INTERLOCAL AGREEMENT

KITSAP TRANSIT PASSENGER-ONLY FERRY
EMISSION REDUCTION PROJECTS

This Interlocal Agreement ("Agreement") is entered into between the Puget Sound Clean Air Agency, (hereinafter referred to as the "Agency"), a municipal corporation of the laws of the state of Washington, and Kitsap Transit, 60 Washington Avenue Suite 200, Bremerton, WA 98337.

WHEREAS, the Agency has established the Diesel Solutions program to reduce emissions from diesel engine exhaust by retrofitting existing diesel vehicles, vessels, and equipment used in public and private fleets with emission control equipment; and

WHEREAS, the Agency and the ports have adopted the Northwest Ports Clean Air Strategy ("strategy"), the goal of which is to reduce air emissions from current and future maritime operations in the Pacific Northwest; and

WHEREAS, Kitsap Transit operates several ferries in the Puget Sound region and the Agency has identified reductions of diesel particulate from harbor vessels, including ferries, as a priority to the region; and

WHEREAS, Kitsap Transit purchased a new passenger-only ferry, the Rich Passage I, with four diesel engines to transport passengers from Bremerton to Seattle and desires to install eight diesel particulate filters (DPFs), two on each engine; and

WHEREAS, Kitsap Transit is replacing two diesel engines on an existing passenger-only ferry, the Admiral Pete I, and desires to install two diesel oxidation catalysts (DOCs), one on each replaced engine; and

WHEREAS, the Agency has agreed to reimburse Kitsap Transit for up to $25,000.00 of the cost for the DPF installations on the Rich Passage I; and up to $5,900.00 for two DOCs to be installed on the Admiral Pete I with funds available from Washington State Department of Ecology Grant No. G1000331; and

WHEREAS, the Board of Directors of the Puget Sound Clean Air Agency deems it desirable to enter into an Agreement with Kitsap Transit for the purposes of reimbursing Kitsap Transit; and

WHEREAS, Kitsap Transit represents and warrants that it is available, experienced, and qualified to perform the services described in this Agreement; and

WHEREAS, the parties enter into this Agreement pursuant to RCW 39.34 et. seq.; and

NOW, THEREFORE, the Agency and Kitsap Transit mutually agree as follows:

1. Purpose and Scope of this Agreement. The purpose of this Agreement is to establish procedures for the Agency to reimburse Kitsap Transit up to Twenty-Five Thousand Dollars
($25,000) for the purchase of eight DPFs on the Rich Passage I, and up to Five-Thousand Nine Hundred Dollars ($5,900.00) for two DOCs on the Admiral Pete I.

A. Duties of Agency

The Agency will reimburse Kitsap Transit up to $25,000 for the purchase and installation costs of eight DPFs on the Rich Passage I and up to $5,900 for the purchase of two DOCs on the Admiral Pete I. The reimbursements shall be subject to the Agency’s receipt of complete, supporting documentation from Kitsap Transit as described in section 1.B of this Agreement.

B. Duties of Kitsap Transit

Kitsap Transit shall conduct all purchasing and contracting activities related to procuring the diesel exhaust retrofit equipment for the subject vessels. Any contractual arrangements for the procurement of retrofit equipment shall be between Kitsap Transit and its suppliers. Kitsap Transit shall retain full responsibility for resolving any claims that might result from failure to perform under those contracts, and any warranty claims that might result from failure of the retrofit devices to perform as described by the manufacturer(s). The Agency shall have no role in the resolution of such claims.

Kitsap Transit may apply for reimbursement from the Agency for the purchase and installation of the eight DPFs on the Rich Passage I and two DOCs on the Admiral Pete I, provided that the following conditions are met:

i. Kitsap Transit’s requests for reimbursement by the Agency pursuant to this Agreement shall not exceed a total of Thirty Thousand Nine Hundred Dollars ($30,900): Twenty Five Thousand Dollars ($25,000.00) toward the cost of the eight DPFs for the Rich Passage I and Five Thousand Nine Hundred Dollars ($5,900) toward two DOCs for the Admiral Pete I.

ii. Kitsap Transit includes with the request for reimbursement by the Agency a copy of the invoice(s) from the vendor(s) for both purchase and installation of the DPFs and the DOCs, and proof of payment. Kitsap Transit’s request for reimbursement to the Agency shall clearly identify the total cost for parts and labor and the installation date of the devices.

iii. Kitsap Transit provides a written statement that the retrofit equipment was successfully installed. A successful installation shall be defined as installed retrofits that are operating properly without creating any known performance problems with the ferry engines.

iv. Each request for reimbursement includes a copy(ies) of the retrofit device manufacturer’s warranty. Warranties must cover the full repair or replacement cost of the diesel emission control device(s), including parts and labor. Warranties must also cover the full repair or replacement cost of returning the engine components to the condition they were in prior to a failure, including
parts and labor, for damage to the engine proximately caused by the diesel emission control device.

Kitsap Transit may submit requests for reimbursement before the termination date of the Agreement. Requests for reimbursement shall be sent to the Agency’s Manager of Finance and Purchasing at the address in Section 2 below.

2. **Compensation.** The total amount paid by the Agency for satisfactory performance of the work under this Agreement shall not exceed $30,900.00. The funding for this Agreement is provided by Washington State Department of Ecology Grant Number G1000331 and is part of the Agency’s Diesel Solutions Work Plan for Fiscal Year 2011.

   A. Kitsap Transit shall submit invoices, showing costs incurred by Kitsap Transit and its vendors separately, during the duration of this Agreement.

   i. All invoices shall be submitted within 60 days of completing successful retrofit installation for the *Rich Passage I* and the *Admiral Pete I*. A successful installation shall be defined as installed retrofits that are operating properly without creating any known performance problems with the ferries’ diesel engines.

   ii. All invoices shall be submitted on or before July 10, 2011.

   B. Kitsap Transit shall submit invoices to the Agency’s Manager of Finance and Purchasing. Invoices shall be paid upon successful compliance with all requirements of this Agreement and within forty-five (45) days after review and approval by the Project Manager. Kitsap Transit shall include sales tax and any tax exemptions taken as adjustments to the invoice amounts on the actual invoice submitted to the Agency.

   C. Invoices shall be sent to:

   Puget Sound Clean Air Agency
   Karen Houser, Manager of Finance and Purchasing
   1904 3rd Ave Suite 105
   Seattle, WA 98101
   Phone: 206-689-4036
   Fax: 206-343-7522
   E-mail: karenh@pscleanair.org

3. **Term.** The effective date of this Agreement is the final signature date. No payments in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by the Agency. Any costs incurred prior to the effective date of this Agreement will be at the sole expense and risk of Kitsap Transit. The termination date of this Agreement is June 30, 2011.
4. **Communications.** The following persons shall be the contact for all communications regarding the performance of this Agreement.

<table>
<thead>
<tr>
<th>Kitsap Transit</th>
<th>Agency</th>
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</thead>
<tbody>
<tr>
<td>Wendy Clark-Getzin</td>
<td>Project Manager: Elizabeth Gilpin</td>
</tr>
<tr>
<td>Kitsap Transit</td>
<td>Puget Sound Clean Air Agency</td>
</tr>
<tr>
<td>200 Charleston Blvd.</td>
<td>1904 Third Avenue, Suite 105, Seattle, WA 98101</td>
</tr>
<tr>
<td>Phone: 360-478-6931</td>
<td>Phone: 206-689-4026</td>
</tr>
<tr>
<td>Fax: 360-377-7086</td>
<td>Fax: 206-343-7522</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:WendyC@KitsapTransit.com">WendyC@KitsapTransit.com</a></td>
<td>E-mail: <a href="mailto:elizabethg@pscleanair.org">elizabethg@pscleanair.org</a></td>
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5. **Changes.** The parties may, from time to time, require changes in the scope of services performed under this Agreement. The parties shall mutually agree to the changes by written amendment to the Agreement.

6. **Early Termination.** Either party may terminate this Agreement at any time with or without cause by giving a thirty (30) day written notice of such termination and by specifying the effective date of the termination; provided, that the termination shall be preceded by a face-to-face meeting between Kitsap Transit and the Agency. Upon termination of this Agreement, the Agency, in addition to any other rights provided in this Agreement, may require Kitsap Transit to deliver to the Agency any property specifically produced or acquired for the performance of such part of this Agreement as has been terminated.

7. **Subcontracting.** Neither party, nor any subcontractor of either party, shall enter into subcontracts for any of the services or work contemplated under this Agreement without obtaining prior written approval of the Agency. In no event shall the existence of any subcontract operate to release or reduce the liability of Kitsap Transit to the Agency for any breach in the performance of Kitsap Transit’s duties.

8. **Assignment.** The work provided under this Agreement, and any claim arising thereunder, is not assignable or delegable by either party, in whole or in part, without the express prior written consent of the other party.

9. **Indemnification.** Each party to this Agreement shall be responsible for its own acts and/or omissions and those of its officers, employees, and agents. No party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.
10. **Compliance with All Laws and Regulations.** The parties shall comply with all applicable local, state, and federal laws, regulations, and standards necessary for the performance of this Agreement.

11. **Warranty Claims.** Any and all warranty claims or disputes shall be between the diesel retrofit device manufacturer and Kitsap Transit. The Agency shall have no liability or responsibility with respect to any defects in materials or labor used to install the diesel retrofit equipment. Furthermore, the Agency shall have no liability or responsibility for any damage to the ferry engines caused by the emission control devices installed on the *Rich Passage I* or the *Admiral Pete I* or with respect to any warranty claims or disputes.

**THIS Agreement** is executed by the persons signing below, who warrant they have the authority to execute this Agreement.

**Puget Sound Clean Air Agency**

Attest:

By: [Signature]

Craig Kenworth
Executive Director

Date: 10/15/10

**Kitsap Transit**

By: [Signature]

Richard M. Hayes
Executive Director

Date: [Blank]

Approved as to Form:

By: [Signature]

Laurie Halvorson
Director of Compliance and Legal

Date: 10/14/10
Puget Sound Clean Air Agency
1904 3rd Ave., Ste 105
Seattle, WA 98101

Certification Regarding
Debarment, Suspension and Other Responsibility Matters

The prospective participant certifies to the best of its knowledge and belief that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to $10,000 or imprisonment for up to 5 years, or both.

Typed Name & Title of Authorized Representative

[Signature]
Signature of Authorized Representative

Date

☐ I am unable to certify to the above statements. My explanation is attached