of Terms from System Integrator (SI) or ORCA Vendor Contracts. The capitalized terms used in this section shall have the same meanings as have been given those terms in the SI Contract or in other ORCA vendor contracts. In addition, for purposes of this Agreement, the terms "intellectual property" and "IP" shall include the ORCA-related trademarks that have been or will be registered by the Regional ORCA Operations Team (ROOT).

12.2 Exercise of Agency License Rights. Each Agency agrees that it will exercise its license rights in accordance with the license provisions of the SI Contract as regards any intellectual property provided under said SI Contract ("IP"), including Contract Deliverables, IP of Contractor, INIT Software, Third Party Software and Technical Data related to all such IP.

12.3 Installation of Additional Applications. Each Agency that desires to install additional applications onto its ORCA devices shall, in conjunction with the ORCA Director, obtain the SI or other ORCA Vendor certification in accordance with the process outlined in the vendor contract prior to installing such additional applications.

12.4 Agency Protection of Intellectual Property. Each Agency shall take reasonable measures, to the extent required by the SI or other ORCA Vendor contracts, and other provisions of this Agreement, 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 SI or other ORCA Vendor contracts. Such measures shall include (a) restricting access to such IP and IP materials to those of its employees with a reasonable need to know; (b) requiring such employees to sign a nondisclosure agreement; (c) requiring any permitted third parties to sign nondisclosure agreements requiring that they also undertake reasonable protection measures; (d) promptly enforcing any violations of such agreements; (e) copying, using and licensing others to use ORCA-related trademarks only in accordance with policies and rules established by the Joint Board; and (f) reporting any violations to the ORCA Director as soon as is practicable.

12.5 Agency Protection of Use Data. Each Agency shall comply with such policies and procedures as are established by the Joint Board regarding retention and disclosure of use data and use data reports.

12.6 Escrow Fees. Each Agency shall pay its share of the fees related to the escrow agreements, which will be in effect during the term of the SI Contract. During development and implementation of the ORCA System, the Agencies' shall pay the escrow fee per the capital shares. For subsequent years, an Agencies' share of the annual escrow fees shall be paid per the operating shares in effect for that year.

12.7 No Assignment of IP. Notwithstanding any provision in the SI or other ORCA Vendor contracts or this Agreement, each Agency agrees that it shall not grant or transfer any rights in IP related to the ORCA System without the written approval of the ORCA Director.

12.8 IP Indemnity. 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 12.0 or the SI or other ORCA Vendor contracts.

12.9 Termination of IP License; Termination of Agreement. In the event of an Agency's withdrawal or removal from this Agreement, the Agency shall deliver to the ORCA Director, and relinquish its license

rights in, all IP created or provided for the ORCA System except to the extent such IP (a) was created or provided solely for the use or benefit of the withdrawing Agency; or (b) constitutes Third Party IP individually licensed to 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.

12.10 Survival of Provisions. The provisions of this Section 12.0 shall survive and remain applicable to the Agencies notwithstanding any termination or expiration of this Agreement and notwithstanding an Agency's withdrawal or removal from this Agreement. However, an Agency shall obtain no rights to any IP created after an Agency withdraws or is removed from this Agreement.

13.0 LEGAL REPRESENTATION

13.1 General.

- 13.1.1 Legal services related to the ORCA System may be obtained from various sources, including without limitation:
- 13.1.1.1 Staff of the designated Regional ORCA Operations Team (ROOT) may be advised and represented by lawyer(s) of the ROOT Agency in accordance with Subsection 13.2;
 - 13.1.1.2 Staff of a designated Regional Service Provider may be advised and represented by lawyer(s) of the Regional Service Provider in accordance with Subsection 13.3;
 - 13.1.1.3 The Joint Board may retain legal counsel in accordance with Subsection 13.3;
 - 13.1.1.4 The Agencies may jointly retain legal counsel in accordance with Subsection 13.4; or
 - 13.1.1.5 Each Agency's legal counsel may provide advice to all the Agencies on a particular matter.
- 13.1.2 Notwithstanding the possible provision of legal services in connection with the Agencies' common interests as provided by one or more of the lawyers identified in Subsection 13.1.1, nothing in this Agreement shall preclude an Agency from employing or retaining its own lawyer to advise and represent it in relation to its individual interests.
- 13.1.3 The Agencies expect they will share common interests on matters related to the ORCA System. In order to avoid duplication of effort and costs for legal services needed in support of their common interests, the Agencies desire to be able to share the legal services provided by their various lawyers, without any waiver of confidentiality doctrines and privileges with respect to persons or entities other than the Agencies. Absent a conflict of interest between any of the Agencies on a specific matter, the Agencies may request that lawyer(s) representing one or more of the Agencies also represent the common interests of all Agencies. In such instances, the Agencies agree that communications related to their common interests, whether to, from or between lawyers representing one or more of the Agencies, may be shared on a confidential and privileged basis among each Agency's Joint Board representatives, lawyers, and employees (whether employees of the Agency acting in its individual capacity or in its capacity as the ROOT or as a Regional Service Provider), to the same extent as privileged or other confidential communications with the Agency's own lawyer. Failure to mark a communication as "confidential" shall not constitute a waiver of any confidentiality doctrines and privileges.
- 13.1.4 Each Agency and any of its Joint Board representatives, lawyers, and employees that are privy to communications to and from any lawyer employed or retained by one or more Agencies, as described in Subsection 13.1.1, and related to the ORCA System shall treat such communication, if marked as "confidential," as privileged and confidential unless the privilege is waived by action of the Joint Board or disclosure is otherwise required under

law. This obligation to maintain communications with a lawyer as privileged and confidential shall survive: (a) any termination of this Agreement; (b) any withdrawal from this Agreement by an Agency; (c) any involuntary removal of an Agency under this Agreement; (d) any removal and/or replacement of the ORCA Director and his/her staff; and (d) any withdrawal or termination of such lawyer, including but not limited to withdrawals or terminations due to conflicts of interest.

- 13.1.5 Any lawyer providing legal services to the Joint Board, the ROOT, a Regional Service Provider or all the Agencies is subject to the Rules of Professional Conduct (RPC) including but not limited to Rule 1.7, which provides that a lawyer must decline or withdraw from representation that involves a conflict of interest unless the affected clients provide informed, written consents for the lawyer to undertake or continue the representation. In the event a conflict of interest or potential conflict of interest is perceived to exist between any of the Agencies, the lawyer shall not continue to provide legal services on such matter to the Joint Board, a Regional Service Provider or all the Agencies unless and until the perceived conflict or potential conflict has been resolved. The Agencies shall endeavor to expeditiously resolve any real or potential conflicts of interest to enable such lawyer to resume provision of legal services to the Joint Board, the ROOT, a Regional Service Provider or all the Agencies. The resolution of a conflict may require the Agencies to sign informed consents in accordance with the RPC. In the event not all of the Agencies are willing to sign informed consents in accordance with the RPC, the Agencies understand and agree that representation by the a lawyer on the matter in conflict shall cease.

13.2 Legal Counsel for Staff Assigned to the ROOT or Regional Service Providers.

- 13.2.1 Unless legal services are obtained from other sources pursuant to Subsection 13.1.1, the staff assigned to perform the functions of the ROOT or of a Regional Service Provider may obtain legal services from that Agency's lawyer(s) as part of the support provided by that Agency. Such services shall include but are not limited to advising on contract administration, change orders and claims; drafting and reviewing documents; research and advice on applicable statutes and regulations; and advising on responses to requests for disclosure of public records. In the event a person assigned to perform the functions of the ROOT or of a Regional Service Provider perceives that the Agencies are not in accord on how to proceed on matter and he/she is not able to reach consensus among all the Agency representatives, he/she shall submit the question or proposed action to the Joint Board for resolution prior to acting.
- 13.2.2 Because the staff assigned to perform the functions of the ROOT or the Regional Service Provider are responsible for supporting the common interests of the Agencies as expressed in this Agreement and as determined by the Joint Board, the Agencies expect that their interests will be unified on matters for which such persons seek legal services. Accordingly, each Agency agrees that the provision of legal services by a lawyer to the staff assigned to perform the functions of a Regional Service Provider shall be considered a matter involving the Agencies' common interests. Subject to the provisions of Subsection 13.3.3 below, the Agencies waive any actual or potential conflicts as against the ROOT or Regional Service Provider and its lawyer with regard to the representation of the common interests of all the Agencies by said ROOT or Regional Service Provider's lawyer. Notwithstanding the foregoing, an Agency that is also the ROOT or a Regional Service Provider may employ its lawyer to advise and represent the Agency, individually and not jointly, on matters related to the ORCA System unless a conflict arises that is not

waived by the Agencies and the lawyer cannot represent the ROOT or the Regional Service Provider without violating his/her duties under the professional rules.

- 13.2.3 All attorney-client communications between such lawyer and the staff assigned to perform the functions of the ROOT or the Regional Service Provider shall be available to the Joint Board members and each Agency on a privileged and confidential basis and may be shared among the Agencies as if they were a single entity vis-a-vis any other person or entity. Such communications may be shared, subject to the restrictions in Subsections 13.1.3, 13.1.4 and 13.1.5.

13.3 Legal Counsel for the Joint Board.

- 13.3.1 The Joint Board may from time to time retain a lawyer to provide it, as a board, with legal services related to the ORCA System, including but not limited to matters related to the duties and obligations of the Joint Board, the ROOT or the Regional Service Provider. Any agreement for such Joint Board legal services shall be entered into by all of the Agencies. The ROOT shall administer the payment process for such services in accordance with Section 8.0 and in accordance with the Budget established by the Joint Board. The Agencies shall share the costs of such legal services in accordance with the percentages in effect at the time the services are performed, as determined in accordance with the budget policy adopted by the Joint Board.
- 13.3.2 Each Agency expressly acknowledges and agrees that such lawyer shall have the obligation to represent the joint interests of the Agencies as expressed in this Agreement and as determined by the Joint Board in accordance with this Agreement. Each individual Agency, and its Joint Board representative(s), shall be considered to have a client relationship with said lawyer but the Agencies acknowledge and agree that they share a joint client relationship with the other Agencies and are not entitled to, and shall not seek, individual advice or representation from such lawyer.
- 13.3.3 Specific requests for legal services shall be made to such lawyer by the Joint Board's chair, vice-chair or other Board member designated to be the Joint Board's point of contact. All attorney-client communications between such lawyer and one or more Joint Board members shall be available to the other Joint Board members and each Agency on a privileged and confidential basis and may be shared among the Agencies as if they were a single entity vis-à-vis any other person or entity. Such communications may be shared, subject to the restrictions in Subsection 13.1.3, 13.1.4 and 13.1.5.
- 13.3.4 Any lawyer retained, or proposed to be retained, for the provision of legal services to the Joint Board is subject to the Rules of Professional Conduct (RPC) including but not limited to Rule 1.7, which provides that a lawyer must decline or withdraw from representation that involves a conflict of interest unless the affected clients provide informed, written consents for the lawyer to undertake or continue the representation. In the event a conflict of interest or potential conflict of interest is perceived to exist between any of the Agencies with regard to a matter covered by this Agreement, and not all of the Agencies are willing to sign informed consents in accordance with the RPC, the Agencies understand and agree that representation by the Joint Board's lawyer on the matter in conflict shall cease. Each Agency, individually or in combination with one or more other Agencies not in conflict, may obtain legal advice and representation from another lawyer on such matter at their own expense and outside of this Agreement.

13.4 Representation of Agencies in Contested Matters. In the event one or more of the Agencies is the subject of a lawsuit, complaint or other contested matter, the Joint Board will determine whether the matter affects the common interests of all the Agencies. The Joint Board may determine in its sole discretion whether joint or separate representation is desirable and approve a budget for joint representation on such matters. Where joint representation is authorized, the Joint Board may designate a Joint Board member or an Agency representative to supervise the lawyer retained to represent the Agencies. Communications between the lawyer, the Joint Board and the Agencies on the matter will be conducted in a manner consistent with Subsection 13.1 and 13.2.

13.5 No Liability. Notwithstanding any provision of this Agreement to the contrary, the Agencies agree to hold each other harmless from and against any and all claims, demands, lawsuits or liability of any kind arising out of the acts or omissions of a lawyer employed or retained to provide joint representation of all Agencies including without limitation a lawyer for the ROOT or Regional Service Provider, on a matter related to the ORCA System.

14.0 LEGAL RELATIONS

14.1 No Third-Party Beneficiaries, Joint Venture or Partnership. It is understood and agreed that this Agreement is solely for the benefit of the Agencies and gives no right to any other person or 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 for any purpose, including, but not limited to, for withholding of taxes, payment of benefits, worker's compensation pursuant to Title 51 RCW, or any other rights or privileges accorded by virtue of their employment. No Agency assumes any responsibility for the payment of any compensation fees, wages, benefits or taxes to or on behalf of any other Agency's employees.

14.2 Legal Compliance. 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.

14.3 General Indemnity to Other Agencies. Except as otherwise provided in Section 5.0 for the Regional ORCA Operations Team (ROOT) or in the capacity of a Regional Service Provider, each Agency, to the maximum extent permitted by law, 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 intentional or negligent acts or omissions of the indemnifying Agency, its contractors (other than the SI or other ORCA Vendor contractors), and/or employees, agents, and representatives related to 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 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.

14.4 Claims by Third Parties. In the event a person or entity not party to this Agreement, other than the Federal Transit Administration, submits a claim relating to or pertaining to this Agreement to the Agencies or any individual Agency for costs, damages or liabilities of any kind pursuant to the such third party's contract with the Agencies or an Agency, or in tort or any other legal theory, or based on the actions of the ROOT or a Regional Service Provider, 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.

14.5 Waiver of Consequential and Certain Other Damages. Notwithstanding any provision of this Agreement, the Agencies waive all claims against each other (and against each other's officers, directors, employees, managers, members, shareholders, parent company, affiliates, contractors (other than the SI Contractor), subcontractors, consultants, agents, suppliers and vendors) for any consequential, incidental, indirect, special, exemplary or punitive damages (including, but not limited to, loss of actual or anticipated profits, revenues or product, loss by reason of shutdown or non-operation; increased expense of operation, borrowing or financing; loss of use; or increased cost of capital), and regardless of whether any such claim arises out of breach of contract, guarantee or warranty, tort, product liability, indemnity, contribution, strict liability or any other legal theory. Any consequential, incidental, indirect, special, exemplary or punitive damages incurred by any Agency in relation to a third party shall, for all purposes of this Agreement, be deemed consequential, incidental, indirect, special, exemplary or punitive damages in relation to any claim brought by an Agency against any other Agency under this Agreement. Further, this waiver of consequential, incidental, indirect, special, exemplary or punitive damages shall extend to claims against any Agency arising from its role as the ROOT or as a Regional Service Provider.

14.6 Specific Performance. In the event an Agency fails to perform an obligation under this Agreement, the other Agencies or any one of them 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.

14.7 No Obligation for Other Agency Employees except as Stated. 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.

14.8 Preservation of Rights and Remedies. The Agencies' rights and remedies under this Agreement are in addition to any other rights and remedies provided by law.

14.9 Survival of Provisions. The provisions of this Section 14.0 shall survive and remain applicable to each of the Agencies notwithstanding any termination or expiration of this Agreement and notwithstanding an Agency's withdrawal or removal from this Agreement.

15.0 TERMINATION, WITHDRAWAL AND REMOVAL

15.1 Termination by Joint Board. The Joint Board may terminate this Agreement in its entirety by the unanimous affirmative vote of all Agency representatives.

15.2 Notice of Agency Withdrawal. In the event that an Agency believes it has cause to withdraw from this Agreement and terminate its participation in the Systems Integrator (SI) or other ORCA Vendor contracts, it shall give written notice to the Joint Board, which shall include the following information, as a minimum:

- 15.2.1 An explanation of the circumstances causing the Agency to believe withdrawal is necessary;
- 15.2.2 A description of the probable impacts on the other Agencies from the withdrawal;
- 15.2.3 A description of the probable impacts to the scope, schedule and budget of the SI or other ORCA Vendor contracts;
- 15.2.4 A description of the alternatives to withdrawal that have been evaluated by the Agency; and
- 15.2.5 A proposed withdrawal work plan that will identify all necessary actions which need to be undertaken to effect the withdrawal.

15.3 Joint Board Action on Proposed Withdrawal. 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 thirty (30) days of its special meeting, which shall be presented to the withdrawing Agency's governing board. This report shall include as a minimum:

- 15.3.1 A description of the estimated impacts on the Agencies, separately and as a whole, from the withdrawal;
- 15.3.2 A description of the estimated impacts to the scope, schedule and budget of the SI or other ORCA Vendor contracts, including the costs to modify the ORCA System to effect such withdrawal as well as costs that will need to be re-apportioned to the remaining Agencies;
- 15.3.3 A description of the alternatives to withdrawal that have been evaluated by the Agency and the Joint Board;
- 15.3.4 A recommendation regarding either:
 - 15.3.4.1 A proposed withdrawal work plan that will identify all necessary actions which need to be undertaken to effect the withdrawal; or
 - 15.3.4.2 Proposed alternatives to the withdrawal.

15.4 Agency Decision on Withdrawal. 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.

15.5 Retention of Cost Obligations and Damages. In addition to being liable for its share of ORCA System costs, to and including the effective date of withdrawal, the withdrawing Agency shall be solely liable for actual damages and additional costs to the other Agencies arising out of or resulting from such withdrawal. 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 elsewhere in this Agreement. The withdrawing Agency shall pay the amount within ninety (90) days after the effective date of withdrawal.

15.6 Dealings with ORCA Vendors upon Withdrawal. No Agency shall communicate a notice of termination to an ORCA Vendor prior to the Joint Board's and Agency governing boards' completion of the processes set forth in this Section 15.0. Following approval from the Joint Board, the ORCA Director shall communicate to the ORCA Vendor such Agency's notice of termination.

15.7 Involuntary Removal of Agency. Notwithstanding the voluntary withdrawal and termination provisions in Subsections 15.3 through 15.7, the Joint Board may, for cause, remove an Agency and terminate the Agency's rights to participate in the ORCA System. Cause may include, but is not limited to, failure to act in good faith in participating in the Joint Board and willful, arbitrary failure to approve and appropriate funds necessary to pay the Agency's share of the costs under this Agreement. If an Agency brings a charge against another Agency under this Subsection 15.7, neither the Agency bringing the charge nor the Agency against which the charge is brought shall have any voting rights on the issues raised before the Joint Board. To remove an Agency under this Subsection 15.7, there shall be a unanimous vote in support of removal by all Agency representatives to the Joint Board, except for the representatives of the charging and charged Agencies. An Agency that is removed from the ORCA System under this Subsection 15.7 shall pay such costs as may be assessed by the Joint Board taking into account all costs to the other Agencies caused by, arising out of or resulting from such removal.

16.0 GENERAL PROVISIONS

16.1 Effective Date. This Agreement shall take effect on the date when all Agencies have signed the Agreement and shall remain in effect unless terminated in accordance with the provisions of Section 15.0.

16.2 Filing of Agreement. 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 or, alternatively, listed by subject on an Agency's web site or other electronically retrievable public source.

16.3 Time of the Essence. The Agencies recognize that time is of the essence in the performance of the provisions of this Agreement.

16.4 Agencies Not Relieved of Statutory Obligation. 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.

16.5 Nondiscrimination. The Agencies shall comply with the nondiscrimination requirements under federal and state laws, regulations and grants applicable to the ORCA System. Nondiscrimination requirements shall include, but not be limited to, contractors, consultants and other third party vendors engaged on the ORCA System.

16.6 Reservation of Rights under Previous Agreements. 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 ORCA System. This Agreement shall not be construed in derogation of any such rights, powers, privileges, authority, liabilities, obligations and duties.

16.7 No Waiver. 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 of 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.

16.8 No Assignment. No Agency shall transfer or assign a portion or all of its responsibilities or rights under this Agreement, except with the prior authorization of the Joint Board.

16.9 Maintenance of Records; Right of Access to Records. Each Agency, when acting in its individual capacity and when acting as the Regional ORCA Operations Team (ROOT) or as a Regional Service Provider, shall establish and maintain accounts, and keep records and documents, as required by state law and grant provisions and in accordance with such policies, procedures and retention schedules as are established by the Joint Board. The ORCA Director will advise the Joint Board of what records need to be retained by individual Agencies, the ROOT and Regional Service Providers. Any accounts, records and documents related to matters under this Agreement shall be subject to inspection, review or audit by the Joint Board or any Agency.

16.10 Public Disclosure. Each Agency shall be responsible for responding to public disclosure requests addressed to the specific Agency in accordance with the Public Disclosure Act (RCW 42.56) and such procedures as may be established by the Joint Board.

16.11 Ownership of Tangible Property. 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 withdraws or is terminated from participation in this Agreement or if this Agreement is terminated, the Agency shall retain all property purchased by it or interests in property to the extent it has paid its share of the costs. Disputes about ownership of property shall be presented to the Joint Board.

16.12 Dispute Resolution. 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, except as expressly set out elsewhere in this Agreement where referral to the Joint Board is required for final resolution, 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.

16.13 Amendment Only In Writing. This Agreement may only be amended by a written amendment that is approved by each Agency's governing board.

16.14 Notices. Notices, demands or other written communications required under this Agreement shall be submitted to the ORCA Director to be given to other Agencies, the Joint Board or both the Joint Board and other Agencies. Notice shall be in writing and addressed to the Joint Board, Agency or Agencies for whom it is intended. The ORCA Director will maintain and distribute the title and address specific to the Joint Board and the Agencies. The Joint Board representative, the Chief Executive Officer or other similar position within an Agency may change the title and address specific to the Joint Board or that Agency, by sending written notice to the ORCA Director, who will notify the Joint Board and all other Agencies.

16.15 Choice of Law; Venue. 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.

16.16 Limitation of Action by Third Parties. This Agreement is made and entered into for the sole protection and benefit of the Agencies hereto and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

16.17 Integration. 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.

16.18 Counterparts. This Agreement shall be executed in counterparts, any one of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

17.0 SEVERABILITY

If any of the provisions of this Agreement are held to be invalid, illegal or unenforceable in whole or in part by a court of competent jurisdiction, the remaining provisions or portions thereof 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 space provided below.

Central Puget Sound Regional Transit Authority

By: _____
Michael Harbour
Deputy Chief Executive Officer

Date: _____

City of Everett

By: _____
Cassie Franklin
Mayor

Date: _____

King County

By: _____
John Resha
Assistant General Manager

Date: _____

Kitsap County Public Transportation Benefit Area

By: _____
John W. Clauson
Executive Director

Date: _____

Pierce County Public Transportation Benefit Area

By: _____
Susan Dreier
Chief Executive Officer

Date: _____

Snohomish County Public Transportation Benefit Area

By: _____
Emmett Heath
Chief Executive Officer

Date: _____

Washington State Ferries, acting through the Washington State Department of Transportation Ferries Division

By: _____
Amy Scarton
Assistant Secretary

Date: _____

TITLE: Authorizing the Execution of Amendment No. 1 to Extend the Sound Transit (ST) Express Bus Service Operations And Maintenance Contract For One-Year Through December 31, 2019 Which Includes a Revised Cost Allocation Model (CAM)

DIVISION: Service Delivery & Support

SUBMITTED BY: Mike Griffus, Executive Director, Service Delivery and Support

RELATED ACTION:

Resolution No 15-038, Sound Transit Express Bus Service Operating and Maintenance Agreement

ATTACHMENTS:

Proposed Resolution
Exhibit A, Proposed Amendment No. 1

RELATION TO STRATEGIC PLAN: Financial

BUDGET INFORMATION: Estimated increase in revenue of \$6 million/year, retroactive to January 1, 2018

BACKGROUND:

Pierce Transit (PT) operates and maintains a significant portion of Sound Transit's regional bus fleet in accordance with the terms of the Interagency Agreement for Sound Transit Express Bus Service Operations and Maintenance ("the Agreement") that the Board of Commissioners approved on June 8, 2015 which was extended through 2018 with an option to extend one-year to December 31, 2019. Pierce Transit and Sound Transit have maintained an interagency agreement for the operation of Regional Express Bus Operations and Maintenance for many years. In 2017, Pierce Transit began discussions with Sound Transit about adjusting the method by which Pierce Transit's compensation should be adjusted under the Cost Allocation Model (CAM) to more fairly compensate Pierce Transit for the cost of our work. The Cost Allocation Model (CAM) allocates costs for all ST Express bus service and for other Pierce Transit services. In 2017, the Parties agreed that the following year, they would reach agreement on changes to how the CAM is calculated and utilized and that any change to the CAM would be retroactive to January 1, 2018. Staff from Pierce Transit and Sound Transit have since negotiated an Amendment to the Agreement that establishes a fair and reasonable service agreement that ensures high quality service while providing equitable compensation to Pierce Transit for operating Sound Transit's Express Bus Service Operations and Maintenance.

The proposed Amendment will both extend the Agreement to December 31, 2019 and revise the calculation and application of the CAM. The amounts billed to Sound Transit do not represent a time and materials calculation of cost; rather, the CAM annual rate represents blended costs that are allocated in a way to apportion costs and minimize the administrative time to manage the cost allocation process. The CAM results in a set hourly rate for all Pierce Transit provided services. As set forth in the Amendment, the revised Cost Allocation Model is expected to result in an estimated additional \$6 million retroactive revenue for 2018 and \$6 million for 2019 to Pierce Transit.

There are no changes to the routes, hours or services currently operated by Pierce Transit and both parties have mutually agreed to the terms of the proposed Amendment, attached as Exhibit A. The Amendment is anticipated to be approved at the Sound Transit Board meeting on November 15, 2018.

Negotiations for the next five (5) year contract for Sound Transit Express Bus Service Operations and Maintenance are to begin December 2018.

STAFF RECOMMENDATION:

Recommendation by staff is to approve the Resolution authorizing the Chief Executive Officer to enter into and execute Amendment No. 1 to extend the Sound Transit Express Bus Service Operating and Maintenance Contract For One (1) Year Through December 31, 2019, which includes a revised Cost Allocation Model. The revised Cost Allocation Model is expected to increase revenue by an estimated \$6 million/yr. for 2018 and 2019.

ALTERNATIVES:

Do not authorize the CEO to enter into the Amendment to extend the ST Express Bus Operations and Maintenance Contract. This is not recommended as the result of this would be that Pierce Transit would not reap the significant financial benefit of the proposed Amendment. Pierce Transit would then need to determine if it was willing to continue to operate ST Express Bus services at a lower rate.

PROPOSED MOTION:

Approve Resolution No. 2018-046, authorizing the CEO to enter into and execute Amendment No. 1 to extend the Sound Transit (ST) Express Bus Service Operations and Maintenance Contract for one year through December 31, 2019 which includes a revised Cost Allocation Model (CAM).

RESOLUTION NO. 2018-046

1 A RESOLUTION of the Board of Commissioners of Pierce Transit Authorizing the Chief Executive Officer to Enter
2 Into and Execute Amendment No. 1 to Extend the Sound Transit (ST) Express Bus Service Operations and
3 Maintenance Contract Through December 31, 2019 Which Includes A Revised Cost Allocation Model (CAM)
4

5 WHEREAS, Pierce Transit and Sound Transit have maintained an interagency agreement for the
6 operation of Regional Express Bus Operations and Maintenance ("Agreement") for many years; and

7 WHEREAS, Pierce Transit and Sound Transit are authorized to contract for public transportation services
8 pursuant to RCW 36.57.080 and RCW 39.33.050; and

9 WHEREAS, Pierce Transit operates and maintains a significant portion of Sound Transit's regional bus
10 fleet in accordance with the terms of the Agreement; and

11 WHEREAS, Staff of the two agencies have determined it to be within the public interest to enter into a
12 one-year extension of the Agreement through 2019 and amending the Agreement as set forth in the proposed
13 Amendment No. 1, attached hereto as Exhibit A which; and

14 WHEREAS, the proposed Amendment revises the calculation and application of the Cost Allocation
15 Model (CAM). The Cost Allocation Model (CAM) allocates costs for all ST Express bus service and for other
16 Pierce Transit services. The amount billed to Sound Transit does not represent a time and materials calculation
17 of cost; rather, the CAM annual rate represents blended costs that are allocated in a way to apportion costs and
18 minimize the administrative time to manage the cost allocation process. The CAM results in a set hourly rate for
19 all Pierce Transit provided services and as proposed is recommended by Pierce Transit staff as in the Agency's
20 favor; and

21 WHEREAS, the revised CAM is expected to result in an estimated \$6 million additional retroactive
22 revenue for 2018 and an estimated \$6 million for 2019 to Pierce Transit; and

23 WHEREAS, there are no changes to the routes, hours or services currently operated by Pierce Transit;
24 and

25 WHEREAS, staff for both parties have agreed to the terms of the proposed Amendment; and

26 WHEREAS, negotiations for the next five (5) year contract for Sound Transit Express Bus Service
27 Operations and Maintenance are to begin December 2018.

28 NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pierce Transit as follows:

29 Section 1. The Board of Commissioners authorizes the CEO to extend the Sound Transit (ST) Express
30 Bus Service Operations and Maintenance Contract for one-year through December 31, 2019, which includes
31 a revised cost allocation model (CAM) in substantially the same form as Exhibit A hereto.

1 ADOPTED by the Board of Commissioners of Pierce Transit at their special meeting thereof held on
2 the 15th day of November 2018.

3 PIERCE TRANSIT

4
5
6 _____
7 Nancy Henderson, Chair
8 Board of Commissioners
9

10 ATTEST/AUTHENTICATED

11
12 _____
13 Deanne Jacobson, CMC
14 Clerk of the Board

**AMENDMENT NO. 1
TO THE INTERAGENCY AGREEMENT
BETWEEN PIERCE TRANSIT AND SOUND TRANSIT
FOR ST EXPRESS BUS SERVICE OPERATIONS AND MAINTENANCE**

This Amendment No. 1 to the Interagency Agreement between Pierce Transit and Sound Transit for ST Express Bus Service Operation and Maintenance is dated November __, 2018.

On July 6, 2015, Pierce County Public Transportation Benefit Area Corporation (hereinafter referred to as “Pierce Transit”) and Central Puget Sound Regional Transit Authority (hereinafter referred to as “Sound Transit”) entered into the ST Express Bus Service Operations and Maintenance Agreement (the “Agreement”) to define the operations and maintenance services to be provided by Pierce Transit for the Operations of Sound Transit’s Express Bus Services and to address the associated maintenance costs and the basis for allocation of costs to be borne by each Party.

- A. In 2017, Pierce Transit expressed a desire not to agree to an additional option year of 2018 unless Sound Transit agreed to amend the Agreement to capture costs all of Pierce Transit’s costs related to Sound Transit’s Express Bus Service;
- B. Sound Transit agreed to work with Pierce Transit on amending this Agreement accordingly if Pierce Transit continued to operate under the terms of the Agreement into 2018 and to be compensated retroactively to January 1, 2018 if the Parties negotiated a reimbursement that was greater than the existing reimbursement.
- C. Pierce Transit continued operations through 2018 and Sound Transit and Pierce Transit negotiated a new method of reimbursement in good faith for 2018 and 2019.
- D. The Agreement expires on December 31, 2018 and has a remaining option to extend for one additional year.
- E. The Parties agree to exercise the remaining one-year option and extend the term of the Agreement to December 31, 2019, subject to the amendment of the terms and conditions as set forth below.
- F. This Amendment No. 1 has been authorized by the Parties’ respective governing bodies.

NOW, THEREFORE, the Agreement is amended as follows:

- 1. A portion of the **Table of Contents** is hereby replaced as follows:

12.0 FINANCIAL AUTHORIZATION, COMPENSATION AND PAYMENT

- 12.1 Cost Allocation
 - 12.1.1 Cost Allocation Model (CAM)-Annual Rate Development
 - 12.1.2 CAM Documented in Annual Cost Submittal Letter
 - 12.1.3 Change to Costs
- 12.2 [RESERVED]
- 12.3 Extra Service and Special Service
- 12.4 Catastrophic Event Service
- 12.5 Task Orders

- 12.6 Periodic Review of Financial Performance
- 12.7 Invoices and Payments
 - 12.7.1 Monthly Invoices
 - 12.7.2 Payment
- 12.8 End of Year Requirements and Reconciliation
 - 12.8.1 General
 - 12.8.2 Reconciliation Items
 - 12.8.3 Documentation
 - 12.8.4 Settlement
- 12.9 Taxes and Fees

2. Subsection **3.5 Specialized Training** is replaced with the following:

Sound Transit may require specialized training over-and-above training required to comply with Section 6. The scope and cost of this training will be authorized in accordance with Subsection 12.3.

3. Subsection **9.4.1 Special Service** is replaced with the following:

Special Service is service that is not on a route published in Sound Transit's Ride the Wave Transit Guide or other Sound Transit bus schedule which operates off-route of any publicized service. Pierce Transit, to the extent its resources will allow, will operate Sound Transit buses for Special Service when requested. The services will include buses, operators, and other appropriate personnel. Compensation will be made at the price agreed to under Subsection 12.1.

Sound Transit is not obligated to use Pierce Transit for this purpose and may use other partner or third-party contract for this purpose.

Sounder commuter rail backup service (bus bridging) is a type of Special Service. Sound Transit acknowledges that some Specialized Training for Pierce Transit personnel may be necessary to provide bridging service. Sound Transit will pay for the cost of any Specialized Training that Sound Transit agrees is needed in accord with Paragraph 3.5 of this Agreement. For Sounder bus bridges, when passengers must be moved from train to bus or bus to train, Sound Transit will be responsible for directing its customers to the bus or train service.

4. Subsection **9.4.2 Extra Service** is replaced with the following:

Extra Service is service that is in addition to regular service and operates on a route published in Sound Transit's Ride the Wave Transit Guide or other Sound Transit bus schedule. Extra Service may be necessary due to non-emergency service disruptions or passenger overloads. Compensation for Extra Service will be made at the Parties' agreed-upon Cost Allocation Model (CAM) rate per hour.

5. Section **12.0 Financial Authorization, Compensation and Payment**, and all of its subsections, are replaced with the following:

12.0 Financial Authorization, Compensation, and Payment

This section sets forth the annual financial authorization process for level of service, the basis and methods for compensation, invoicing, annual close-out reconciliation of costs, and other financial reporting requirements for NTD between Sound Transit and Pierce Transit

Pierce Transit will maintain financial books, records, documents and other evidence directly pertinent to the performance of the work under this agreement in accordance with Generally Accepted Accounting Principles (GAAP).

12.1 Cost Allocation

12.1.1 Cost Allocation Model (CAM)-Annual Rate Development

a. Cost Allocation Model Definition

The Cost Allocation Model (CAM) allocates costs for all ST Express bus service and for other Pierce Transit services. The amounts billed to Sound Transit do not represent a time and materials calculation of cost; rather, the CAM annual rate represents blended costs that are allocated in a way to apportion costs and minimize the administrative time to manage the cost allocation process. The CAM results in a set hourly rate for all Pierce Transit-provided services.

b. Estimated CAM Approval Process

Annually, both Sound Transit and Pierce Transit will review and agree upon, in writing, the CAM used to allocate costs to Sound Transit for the following year. The annual CAM approval may be made by the Executive Director, Operations of Sound Transit and the CEO of Pierce Transit, and the CAM will be documented on a Cost Submittal Letter, which need not be approved by the Parties' respective governing boards.

Should it be determined that a change in the CAM methodology is needed, for any reason, both Parties must agree to the changes in writing. Any change must be documented using the same methodology herein including an explanation regarding the rationale for the change. Examples of changes to the CAM are restructure or reorganization of budgetary units or a change in services provided. If the Parties do not agree to changes to the CAM

methodology by the timelines established in Section 12.1.2, the rates established using the currently agreed-upon CAM methodology will be used until agreement is reached. Differences in rate will be reconciled in the year end reconciliation process provided in Section 12.8.

12.1.2 CAM Documented in Annual Cost Submittal Letter

No later than October 31, Pierce Transit will provide its proposed CAM for the upcoming year. Sound Transit will review and provide comments to Pierce Transit on the proposed CAM by November 10. The Parties will agree by December 15 upon an estimated CAM rate per hour for the upcoming year at which point Sound Transit will provide a Cost Submittal Letter to be countersigned by Pierce Transit. The schedule is in **Exhibit G3: Financial Data Submissions**.

The pricing template format is substantially that of the NTD Form F 30 and these expense objects and functions will be consistent with the NTD definitions. See **Exhibit G1: Rate Setting** attached. The costs used to develop the pricing template will be generated using the estimated budget for Pierce Transit, operating statistics for both agencies, and the CAM as described in Section 12.1.1 above.

12.1.3 Change to Costs

Either Party may propose a change to the CAM during the year, but the Parties may effect changes only by mutual agreement in writing.

In the event that Sound Transit increases or decreases planned levels of service by more than 10% within a given year, the Parties may agree to renegotiate the basis for compensation or any other term or condition of this agreement.

12.3 Extra Service and Special Service

Section 9.4 Short Term, Additional Service describes the operational aspects of Extra and Special Service. The rate for Extra Service and Special Service will be the annual rate determined by the CAM after reconciliation. See, **Exhibit G1: Rate Setting**.

12.4 Catastrophic Event Service

The cost for Catastrophic Events Services shall be subject to the CAM annual rate determined in reconciliation. Sound Transit will pay for all costs of the emergency.

Pierce Transit will identify the total cost of the emergency and will bill separately from all other expenses.

12.5 Task Orders

Sound Transit may request Pierce Transit to perform tasks beyond the scope specifically provided in this agreement. In addition, Pierce Transit may suggest initiatives that may benefit Sound Transit. Pierce Transit will decide how the work will be performed.

Sound Transit will use a proposed Task Order (**Exhibit O: ST Express Bus Operations Task Order**) to provide a written scope to Pierce Transit. Work assigned by task order will typically not be subject to the CAM annual rate, and Sound Transit encourages Pierce Transit to review the initiative in detail and develop a cost estimate to perform the work (parts, labor, travel, lodging, materials, etc.). The cost of such work will be initially determined by Pierce Transit and provided in written format by modifying the proposed Task Order with additional documentation when available. Sound Transit is not obligated to award this work to Pierce Transit.

In each Task Order, Sound Transit will set a percent or dollar amount that the actual costs may vary from the estimate without further action. Pierce Transit will notify Sound Transit's Bus Operations Manager if the cost of work increases beyond the percent or dollar amount, Pierce Transit must secure Sound Transit's Bus Operation Manager's pre-authorization and written approval to proceed with the work.

Compensation for additional work that is deemed an operation expense (as noted in the Task Order) will be added to the monthly invoice as a separate line item. Compensation for additional work which is deemed a capital expense will be invoiced separately. Documentation of work accomplished, and actual costs must be provided.

Costs paid through Task Orders will be removed from the cost allocation model.

12.6 Periodic Review of Financial Performance

The Parties will meet two times during the year to review the budget versus actual performance of Pierce Transit. These meetings will take place no earlier than May and as part of the annual negotiation process in November. The purpose of these meetings will be to identify any issues that might have a budget impact on the current year, or for future annual planning.

12.7 Invoices and Payments

12.7.1 Monthly Invoices

Pierce Transit will invoice monthly using the format attached as **Exhibit G2: Monthly Invoice Summary**, after having submitted the Monthly Report (Section 6.5.1).

a. Standard Invoice

Monthly, Sound Transit will be invoiced for one twelfth the estimated CAM annual rate for the current year.

b. Additional Invoices

- Special and Extra Service will be reported monthly, separately from all other expenses and from each other. The invoice process for those services will be agreed upon in writing by both Parties. Pierce Transit will provide documentation as to the service provided, revenue hours and miles driven, and passengers carried.
- Sounder Backup service will be identified separately from other Special Service. The invoice process will be the same as the Special and Extra Service process above. Pierce Transit will provide documentation as to the service provided, revenue hours and miles driven, and passengers carried.
- Catastrophic Event Service will be billed separately from all other expenses.
- Task Orders will be invoiced separately from all other expenses as provided in section 12.4 and will also be supported with complete documentation.

12.7.2 Payment

Upon submission of a properly supported and complete invoice, Sound Transit will pay invoices within 30 days of receipt. The standard invoice will be considered complete only when all monthly information is provided as required (Section 6.5.1). Incomplete invoices will not be processed for payment.

Pierce Transit will send the invoice to:
Accounts Payable
Central Puget Sound Regional Transit Authority
401 South Jackson Street
Seattle, Washington 98104 2826

If Sound Transit disputes the charges, documentation, or the completeness of the invoice, Sound Transit will notice such objections to Pierce Transit

in writing within 20 days after receipt of the completed invoice. Disputes must be reconciled and if changes are necessary, a new invoice will be issued along with documentation canceling the original invoice. Disputes will be subject to the dispute resolution procedures as set forth in this agreement. Notwithstanding this paragraph, Sound Transit's right to dispute changes during reconciliation or audit is not prejudiced.

12.8 End of Year Requirements and Reconciliation

12.8.1 General

The Parties will submit a list of billings for the year by service and will complete the compilation of all service and other operating data reported to NTD no later than February 28. Pierce Transit and Sound Transit will also complete a preliminary financial annual reconciliation of all reported NTD data no later than March 31 for each Party to be able to submit their data on or before April 30 of each year for the prior year's costs. Furthermore, all financial information is to be prepared on an accrual basis to be included as part of the year-end reporting close and mutually agreed upon with adequate supporting documentation no later than March 31.

12.8.2 Reconciliation Items

Any additional reconciling items that are identified after March 31 but prior to the completion of each agency's financial audit (unless material to the financial statements of either one or both Parties) will be reflected in the next fiscal period. Sound Transit's Executive Director of Finance, or her designee and the Finance Manager of Pierce Transit respectively will review such determinations on a case-by-case basis and reach agreement on the disposition of the matter.

12.8.3 Documentation

Pierce Transit will provide its trial balance and operating statistics for the previous calendar year. Any changes in division components due to reorganizations, or changes in rules applied to the divisions, will be identified by Pierce Transit. Both Parties must concur with the change in writing. Any division allocation that cannot be substantiated in this manner must be revised to meet the agreed-upon methodology.

12.8.4 Settlement

Total cost per the agreed-upon CAM will be compared to the total actual payments and will result in a reconciling amount. The settlement of the annual reconciliation will be made by separate invoice.

12.9 Taxes and Fees

Pierce Transit is responsible for the correct application of tax exemptions, deductions, payment and invoicing of federal, state, and local taxes on services provided under this agreement. Sound Transit will reimburse Pierce Transit for taxes associated with the provision of Sound Transit service.

In the event of a tax dispute requested by Sound Transit, Sound Transit will defend, indemnify and hold harmless Pierce Transit from and against any liability if taxes are not paid as instructed by Sound Transit.

6. Paragraph **18.10 Amendments and Modifications** is hereby replaced as follows:

Modifications or amendments of this agreement are only valid if they are in writing and signed by authorized representatives of the Parties.

The agreed-upon terms of any additional work including, but not limited to, scope and compensation, will be in the form of Task Order (described in Section 12.5 and **Exhibit O: ST Express Bus Operations Task Order**), an addendum, or modification to this agreement.

Amendments to the policies outlined in this agreement are subject to the approval of the Parties' respective Boards. Amendments and revisions to Exhibits may be authorized by Sound Transit's Executive Director of Operations or designee and by Pierce Transit's Executive Director of Service Delivery and Support or designee.

7. Exhibits G1 and G2 of the Agreement are hereby replaced with the revised Exhibits attached hereto.
8. This Amendment to the Agreement and all attached amended Exhibits will be retroactively applied with an effective date of January 1, 2018.

All other conditions of the Agreement remain unchanged during this extended term.

The Parties have executed Amendment No. 1 to the ST Express Bus Service Operations and Maintenance Agreement as of the day and year set forth below their signatures.

PIERCE COUNTY PUBLIC TRANSPORTATION BENEFIT AREA CORPORATION	CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY
Sue Dreier Chief Executive Officer Date: _____	Peter Rogoff Chief Executive Officer Date: _____
	Approved as to form: _____ Sound Transit Legal Counsel

HAND-OUTS

(The materials behind this tab are provided for informational purposes.)





FINANCIAL STATUS
2018 Third Quarter Review

**2018 Third Quarter
Operating
Revenue**

75% of Fiscal Year

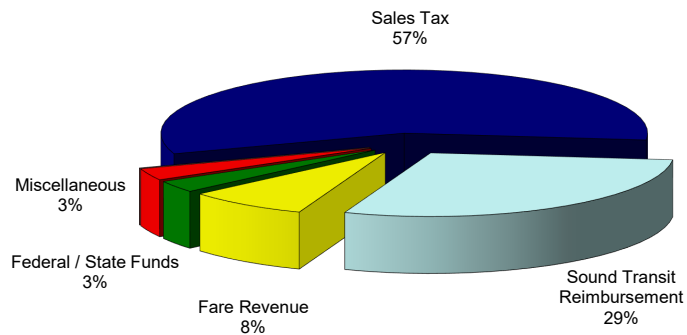
Revenue
collections are
in line with
budget.

	2018 Budget	2018 Actual YTD	% of Budget
Sales Tax	\$ 87,021,320	\$ 64,706,644	74%
Sound Transit Reimbursement	44,342,387	33,583,361	76%
Fare Revenue	12,766,221	8,958,382	70%
Federal / State Funds	5,715,347	3,983,623	70%
Miscellaneous *	2,179,000	2,975,084	137%
Advertising	300,000	367,503	123%
	<u>\$ 152,324,275</u>	<u>\$ 114,574,596</u>	<u>75%</u>

Highlights: Major Variances

- Fare Revenue - Based on ridership
- Federal/State Funds - Timing of reimbursement
- Miscellaneous - Gain on sale of assets and Recoveries
- Advertising - Contractual minimum guarantee amount has been exceeded

2018 Actual Revenues



* Miscellaneous includes: CNG alternative fuel credit, Combined Communication Network, interest on investment, and miscellaneous non-transportation.

**2018 Third Quarter
Operating
Expense by
Category**

75% of Fiscal Year

	2018 Budget	2018 Actual YTD	% of Budget
Wages & Benefits	\$ 96,043,509	\$ 69,785,805	73%
Maintenance & Operating	50,107,122	32,107,108	64%
	<u>\$ 146,150,631</u>	<u>\$ 101,892,913</u>	<u>70%</u>

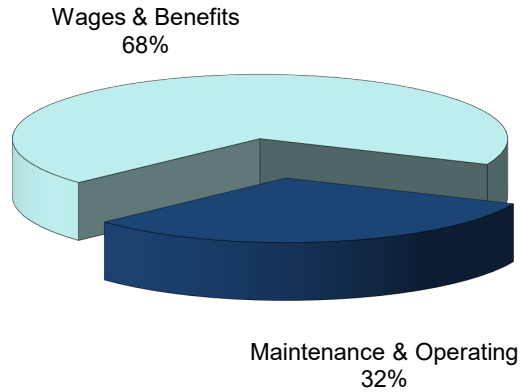
Total
expenditures
are slightly
under budget.

Highlights: Major Variances

- Wages & Benefits - In line with budget
- Maintenance & Operating -
Currently running under budget primarily due to
Purchased Transportation and Other Contract Services

Wages &
benefits are
68% of total
expenditures.

2018 Actual Expenditures



2018 Third Quarter Capital Expenditures

75% of Fiscal Year

Capital projects
may encompass
more than one
year.

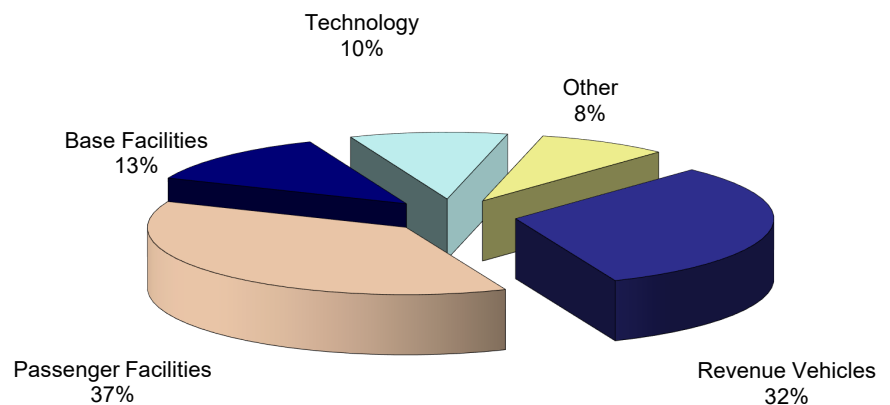
	2018 Budget	2018 Actual YTD
Revenue Vehicles	\$ 39,212,880	\$ 3,953,595
Passenger Facilities	18,301,891	4,673,300
Base Facilities	21,321,049	1,566,457
Technology	16,000,691	1,226,841
Other	8,048,778	1,018,081
Total Capital Expenditures	\$ 102,885,289	\$ 12,438,274

Highlights:

- There are currently 66 Projects in the 2018 Budget including the following larger projects: Base Master Plan; Corridor Speed & Reliability Improvements; Financial System Replacement; TDS Mid-Life Maintenance; renewal at TCC, Tacoma Mall, and SR512 Transit Centers; Commerce Tunnel Refurbishment; Electric Bus Deployment; Bus, Shuttle, Trolley, and Vanpool Replacements; ngORCA; Collision Avoidance System; and Pacific Avenue/SR7 Park & Ride.

Facilities and
vehicles
comprise 77% of
the 2018 Budget.

2018 Actual Expenditures by Category



**2018 Third Quarter
Self-Insurance
Expenditures**

75% of Fiscal Year

Self-Insurance
expenditures are
under budget.

	2018 Budget	2018 Actual YTD	% of Budget
Workers' Comp. Insurance	\$ 2,915,000	\$ 1,940,923	67%
Unemployment Insurance	125,000	83,323	67%
Total Self-Insurance Expenditures	\$ 3,040,000	\$ 2,024,247	67%

Pierce Transit Major Capital Initiatives Update – November 15, 2018

Revenue Vehicles	Total Chartered Budget	Paid to Date as of 9/30/18	Remaining Balance	Status as of 10/31/18
Bus Fleet Replacement 2017 This project replaces twenty-three (23) 40-foot buses that have exceeded their useful life. The project is locally funded.	\$15,946,131	\$0	\$15,946,131	Production has started, and the first bus is done.
Bus Fleet Replacement 2018 This project replaces twenty (20) 40-foot buses that have exceeded their useful life. The project includes \$7,096,086 in federal grants.	\$14,555,661	\$0	\$14,555,661	Technical specs reviewed. New paint design approved and adopted.
Electric Bus Deployment This project purchases three (3) electric buses and three (3) charging stations. This project is funded by a \$2.5 million Low-No grant, in addition to local funds.	\$4,284,364	\$3,659,788	\$624,576	The electric buses are in service on routes 212/214 during the weekday and 11/41 on the weekends. All training is complete, including first responder. The chargers will be replaced with new model in the next several months, at no cost to Pierce Transit.
SHUTTLE Fleet Replacement 2018 This project replaces up to 39 SHUTTLE vehicles that have exceeded their useful life. The project is locally funded.	\$1,900,000	\$0	\$1,900,000	Documents being prepared for purchasing and Department of Enterprise Services for order.
Vanpool Fleet Replacement 2017 This project replaces fifty-five (55) 12- and 15-foot passenger vans that have exceeded their useful life. The project is partially grant funded (\$679,417) by FTA.	\$1,739,292	\$1,644,422	\$94,870	The last vehicle has been received and is being prepared for service.
Vanpool Fleet Replacement 2018 This project replaces 28 vans that have exceeded their useful life. The project is partially grant funded (\$479,375) by the state.	\$1,074,095	\$389,329	\$684,766	All vans ordered, 24 received and licensed, 6 released for service as of 10/26/18.
Trolley Replacement 2018 This project replaces three (3) Trolley vehicles that have exceeded their useful life. The project is locally funded.	\$1,068,045	\$0	\$1,068,045	Contract for purchase of the Trolleys is going to the Board 11/15.
Revenue Vehicles Total	\$40,567,588	\$5,693,539	\$34,874,049	

Facilities/Amenities	Total Budget	Paid to Date as of 9/30/18	Remaining Balance	Status as of 10/31/18
Base Master Plan Implementation This project will improve vehicle circulation and efficiency and increase capacity to allow for service expansion of fixed route and high capacity transit. The improvements will also accommodate vehicle operations, maintenance, and parking requirements for SHUTTLE (Paratransit) and non-revenue vehicles, as well as employee and visitor parking and circulation needs.	\$16,242,084	\$60,647	\$16,181,437	A kick-off meeting with Huitt-Zollars was held on October 19th to confirm direction for Phase 1 of the Base Master Plan Implementation projects. Programming meetings will be scheduled over the next couple of weeks. Geotechnical drilling began on October 22nd and will continue until November 6th. On October 22nd an application with the state was submitted to seek permission to use the GC/CM method of project delivery. Presentation to the Project Review Committee is scheduled for November 29 th .
Bldg 4 Modifications This project includes a remodel and expansion of the Operator's lobby, remodel of the lobby restrooms, and the addition of an entrance vestibule to control hot and cold air flow into the lobby. Due to the expansion of the lobby footprint, this project also includes a reconfiguration of office spaces and infrastructure throughout the building. The project is partially grant funded (\$1,271,134).	\$3,943,317	\$2,083,672	\$1,859,645	Elevator modernization: Contract going to Board of Commissioners November 15th. Water heater replacement: The contract is signed; the water heater is scheduled to be installed by the end of December, due to 10 week delivery time. Furniture: Solicitation published beginning of November. Carpet: Contract is signed, and carpet replacement will be completed by end of December.

Commerce Tunnel Refurbishment This project includes an assessment and upgrade of systems such as electrical, various mechanical, CO2 and methane detection systems.	\$1,285,000	\$0	\$1,285,000	The Master Contract and Task Order 1 were executed on October 9, 2018. Pre-assessment activities i.e., document and as-built assembly continued throughout the month and delivered to the consultant by the end of October. The Task Order 1 kick-off meeting and site walk is scheduled for mid-November.
SR-512 Park & Ride and Transit Center Renewal - Facilities Critical Repairs This project improves the appearance and condition of the transit center and the Park & Ride. This project is locally funded.	\$2,593,153	\$1,619,655	\$973,498	The Park & Ride reopened on 10/1/18. Several trees in the parking lot will be installed in early November. The contractors and consultant are working on as-builts, which should be turned over to Pierce Transit in December.
Tacoma Community College (TCC) Transit Center Renewal This project improves the appearance and condition of the transit center. This project is locally funded.	\$1,500,000	\$238,816	\$1,261,184	<p>The paving work is substantially complete, and the Park & Ride reopened on October 8th.</p> <p>All shelter work is complete, except for glass replacement. More glass panels have graffiti and damage on them compared to when we first surveyed the site. We are currently waiting on the glass manufacturer to send us a cost estimate for more glass replacement. We expect the glass replacement to be complete by the end of November.</p>
Tacoma Mall Transit Center Renewal This project improves the appearance and condition of the transit center. This project is locally funded.	\$1,193,179	\$430,516	\$762,663	Pavement replacement is complete, and the Transit Center reopened September 17 th . The bathroom and south shelter are completed and only the roof work and glass replacement on the north shelter remain. This work should be completed in the first two weeks of November.

TDS Mid-Life Maintenance This project includes a completed facility condition assessment and structural engineering study, as well as upgrades and repairs for Tacoma Dome Station. Additional scope was approved to replace the lighting in 2016. A federal grant funds the project up to \$2,209,000, and a Sound Transit contribution of \$409,795. The remainder of the project is locally funded.	\$5,671,045	\$3,057,028	\$2,614,017	Work has been progressing around the exterior of the west and east garages with concrete repairs and painting. By the end of September, all the east garage exterior was completed except the west facing wall and selective areas of ceramic tile repair; all interior LED fixture are complete in both garages. Most of the interior work for west garage has been completed and the contractor is currently working on east garage level 5.
Spanaway Turnaround Facility This project constructs a park and ride that has both independent utility and can be utilized for the southern terminus of the future Pacific Avenue Bus Rapid Transit Corridor project. The facility will include a passenger boarding area, a bus turnaround, operator comfort station and up to 250 parking stalls for transit patrons. A WSDOT Regional Mobility grant funds \$4,000,000 of the project, while the remainder is locally funded.	\$5,000,000	\$0	\$5,000,000	Board authorized acceptance of \$4million grant with \$1million local match at 10/08/18 meeting.
Facilities/Amenities Total	\$37,427,778	\$7,490,334	\$29,937,444	

Technology/Admin	Total Budget	Paid to Date as of 9/30/18	Remaining Balance	Status as of 10/31/18
Collision Avoidance System This project equips buses with collision avoidance technology that will alert Operators to pedestrians close to the buses, which will help avoid, or reduce severity of, accidents involving pedestrians. This project is funded 80% by an FTA Safety Research and Demonstration grant, and 20% local match from Pierce Transit, WSTIP and Munich Re.	\$2,364,894	\$93,792	\$2,271,102	DCS contract going to Board November 15th. Revised Scope of Work approved by FTA. Amendment to WSTIP ILA going to Board December 10. Meeting on-site 11/6-7 for technical, schedule and data review, tour of facilities and bus sub-fleets, etc.
Corridor Speed and Reliability Improvements This project seeks to utilize the latest GPS based technologies for transit priority strategies at the intersections along Pacific Ave/SR-7 within the City of Tacoma and WSDOT portions of the corridor. Project is funded by state grant (\$2.7million).	\$2,700,000	\$0	\$2,700,000	RFP draft is written and out for review internally and will be forwarded to stakeholders for additional review/edit.
Financial Management System Replacement This project replaces an aging Financial Management System, which will provide the Agency efficiencies using present day technology. The upgrade includes modules for procurement, budget, grant, asset management and accounting functions that will interface with the Agency's operating systems. The project is locally funded.	\$1,551,957	\$457,451	\$1,094,506	Resource constraints is causing some delays. IT is focusing heavily on the data conversion. Finance has hired a temporary resource to free up time for staff to conduct testing.

High Capacity Transit Feasibility Study: Pacific Ave S/SR-7 Corridor This project conducts a feasibility study and cost-benefit analysis on implementing a new high-capacity, corridor-based transit service along Pacific Ave S/SR-7 between Downtown Tacoma and Spanaway.	\$1,490,507	\$902,592	\$587,915	Submitted FTA Small Starts application package on 9/7/18, requesting \$60M in Section 5309 funding in FFY 2020. Gave our consultant team Notice to Proceed on additional traffic analysis tasks. WSDOT's request is for an Intersection Control Evaluation (ICE) as well. Held a conference call with FTA Region 10 (Seattle) and headquarters (Washington D.C.) representatives on 10/22. Also held internal coordination meeting 10/31.
nextgen ORCA The ORCA participating agencies are designing a new system that will offer customers and the agencies easier account management. Customers will gain additional fare payment options and agencies are expected to get more equipment options and an easier, quicker method of upgrading/changing equipment when necessary.	\$6,154,834	\$83,439	\$6,071,395	The current ORCA contract was extended to expire 12/31/2022. INIT was selected as Systems Integrator (SI) contractor by the Joint Board (JB) on 9/10. The SI contract was approved by Sound Transit board on 9/27. Notice to proceed was issued. Retail Request For Proposal is published. Evaluations will start soon. New Interlocal Agreement was approved by the JB on 9/10. All seven agencies' boards must approve it. It goes before the Pierce Transit Board on 11/15.
Technology/Admin Total	\$14,262,192	\$1,537,274	\$12,724,918	
Total of Major Capital Initiatives	\$92,257,558	\$14,721,147	\$77,536,411	