



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

December 15, 2009

Ordinance 16732

Proposed No. 2009-0638.1

Sponsors Hague

1 AN ORDINANCE relating to public transportation, and
2 authorizing the executive to execute an interagency
3 agreement for the transition of employer accounts to One
4 Regional Card for All, which is also known as ORCA, fare
5 media.

6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

7 **SECTION 1. Findings:**

8 A. King County and other transit agencies in the Central Puget Sound region
9 have determined that regional fare coordination will, due to increased ease and
10 convenience, promote the use of public transportation throughout the region.

11 B. K.C.C. 28.94.235 authorizes the executive, subject to approval by the council,
12 to execute interjurisdictional trip agreements with other transit agencies to establish a
13 system of fare payment for passengers transferring between systems or crossing
14 jurisdictional boundaries.

15 C. To further the goal of increasing ridership by making it more convenient and
16 less expensive for riders to use public transit systems in the region, King County and four
17 other central Puget Sound transit agencies, including Sound Transit, Pierce Transit,
18 Community Transit (Snohomish county) and Everett Transit (city of Everett), entered
19 into an interjurisdictional trip agreement, the Regional Pass and Fare Reconciliation

20 Program Agreement ("the regional fare agreement"), which is also known as the Puget
21 Pass Agreement, dated January 1, 2002, that provides for a program of coordinated fares,
22 a shared set of regional passes, and associated fare reconciliation procedures. The
23 regional fare agreement expires on December 31, 2009.

24 D. Also in furtherance of their shared goal of promoting the use of public transit
25 by making it easier and more convenient for riders to use such services, King County and
26 the other parties to the regional fare agreement, together with the Washington state
27 Department of Transportation, Washington state Ferries Division (Washington State
28 Ferries) and the Kitsap County Public Transportation Benefit Area (Kitsap Transit),
29 entered into an Interlocal Cooperation Agreement for Design, Implementation, Operation
30 and Maintenance of the Regional Fare Coordination System, to develop and implement a
31 regional "smart card" pass and electronic fare collection system. The new One Regional
32 Card for All ("ORCA") system was rolled out beginning in May 2009 and is in the
33 process of being fully implemented.

34 E. The five "Puget Pass" agencies are not able to convert all employer and school
35 district accounts that currently purchase passes for their employees or students to the
36 ORCA system by December 31, 2009.

37 F. Allowing for the continued sale, use of and revenue allocation for a limited
38 number of non-ORCA regional passes to employer and school district accounts through
39 2010 will allow these accounts to make an orderly transition to the new ORCA smart-
40 card based regional fare collection system.

41

42

- 43 SECTION 2. The executive is authorized to enter into an interlocal agreement in
44 substantially the same form as Attachment A to this ordinance.

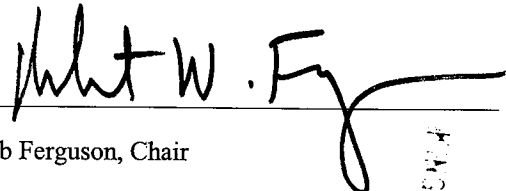
Ordinance 16732 was introduced on 11/23/2009 and passed by the Metropolitan King County Council on 12/14/2009, by the following vote:

Yes: 7 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Patterson, Mr. Ferguson and Mr. Dunn

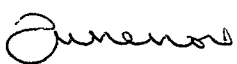
No: 0

Excused: 1 - Ms. Lambert

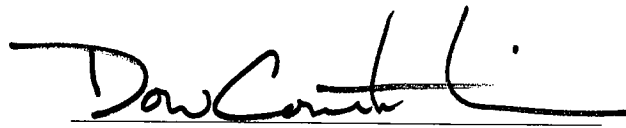
KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Bob Ferguson, Chair

ATTEST:


Anne Noris, Clerk of the Council

APPROVED this 21st day of December, 2009.


Dow Constantine, County Executive

RECEIVED
2009 DEC 22 PM 4:14
CLERK
KING COUNTY COUNCIL

Attachments: A. Business Account Puget Pass Agreement

BUSINESS ACCOUNT PUGET PASS AGREEMENT

by and between

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY (“Sound Transit”);
CITY OF EVERETT (“Everett Transit”);
KING COUNTY (“King County Metro”);
PIERCE COUNTY PUBLIC TRANSPORTATION BENEFIT AREA CORPORATION
 (“Pierce Transit”); and
SNOHOMISH COUNTY PUBLIC TRANSPORTATION BENEFIT AREA CORPORATION
 (“Community Transit”)

January 1, 2010

TABLE OF CONTENTS

| | |
|---|---------|
| Recitals | Page 1 |
| Section 1: Purpose | Page 2 |
| Section 2: Term of Agreement | Page 2 |
| Section 3: Contract Documents | Page 2 |
| Section 4: Communications | Page 2 |
| Section 5: Definitions | Page 3 |
| Section 6: Individual Responsibilities of Each Party | Page 3 |
| Section 7: Process for Implementing this Agreement | Page 5 |
| Section 8: Procurement and Contracting | Page 5 |
| Section 9: Puget Pass Revenue Allocation | Page 6 |
| Section 10: Reporting | Page 6 |
| Section 11: Reconciliation Events | Page 6 |
| Section 12: Reconciliation Account Manager | Page 7 |
| Section 13: Puget Pass Design and Production | Page 7 |
| Section 14: Puget Pass Distribution and Accounting | Page 8 |
| Section 15: Pass Sales | Page 9 |
| Section 16: Puget Pass Acceptance Policies | Page 9 |
| Section 17: Fare Changes | Page 10 |
| Section 18: Audit and Reporting Requirements | Page 10 |
| Section 19: Dispute Resolution | Page 11 |
| Section 20: Termination | Page 11 |
| Section 21: Legal Relations | Page 12 |
| Signature Page: | Page 14 |
| Exhibit A: Designated Representatives | Page 15 |
| Exhibit B: P Puget Pass Denominations, Prices and Revenue Allocation | Page 16 |
| Exhibit C: Regional Policy on Issuance of Refunds | Page 18 |
| Exhibit D: Obligations Carried Forward from Regional Pass and Fare Reconciliation Program Agreement | Page 20 |

**REGIONAL PASS AND FARE
RECONCILIATION PROGRAM AGREEMENT**

THIS AGREEMENT ("Agreement"), dated January 1, 2010, is entered into by and between CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY ("Sound Transit"); the CITY OF EVERETT ("Everett Transit"); KING COUNTY ("King County Metro"); PIERCE COUNTY PUBLIC TRANSPORTATION BENEFIT AREA CORPORATION ("Pierce Transit"); and SNOHOMISH COUNTY PUBLIC TRANSPORTATION BENEFIT AREA CORPORATION ("Community Transit") each of which is herein referred to individually as a "Party" or collectively as "Parties."

WHEREAS, each Party provides public transportation services in a portion of the Central Puget Sound region of Washington State pursuant to state law; and

WHEREAS, each Party is duly authorized to provide public transportation within its portion of the region and to collect fares for such services; and

WHEREAS, the Parties have determined that regional fare coordination will promote the use of public transportation throughout the region by both their individual and collective customers due to increased ease and convenience; and

WHEREAS, the Parties entered into an interjurisdictional trip agreement, the Regional Pass and Fare Reconciliation Program Agreement (the "Regional Fare Agreement", also known as the "Puget Pass Agreement), dated January 1, 2002, that provides for a program of coordinated fares, a shared set of regional passes, and associated fare reconciliation procedures. The Regional Fare Agreement expires on December 31, 2009; and

WHEREAS, the Parties, also in furtherance of their shared goal of promoting the use of public transit by making it easier and more convenient for riders to use such services, together with the Washington State Department of Transportation, Washington State Ferries Division (Washington State Ferries) and the Kitsap County Public Transportation Benefit Area (Kitsap Transit), entered into an Interlocal Cooperation Agreement for Design, Implementation, Operation and Maintenance of the Regional Fare Coordination System, to develop and implement a regional "smart card" pass and electronic fare collection system; and

WHEREAS, the new "ORCA" (One Regional Card for All) smart card system was rolled out beginning in May, 2009 and is in the process of being fully implemented; and

WHEREAS, the Parties are not able to convert all business accounts that currently purchase passes for their employees or clients to the ORCA system by December 31, 2009; and

WHEREAS, allowing for the continued sale and use of and revenue allocation for a limited number of non-ORCA regional Puget Passes to business accounts through June, 2010 will allow for an orderly transition for these business accounts to the new ORCA smart-card based regional fare collection system;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

Section 1 PURPOSE

The purpose of this Agreement is to provide for the continued sale to business accounts of regional Puget Passes that are not part of the ORCA smart card regional fare collection system, for the allocation of revenue from the sale of these passes and for the allocation of revenue from outstanding Puget Passes, and for the acceptance of these passes towards fare payment on the transit services of the Parties to this agreement.

Section 2 TERM AND SCOPE OF AGREEMENT

a) Effective Date. This Agreement shall become effective on January 1, 2010 and remain in effect until December 31, 2010.

b) Scope. This agreement shall be limited to Puget Passes made available to business accounts and outstanding Puget Passes that are valid during 2010 and shall not apply to the use of or allocation of revenue from ORCA smart card passes or e-purse or stored-ride products.

Section 3 CONTRACT DOCUMENTS

The following exhibits are attached hereto and incorporated by reference into this Agreement:

- EXHIBIT A—Designated Representatives of the Parties
- EXHIBIT B—Puget Pass Denominations, Prices and Revenue Allocation
- EXHIBIT C—Regional Policy on Issuance of Refunds
- EXHIBIT D—Obligations Carried Forward from the Regional Pass and Fare Reconciliation Program Agreement.

Subject to the limitations and procedures identified in Section 7, exhibits may be amended by the Designated Representatives.

Section 4 COMMUNICATIONS

a) Designated Representatives. To ensure effective and efficient intergovernmental cooperation and administration of this Agreement, each Party shall designate a representative responsible for communications under this Agreement (the "Designated Representative"). Each Party's Designated Representative is identified in Exhibit A. A Party may change its Designated Representative by providing notice to the other Parties, and Exhibit A shall be deemed to be revised accordingly.

b) Notices. Any notice required to be given under the terms of this Agreement shall be directed to the persons signing this Agreement with copies to the Parties' Designated

Representatives at the addresses listed in Exhibit A, as may be revised from time to time. Notice shall be considered issued and effective upon receipt by the addressee.

Section 5 DEFINITIONS

a) Puget Pass Revenue.

“Puget Pass Revenue” means all fare revenue recorded by a Party from Puget Pass sales to business accounts in a particular time period, or recognized revenue from outstanding Puget Passes for that time period.

b) Monthly Revenue Reconciliation.

“Monthly Revenue Reconciliation” means the monthly reconciliation of Puget Pass Revenue, which occurs according to the methodology in Exhibit B and the schedule in Section 10.

c) Reconciliation Account.

i) “Reconciliation Account Manager” means Sound Transit as it carries out the reporting and accounting functions necessary for Monthly Reconciliation of the Revenue Reconciliation Account.

ii) “Revenue Reconciliation Account” means an account established by the Reconciliation Account Manager to accept, invoice, and disburse funds associated with Monthly Reconciliation to ensure all Parties receive the appropriate allocation of Puget Pass Revenue.

d) Other Terms.

i) “Regional Pass” or “Puget Pass,” means a non-ORCA smart card fare media instrument valid for unlimited trips on the Parties’ Transportation Services during a defined calendar period.

ii) “Recognized Revenue” is equal to the sum of the monthly proportion of the sales price of all outstanding Puget Passes valid during 2010 sold by an agency.

iii) “Business Account” means any organization such as an employer, institution or agency purchasing Puget Passes for distribution, resale or consignment sale to employees, clients or other individuals affiliated with the organization.

iv) “Outstanding Puget Pass” refers to a Puget Pass with a term of validity greater than one month.

Section 6 INDIVIDUAL RESPONSIBILITIES OF EACH PARTY

a) Responsibilities of Each Party. Each Party to this Agreement shall, at its sole expense, undertake its responsibilities required to implement the terms of this Agreement.

i) Each Party shall be responsible for the communication and administration actions set forth in this Agreement, including designation and support of a Designated Representative.

ii) Each Party shall be responsible for revenue reconciliation under this Agreement, including, but not limited to, all actions required to:

- Provide monthly reporting of Puget Pass Inventory Activity and Puget Pass revenue as required for revenue reconciliation;
- Allow the Reconciliation Account Manager access to records necessary to audit information provided in monthly reports.

iii) Each Party shall be responsible for accepting the Puget Pass as full or partial payment on its affected services including, but not limited to, all actions required to:

- Ensure acceptance of the Puget Pass on affected service;
- Provide information to the public on the availability and use of the Puget Pass.

iv) The Parties shall undertake any and all other necessary and appropriate actions required to implement this Agreement as determined jointly by the Parties.

b) Additional Responsibilities of Sound Transit. In addition to its responsibilities as a Party to this Agreement, Sound Transit shall have the following responsibilities.

i) Sound Transit shall serve as Reconciliation Account Manager as defined under this Agreement and shall fulfill the responsibilities required of that function. The accounting responsibilities of the Reconciliation Account Manager are detailed in Section 12 of this Agreement.

ii) Allow the other Parties, or their designees, access to records necessary to audit information provided in monthly reports and revenue reconciliation.

c) Additional Responsibilities of King County Metro. In addition to its responsibilities as a Party to this Agreement, King County Metro shall have the following responsibilities.

i) Actions required to oversee and support Puget Pass media including, but not limited to:

- Determination of Puget Pass denominations;
- Provision of design and production of Puget Pass media including oversight of design approval and pass procurement processes; and

ii) Actions required to oversee and support the distribution and sales of Puget Passes including, but not limited to:

- Determining the quantity and serial numbers of passes by pass type to be delivered to each Party;

Section 7 PROCESS FOR IMPLEMENTING THIS AGREEMENT

a) The Parties shall jointly determine the elements of the Business Account Puget Pass program and fare revenue reconciliation arrangement and other matters necessary to implement this Agreement through the Designated Representatives identified in Exhibit A of this Agreement. Such determinations and other decisions necessary to implement this Agreement shall be made by unanimous approval of the Parties. The Designated Representatives shall meet and confer as may be necessary and appropriate. Each Designated Representative shall be responsible for communicating issues, recommendations, questions, and any other information to persons or bodies within its agency. The same Designated Representative shall also be responsible for communicating the decisions, positions, questions or concerns of its agency to the Designated Representatives of the other Parties.

b) As provided in Section 19, the group of Designated Representatives shall have the ability to refer any disputes that cannot be resolved. Similarly, for issues that are beyond the decision making authority of the Designated Representatives, the issue shall be referred to the General Managers and Executive Directors of the Parties or their designees.

c) The Designated Representatives shall carry out the decisions of the General Managers and Executive Directors or their designees. Each Designated Representative shall be responsible for seeing that such decisions or actions necessary to implement this Agreement are consistent with the applicable administrative or legislative procedure of the Party it represents.

d) When acting through the process provided to implement this Agreement, the Designated Representatives do not have authority to enter into contracts on behalf of the Parties or to obligate the Parties to expend funds beyond the obligations that the Parties incur by entering into this Agreement; provided that the Designated Representatives have authority to implement the revenue reconciliation functions provided herein.

Section 8 PROCUREMENT AND CONTRACTING

a) **Pass Production.** The cost of Puget Pass production shall be shared by the Parties as provided in Section 13. Puget Pass production goods and services shall be procured using the most advantageous method that complies with the procurement requirements of the Federal Transit Administration (FTA).

b) **Other Procurement and Contracting.** For other goods or services necessary to implement the Agreement that represent shared costs, the Parties shall use the most advantageous procurement method that complies with the requirements of the FTA and the Parties. Methods for procurement may include intergovernmental purchasing agreements, interagency purchasing agreements, or other contracting arrangements. The Parties shall each approve or execute any such agreement(s) for other goods or services pursuant to their respective authorization processes.

Section 9 PUGET PASS REVENUE ALLOCATION

The Parties shall receive the shares of revenue from Puget Pass sales or recognized Puget Pass revenue by pass denomination as calculated in Exhibit B.

Section 10 REPORTING

a) Monthly Report. Each Party selling Puget Passes to business accounts or with outstanding Puget Passes shall provide a monthly report to the Reconciliation Account Manager within 30 days of the end of the reporting month. These monthly reports shall include each Party's total monthly boardings, revenue from Puget Pass sales and recognized revenue from outstanding Puget Passes by denomination.

Revenue from pass sales by denomination shall be reported in accordance with the accounting methodology of each agency. Agencies that record revenue from pass sales at month's end when reports are received from employers and consignment outlets shall report the recorded revenue to the Reconciliation Account Manager. Agencies that record revenue when passes are distributed to employers and then debit back returns shall report revenue recorded each month, revenue debited back during that month, and net revenue.

b) Reconciliation Account Manager. The Reconciliation Account Manager shall prepare and distribute reports to the other Parties within thirty (30) days after receipt of the last monthly report submitted by any of the Parties. These reports will include the remittance advices for the balances to/from the Reconciliation Account Manager.

Section 11 RECONCILIATION EVENTS.

Monthly Revenue Reconciliation. The Regional Account Manager will use the data from each Party's monthly report submitted pursuant to Section 10 to calculate each Party's share of Puget Pass Revenue by denomination per the allocation formula in Exhibit B.

The Reconciliation Account Manager shall issue an invoice to each Party for the difference between that Party's total Puget Pass sales revenue and that Party's total agency share calculated pursuant to Exhibit B. The Reconciliation Account Manager shall also disburse funds from the Reconciliation Account to all other Parties. Such disbursements shall be calculated based on total Puget Pass revenue by denomination and each Party's agency share.

Section 12 RECONCILIATION ACCOUNT MANAGER

Sound Transit shall serve as the Reconciliation Account Manager. The Reconciliation Account Manager shall manage the Revenue Reconciliation Account pursuant to this Agreement.

a) Accounting Functions. The Reconciliation Account Manager shall perform the following accounting functions:

i) Puget Pass Activity Tracking. On a monthly basis, the Reconciliation Account Manager shall review the monthly reports provided by the Parties to verify that the revenues and quantities of Puget Passes received and outstanding corresponds with the quantities sold, unreturned from consignment, lost, disposed of or destroyed.

ii) Monthly Revenue Reconciliation. On a monthly basis, the Reconciliation Account Manager shall invoice and collect payments from each Party for revenue received from Puget Pass sales and recognized revenue from outstanding Puget Passes. Additionally, on a monthly basis, the Reconciliation Account Manager shall make payment to any Party due revenue from Puget Pass sales.

b) Reporting Functions. The Reconciliation Account Manager shall make monthly reports submitted by the Parties available for review by any Party upon request.

(i) Reconciliation Account Activity. Reports by the Reconciliation Account Manager shall include but are not limited to the following information about the Reconciliation Account:

- Summary of Monthly Reconciliations by Party;
- Monthly summary of total revenue received and disbursed by the Revenue Reconciliation Account.

c) Recordkeeping Functions. The Reconciliation Account Manager shall maintain any and all records required to fulfill its accounting and reporting functions. Further, the Reconciliation Account Manager shall retain these records in accordance with the provisions of Section 18 of this Agreement.

Section 13 PUGET PASS DESIGN AND PRODUCTION

a) Shared Cost. Except as provided in Section 17(c) or in any other written agreements regarding pass production costs, the each Party shall pay the cost of pass production for the Puget Passes it sells to business accounts.

b) Shared Cost and Payment Timeline. King County Metro shall issue an invoice accompanied by substantiating documentation to any other Party selling Puget Passes to business accounts for the production cost of those passes. Remittance shall be due and payable to the King County Metro within 30 days of receipt.

c) Denominations. All Puget Pass denominations shall be in twenty-five cent (\$0.25) increments, with prices equal to thirty-six (36) times the pass denomination (fare value). Puget Passes may be produced with denominations and prices as listed in Exhibit B.

d) Design. The design of the Puget Pass will be subject to approval of each Party. The design will include a clearly identified fare value, start and end date, a unique serial number, and a magnetic stripe readable by King County Metro, Everett Transit, and Sound Transit fareboxes. The magnetic stripe shall be encoded with the fare value, serial number, appropriate account codes and start and end dates of the Puget Pass.

e) Quantities. King County shall determine the number of Puget Passes of each denomination (fare value) to be produced.

Section 14 PUGET PASS DISTRIBUTION AND ACCOUNTING

a) Pass Distribution: Vendor to Parties. Distribution of Puget Passes to a Party shall be provided for through direct distribution from the production vendor. In accordance with a reasonable timeline established by the Party administering the contract with the production vendor, each Party shall identify the quantity of Puget Passes of each pass type to be delivered by the vendor for that month. The production vendor and the receiving party shall jointly produce a single written record of the transaction that identifies the quantity and serial numbers of passes distributed by pass type and the date of receipt. That Party shall maintain the original of this record and provide a copy to the Reconciliation Account Manager to keep on file. Each Party shall provide the Reconciliation Account Manager and the vendor with a written notice of any discrepancies discovered after time of delivery. Each Party shall be responsible for all fare media it receives from the production vendor.

b) Pass Distribution: Party to Party. Distribution of Puget Passes may be facilitated through the redistribution of Puget Passes from Party to Party. A single written record of the transaction that identifies the quantity and serial numbers of passes redistributed by pass type and the date of receipt shall be jointly produced by the Parties. The receiving Party shall maintain the original of this record. Upon request, the receiving Party shall provide a copy to the Reconciliation Account Manager to keep on file. Each Party shall be responsible for all fare media it receives from another Party.

c) Pass Distribution to Business Accounts. Each Party shall distribute Puget Passes to the business accounts for which it is responsible as defined in Section 15.

d) Pass Revenue Collection. Each Party shall collect Puget Pass sales revenue and unsold Puget Passes from their business accounts as defined in Section 15 in a timely fashion. Each Party shall maintain written records of Puget Passes sold by and unsold/returned for each calendar month.

e) Destruction of Unsold Puget Passes. Each Party shall manage at its own expense destruction or disposal of unsold Puget Passes.

f) Reporting to Reconciliation Account Manager. Each Party shall provide the Reconciliation Account Manager with a monthly written report as outlined in Section 10.

Section 15 PASS SALES

a) Sales Policies. Each Party shall, at its own expense, sell Puget Passes to its business accounts. Each Party shall determine the variety of denominations of Puget Passes to be sold and shall be responsible for revenue lost due to purchases made on accounts with insufficient funds.

i) Exchange and Refund Policies. The regional policy on issuance of exchanges or refunds to customers for returned, or replacements for lost or stolen Puget Passes is outlined in Exhibit C. Each Party may at its own discretion adopt policies different than the regional policy on issuance of exchanges or refunds. Such deviations shall be incorporated into that Party's calculation of revenue.

b) Employer Consignment Sales. Each Party shall, at its own expense, allow employers to purchase Puget Passes at full price for their employees. Each Party may, at its own expense, allow any employer to consign passes for sale to employees.

i) Party Responsibility. Each Party shall be responsible for administering employer pass consignment programs for those employers located in its Service Area. In cases where an employer has employment sites located in the Service Area of more than one Party, the Parties will mutually resolve which Party shall have responsibility for the employer in question. Further, in situations where benefits will be derived for both the Parties and employer, the Parties may mutually resolve that a Party has responsibility for an employer outside of its Service Area. Regardless, the Parties intend that only one Party will be responsible for and provide passes to a given employer.

Section 16 PUGET PASS ACCEPTANCE POLICIES

a) Puget Passes. Each Party shall accept Puget Passes at fare value as payment for Transportation Service. When the fare of a Party's Transportation Service is equal to or less than the fare value of the Puget Pass, the customer shall be able to use this service at no additional charge. When the fare of a Party's Transportation Service is greater than the Puget Pass fare value, the customer shall pay an upgrade equal to the difference between the fare and the fare value of the Puget Pass.

b) Reduced fares. Each Party may accept Puget Passes at fare value for reduced fare payment for Transportation Service pursuant to its standard operating procedures.

c) Vanpools. Puget Passes shall not be accepted as partial or full payment towards vanpool fares by any Party.

d) Paratransit. Each Party shall accept Puget Passes at fare value for paratransit service. When the fare of a Party's paratransit service is equal to or less than the fare value of

the Puget Pass, the customer shall be able to use the service at no additional charge. When the fare of a Party's paratransit service is greater than the Puget Pass fare value, the customer shall pay an upgrade equal to the difference between the paratransit fare and the fare value of the Puget Pass. This Agreement in no way shall infringe upon each Party's authority to establish paratransit policies and administer a paratransit program pursuant to those policies.

Section 17 FARE CHANGES

a) Coordination. Each Party shall notify all other Parties if a fare change is anticipated at the time the budget is proposed, and in an adopted budget as soon as possible following the adoption of that budget. This notification will identify the proposed fare change, the timing of such fare change and estimated changes in pass quantities by denomination as a result of the fare change.

b) Additional Puget Pass Denominations. Any Party may add pass denominations to the Puget Passes shown in Exhibit B in order to accommodate a fare change adopted by that Party's board, as long as the fare value of the pass is in twenty-five (25) cent increments and the pass price is a multiple of thirty-six (36) times the pass fare value. Any Party anticipating a fare change that results in the requirement of new pass denomination(s) must notify the procuring Party's Contract Administrator at least six (6) weeks prior to the effective date of said pass(es) in order to ensure the availability of passes in the correct denominations.

c) Puget Pass Production Cost. The cost of producing any and all Puget Passes in support of a Party's anticipated or adopted fare change will be the sole responsibility of that Party less any realized production cost saving from reduced production in other pass categories that are a direct result of an adopted fare change.

Section 18 AUDIT AND REPORTING REQUIREMENTS

a) Audit Record Retention. In keeping with the requirements of the Federal Transit Administration (FTA), established in 49 CFR 18.36 and OMB Circular A-110, during the term of this Agreement and for three (3) years thereafter, the Parties agree to retain intact and to provide any data, documents, reports, records, contracts, and supporting materials relating to the Agreement as the FTA may require. Termination of this Agreement does not alter these requirements.

b) Federal (FTA) Reporting Requirements. Each of the Parties shall be independently responsible for reporting accurate ridership and revenue data to the National Transit Database, and any other such reporting requirements which are or may be imposed by the Federal government for recipients of Federal funds.

c) Audit Report. Upon request, each Party shall provide to the Reconciliation Account Manager its annual audit by the Washington State Auditor's Office and will notify the Reconciliation Account Manager upon completion of any additional comparable audits by a qualified outside auditing firm of the data, documents, reports, records, contracts, and supporting materials relating to this Agreement

d) Audit by Reconciliation Account Manager. Each Party hereby authorizes the Reconciliation Account Manager to audit its data, documents, reports, records, contracts, and supporting materials relating to this Agreement. Upon request, each Party shall provide the Reconciliation Account Manager with all documents and information necessary or useful in conducting the audit. The Reconciliation Account Manager shall make said documents and information available to any Party for inspection, upon provision of reasonable advance notice. The Reconciliation Account Manager hereby authorizes any other Party to audit its data, documents, reports, records, contracts, and supporting materials relating to this Agreement. Thirty days advance notice shall be provided before any audit occurring pursuant to this subsection.

e) Costs. Each Party shall bear its own staff and out-of-pocket expenses in complying with the reporting and audit provisions of this Agreement.

Section 19 DISPUTE RESOLUTION

In the event of any dispute concerning any provision of this Agreement or upon the request of any Party, the General Managers and Executive Directors of the Parties shall confer to resolve the dispute. In the event the Parties are unable to resolve the dispute, the Parties may submit the matter to a mutually agreed upon, non-binding mediator who shall recommend a resolution.

Section 20 TERMINATION

Any Party for its convenience, and without cause or for any reason whatsoever, may withdraw from participation in this Agreement by providing written notice of termination, sent certified mail, return receipt requested, to all of the other Parties at least ninety (90) days in advance of the effective date of the withdrawal; provided, however, that a withdrawing Party shall be subject to the next occurring Periodic and Annual Reconciliation and shall make such payments or shall be eligible to receive such disbursements as may result from the Periodic and Annual Reconciliation. A withdrawing Party shall (i) pay any amounts it became obligated to pay the other Parties or any one of them as a result of this Agreement including the cost of its share of Puget Passes that may have been produced up to the time of receipt of notification; (ii) make any contributions required to be paid to other Parties under this Agreement for costs which such other Parties became obligated to pay prior to the time of receipt of notification; (iii) assign all rights to any grants related to the Puget Pass Program covered under this Agreement as directed by the remaining Parties. In the event a Party withdraws, the remaining Parties shall amend this Agreement as necessary to reflect changes in cost and revenue allocations. In the event of withdrawal by a Party, this Agreement shall terminate as to that Party but shall continue in effect with respect to the remaining Parties. However, the termination of this Agreement with respect to one or more Parties shall not affect any of the Parties' rights or obligations, including any rights or obligations of a withdrawing Party, that are expressly intended to survive termination.

Section 21 LEGAL RELATIONS

a) Indemnification. To the maximum extent permitted by law, each Party shall defend, indemnify and hold harmless the other Parties and their officials, employees, agents and representatives from and against all claims, demands, suits, actions, costs, damages, and liability of any kind whatsoever that arise out of or are related to the negligent acts or omissions of the indemnifying Party and its officials, employees, agents and contractors in performing work under this Agreement. The indemnifying Party specifically assumes liability for actions brought by its own employees against the other Parties and for that purpose the indemnifying Party specifically waives, as respects the other Parties only, any immunity under the Worker's Compensation Act, RCW Title 51. The indemnifying Party recognizes that this waiver was the subject of mutual negotiation and is expressly entered into pursuant to the provisions of RCW 4.24.115, if applicable. In the event a Party incurs attorney's fees, costs or other legal expenses to enforce the provisions of this section against another Party, all such fees, costs and expenses shall be recoverable by the prevailing Party.

b) Severability. If any portion of this Agreement is found to be unenforceable by a court of competent jurisdiction, the remaining terms and provisions unaffected thereby shall remain in full force and effect. This Agreement shall be governed by the laws of the State of Washington.

c) No Third Party Beneficiaries. The Parties agree this Agreement is solely for the benefit of the Parties hereto and is not intended to grant any rights or benefits to any other parties.

d) Assignment. No Party may assign or transfer in any manner any interest, obligation or benefit under this Agreement without the prior written consent of all the Parties.

e) Amendment. This Agreement shall be modified or amended only by written amendment which includes the signatures of the duly authorized representatives of the Parties; provided, however, that the Exhibits attached hereto and identified in Section 4 may be amended or modified by the Designated Representatives pursuant to the process and limitations identified in Section 7.

f) Entire Agreement. Except for the prior obligations of the Parties which are described in Exhibit D and incorporated into this Agreement, this Agreement embodies the Parties' entire agreement on the issues covered by it. However, this Agreement may be supplemented by subsequent written agreements that the Parties make. All prior negotiations and draft written agreements are merged into and superseded by this Agreement.

g) Independent Agencies. No joint venture or partnership is formed as a result of this Agreement. No employees or agents of one Party or any of its contractors or subcontractors shall be deemed, or represent themselves to be, employees or agents of any other Party.

h) Counterparts. This Agreement may be executed in several counterparts, each of which shall be considered for all purposes as an original.

i) Excused Performance. Each Party shall be excused from performance of its obligations under this Agreement and shall not be liable for damages to the other Parties to the extent it is unable to perform as a result of circumstances beyond the reasonable control of that Party, including but not limited to acts of God, acts of war or civil disturbances, riots, strikes, labor actions, accident, fire and water damage.

j) Survival. The Provisions of this section shall survive any expiration or termination of this Agreement.

IN WITNESS WHEREOF, each Party has caused this Agreement to be signed by its duly authorized officer or representative as of the date set forth below its signature.

CENTRAL PUGET SOUND REGIONAL
TRANSIT AUTHORITY

CITY OF EVERETT

By _____
Joni Earl
Chief Executive Officer

By _____
Ray Stephanson
Mayor, City of Everett

Date _____

Approved as to Form:

By _____
James D. Iles, City Attorney

KING COUNTY

By _____
Kevin Desmond
General Manager, Transit Division

Attest: _____
Sharon Marks, City Clerk

Date _____

PIERCE COUNTY PUBLIC
TRANSPORTATION BENEFIT AREA
CORPORATION

SNOHOMISH COUNTY PUBLIC TRANSIT
BENEFIT AREA CORPORATION

By _____
Lynne M. Griffith
Chief Executive Officer

By _____
Joyce Eleanor, Corporate Executive Officer

By _____
Wayne Fanshier
Vice President, Finance & Administration

Date _____

ATTEST:

By _____
Treva Percival, CMC
Clerk of the Board

Date _____

