



**Washington State
Department of Transportation**

<p>GRANT AGREEMENT</p> <p>Not to exceed</p> <p>One Million One Hundred Thousand Dollars (\$1,100,000)</p>	<p>ORGANIZATION</p> <p>City of Tacoma dba Tacoma Public Utilities – Tacoma Rail</p>
<p>AGREEMENT NUMBER</p> <p>RRB 1227</p>	<p>DESCRIPTION</p> <p>This project improves approximately 5,100 feet of existing track and replaces worn 112# rail with new 115# rail and repairs 19 private crossings.</p>

This AGREEMENT is between the WASHINGTON STATE DEPARTMENT OF TRANSPORTATION hereinafter referred to as the “STATE”, and City of Tacoma, Department of Public Utilities – Beltline Division, dba Tacoma Rail, hereinafter referred to as the “GRANTEE,” collectively referred to as the “PARTIES” and individually the “PARTY.”

WHEREAS, the Legislature recognizes that rail abandonment can increase the burden on STATE highways and county roads by increasing highway maintenance and repair costs; and

WHEREAS, the Legislature recognizes that rail abandonment can increase highway-related air pollution and dependence on imported petroleum; and

WHEREAS, the Legislature, pursuant to chapter 47.06A RCW, determined that freight rail systems are important elements of the STATE’S multimodal transportation system and that Washington’s economy benefits from the freight rail system by helping to ensure movement of the STATE’S agricultural, chemical, and natural resource products to local, national, and international markets; and

WHEREAS, the Legislature recognizes that the STATE, counties, local communities, railroads, labor and shippers all benefit from continuation of essential rail service for economic development purposes; and that abandonment of rail lines and rail freight service and the resultant motor vehicle freight traffic increases the burden on state highways and roads; and

WHEREAS, the Legislature finds that in many cases, the cost of upgrading the roads exceeds the cost of maintaining rail freight service. Thus, the economy of the State of Washington will be best served by a policy of maintaining and encouraging a healthy rail freight system by creating a mechanism which keeps rail freight lines operating if the benefits of the service outweigh the cost; and

WHEREAS, chapter 47.76 RCW permits the STATE to provide financial assistance to cities, counties, ports, and railroads for the purposes of acquiring, rebuilding, rehabilitating, or improving rail lines necessary to maintain use of the essential rail service; and

WHEREAS, the GRANTEE shall follow all the federal, state and local laws, regulations and ordinances which are applicable; and

WHEREAS, the Scope of Work defined in this AGREEMENT is hereinafter referred to as “PROJECT”; and

WHEREAS, the GRANTEE is the local entity for administering the PROJECT funds; and

WHEREAS, the GRANTEE has requested, and the STATE has authorized and appropriated STATE funds for the expenditure of up to One Million One Hundred Thousand Dollars (\$1,100,000) in recognition of the PROJECT’s contribution to the public good; and

NOW THEREFORE, pursuant to the above recitals that are incorporated herein as if fully set forth below and in consideration of the terms, conditions, covenants and performances contained in this AGREEMENT, or attached hereto and by this reference made a part of this AGREEMENT, IT IS MUTUALLY AGREED AS FOLLOWS:

SECTION 1 SCOPE OF WORK

The general Scope of Work is defined in the Description of Work, above which the STATE has determined to be a PROJECT that will improve the STATE's multimodal transportation system, and benefit the STATE and local economy. Complete details are included in EXHIBIT A SCOPE OF WORK, which is attached hereto and by this reference made a part of this AGREEMENT.

SECTION 2 PAYMENTS TO THE GRANTEE

The STATE agrees to grant to the GRANTEE monies to accomplish the PROJECT detailed in EXHIBIT A.

Prior to initiating any work for performance hereunder, the GRANTEE shall provide the STATE with the proposed schedule for each item of work to be performed. The schedule shall be arranged in such a manner as to form a basis for comparison with progress billings for work performed. In the event of a change in the method or time for performance of any work, the GRANTEE shall update the schedule, subject to the STATE's approval, to reflect the changed circumstances.

Subject to the stipulations set forth in Section 1 SCOPE OF WORK, the STATE agrees to reimburse the GRANTEE up to a maximum amount of One Million One Hundred Thousand Dollars (\$1,100,000) for the actual direct and related indirect costs expensed by the GRANTEE in the course of completing the PROJECT required under this AGREEMENT.

It is understood that the actual PROJECT costs under this AGREEMENT are based on preliminary estimates and that if unforeseen circumstances cause the PROJECT costs to exceed the PROJECT estimate, the GRANTEE shall complete the PROJECT and assume the entire cost overrun without any increase of the STATE's maximum GRANT commitment made herein.

Any costs expensed by the GRANTEE prior to the execution of this AGREEMENT will be borne by the GRANTEE and will not be eligible for reimbursement from the STATE.

The GRANTEE shall comply with all provisions of the most recent version of 48 CFR § 31 or as subsequently amended, regarding accounting conventions.

The GRANTEE shall provide the STATE with documentation confirming local matching share amounts have been secured and used for the PROJECT.

The GRANTEE shall submit monthly invoices detailing work completed and a PROJECT status report. The STATE shall make periodic payments to the GRANTEE for costs expensed under this AGREEMENT. Supporting documentation for all costs being invoiced shall be submitted with the invoice each month. Failure to provide supporting documentation will render the cost ineligible for reimbursement. Payment by the STATE shall not relieve the GRANTEE of any obligation to make good any defective work or material upon PROJECT completion. At the time the final PROJECT invoice is submitted, the GRANTEE shall provide the STATE with a written statement confirming City of Tacoma dba Tacoma Public Utilities – Tacoma Rail is in compliance with the terms of the AGREEMENT. The STATE will provide an example of this written statement upon request.

The GRANTEE shall receive reimbursement for the actual cost of items identified in EXHIBIT A, less net salvage value of any material being replaced in carrying out the PROJECT construction. Labor, materials, and/or other PROJECT costs supplied by the GRANTEE will only be reimbursed at actual cost without markup to the STATE or profit.

Any materials salvaged under this PROJECT will be stockpiled, inventoried, and sold with the proceeds credited to the PROJECT. Documentation shall include the amount of materials salvaged, the amount actually sold, and amount received which will be credited back to the PROJECT on the final submitted invoice.

Reimbursement for GRANTEE rented or leased equipment, if any, will be based on actual cost as supported by original receipts. Reimbursement for GRANTEE owned equipment shall be based on rates per 23 CFR 140.910(a) and approved FRA reference sources.

Reimbursement for overhead costs will not be allowed unless specified in this AGREEMENT.

Reimbursement for travel, subsistence, and lodging expenses will not be eligible under this AGREEMENT unless specifically preapproved in writing by the STATE. If preapproved, the GRANTEE shall comply with the rules and regulations regarding travel costs in accordance with the Washington State Department of Transportation Accounting Manual M 13-82 Chapter 10 "Travel Rules and Procedures" and revisions thereto, and by this reference incorporated herein as if it were attached hereto. Online access to Accounting Manual (M 13-82) Chapter 10 "Travel Rules and Procedures" and subsequent revisions are available at the Washington State Department of Transportation's Internet Site. The online access address for the current Travel Reimbursement Rates is contained in EXHIBIT B, WSDOT ACCOUNTING MANUAL CHAPTER 10, TRAVEL RULES AND PROCEDURES, attached hereto and by this reference made a part of this AGREEMENT. If online access is not available, contact the Washington State Department of Transportation headquarters office in Olympia to obtain copies of the "Travel Rules and Procedures" and any updates. Billing for non-salary cost, directly identifiable with the PROJECT, if any, shall be an itemized listing of the charges supported by copies of the original bills, invoices, expense accounts and miscellaneous supporting data submitted by the GRANTEE with each invoice. All above charges must be essential to the work conducted under this AGREEMENT. Crew travel time between normal workstation and jobsites will not be considered travel under this restriction.

If the STATE, at its sole discretion, determines that the PROJECT is not progressing in a satisfactory manner, the STATE may refuse monies for reimbursement to the GRANTEE for parts or all of the work performed to date.

If the PROJECT is not completed by June 30, 2021, the GRANTEE and STATE agree that the entire expense for the completion of the PROJECT will be borne solely by the GRANTEE. The GRANTEE shall then also be automatically in default and will be obligated to reimburse the STATE for the full amount of GRANT funds already paid to the GRANTEE. Any required repayment shall be due within thirty (30) calendar days after receipt of an invoice from the STATE.

SECTION 3 PROGRESS PAYMENT

The GRANTEE may forward monthly progress billings to the STATE for reimbursement by the STATE for PROJECT related work performed pursuant to EXHIBIT A. The STATE agrees to make payments for eligible PROJECT related work from the previous month. The GRANTEE may submit progress billings at any time, but not more frequently than once per month. The STATE agrees to reimburse the GRANTEE for properly billed and supported PROJECT costs within thirty (30) calendar days of receipt of a progress billing.

Per chapter 43.88 RCW, any invoices for work performed between July 1 and June 30 of any given year must be submitted to the STATE no later than July 6th (or the first business day after the July 4th holiday) of the same calendar year. If the GRANTEE is unable to provide an invoice for such work by this date, an estimate of all remaining payable costs owed by the State for work performed by the GRANTEE prior to July 1 must be submitted to the State no later than July 19th of the same year in order for the State to accrue the amount necessary for payment. The GRANTEE will thereafter submit any remaining invoices to the State for such work as soon as possible. Failure to comply with these

requirements may result in delayed payment. The State shall not be required to pay to the GRANTEE late payment fees, interest, or incidental costs expensed by the GRANTEE or any other costs related to a delayed payment if the GRANTEE fails to comply with the invoice requirements of this Section.

The payment by the STATE for any work completed shall not relieve the GRANTEE of any obligation to make good any defective work or material.

It is agreed that any STATE payment, pursuant to any GRANTEE payment request, will not constitute agreement as to the appropriateness of any item, and that required adjustments, if any, will be made at the time of STATE's final payment. In the event that the STATE and/or their representatives conducts an audit, and that audit indicates an overpayment of moneys granted to the GRANTEE, the GRANTEE agrees to refund the overpayment to the STATE within thirty (30) calendar days after being billed therefore.

SECTION 4 OWNERSHIP OF PROJECT EQUIPMENT

The STATE shall hold legal title to all vehicles and other equipment the GRANTEE acquires or modifies and have legal ownership of any non-vehicle PROJECT using funds provided under this AGREEMENT. The GRANTEE accepts the STATE's legal ownership of such PROJECT equipment throughout the period of the PROJECT and agrees to turn the same over to the STATE upon completion of the PROJECT. Definition of equipment is based upon CFR §200.33.

SECTION 5 EMPLOYMENT AND INSPECTION OF WORK

The GRANTEE shall employ all persons or contractors necessary to perform the PROJECT work and agrees to be responsible for the management, control, operation, construction, maintenance, and repairs that are essential to this PROJECT. The STATE may place an Engineer, Project Manager, and/or other inspection personnel on the work site during the term of this AGREEMENT to monitor progress of the PROJECT and/or to monitor adherence to the required provisions of this AGREEMENT. The GRANTEE shall make the site accessible to STATE inspection personnel. This may include providing transportation to remote, inaccessible work sites, at the expense of the GRANTEE.

The STATE will inspect progress at the work site, as it deems appropriate. In the event that the GRANTEE subcontracts to obtain material, equipment, and/or any work necessary to complete any PROJECT related track work, the GRANTEE will be responsible for certifying that all track work is in compliance with Federal Railroad Administration Track Standards.

Upon completion of the PROJECT, a joint inspection shall be made by the authorized representatives of each of the PARTIES to determine that the work has been completed within the terms of this AGREEMENT.

SECTION 6 TERM

This AGREEMENT shall become effective upon the date the last party signs the AGREEMENT. The AGREEMENT shall continue in full force for the useful life of the equipment and materials installed with STATE funds. It is the expectation of the parties that the useful life of the materials is ten (10) years. Accordingly, this AGREEMENT shall continue in full force and effect for ten (10) years after the physical completion of the work to be performed for this PROJECT.

SECTION 7 USE AND MAINTENANCE OF PROJECT CAPITAL IMPROVEMENTS AND OTHER EQUIPMENT PURCHASED WITH FUNDS FROM THIS AGREEMENT

The GRANTEE agrees that PROJECT property, equipment, and supplies shall be used solely for the PROJECT activity for the duration of its useful life. Should the GRANTEE unreasonably delay or fail to use PROJECT property, equipment, or supplies during its useful life, the GRANTEE understands that the

STATE may require the return of the entire amount of STATE assistance expended on that property, equipment, or supplies.

The GRANTEE will give timely notice and receive prior written approval from the STATE for any proposal to use PROJECT property, equipment or supplies in a manner substantially different than set forth in this AGREEMENT.

The GRANTEE shall make all necessary repairs and reasonably maintain the capital improvements and equipment purchased with the funds from this AGREEMENT so long as the STATE retains rights as specified in Section 8, CONTINGENT INTERESTS. The costs of service, materials, and repairs in connection with the use and operation of the PROJECT shall be at the GRANTEE's expense.

SECTION 8 CONTINGENT INTERESTS

The GRANTEE agrees that the STATE shall retain a Contingent Interest in a form consistent with RCW 47.76.250(10) in the PROJECT's capital improvements and the equipment purchased with the funds from this AGREEMENT as described in EXHIBIT A, which binds the GRANTEE, and its successor(s), to continue and maintain the PROJECT in an operating condition that is viable for use in rail line.

The STATE shall maintain its contingent interest for ten (10) years following the PROJECT's completion. During this time the GRANTEE may not (a) use the rail line, property or equipment purchased with funds from this AGREEMENT as collateral, (b) remove track, or associated elements for salvage, or (c) use the PROJECT capital improvements or equipment in any manner subordinating the STATE's Contingent Interests without obtaining prior written permission from the STATE.

The requirement that the PROJECT capital improvements and equipment be maintained for rail service shall also be required of all subsequent purchasers, persons, or entities acquiring all, or a material portion of, the line upon which the PROJECT is constructed. The GRANTEE shall be obligated to include in any contract of sale or other dispositional agreement for all, or any portion of, the PROJECT provisions sufficient to perpetuate the STATE's Contingent Interest to the PROJECT capital improvements and equipment upon the consummation of any such conveyance.

The GRANTEE shall make appropriate entries upon its financial statements and its books and records disclosing the STATE's contingent interests under this Section.

SECTION 9 LOSS OR DAMAGE TO PROJECT EQUIPMENT

The GRANTEE, at its own expense, shall cover any loss, theft, damage, or destruction of the PROJECT equipment. The GRANTEE agrees that any loss, theft, damage, or destruction of the PROJECT equipment does not relieve the GRANTEE of any obligations to repay STATE's grant monies. If the GRANTEE does not replace or repair any PROJECT equipment that has been lost, stolen, damaged, or destroyed within sixty (60) calendar days of such, the GRANTEE shall then be automatically in default and will be obligated to reimburse the STATE for the full amount of GRANT funds already paid to the GRANTEE.

SECTION 10 MAINTENANCE OF RECORDS AND AUDIT REQUIREMENTS

During the progress of the work, and for a period of not less than six (6) years from the date of final payment by the STATE to the GRANTEE, records and accounts of the GRANTEE are to be kept available for inspection and audit by representatives of the STATE.

Copies of the records shall be furnished to the STATE upon request and shall be maintained in accordance with accepted job cost accounting procedures as established in 48 CFR § 31. All costs must be supported by actual invoices and canceled checks. The GRANTEE agrees to comply with the audit requirements contained herein, and to impose the same requirement on any consultant, contractor, or subcontractor who may perform work funded by this AGREEMENT.

The records to be maintained by the GRANTEE shall include, but are not limited to, the following:

- (a) Records that identify the sources and applications of funds for this AGREEMENT and contain information pertaining to outlays;
- (b) Supporting source documents;
- (c) All documentation underlying the preparation of the financial reports;
- (d) Any other records which are required following notification of an amendment to State of Washington or federal regulations which takes effect during the period in which costs are allowable; and
- (e) Any other records necessary to disclose fully the amount and disposition of the funds provided to the GRANTEE under this AGREEMENT and charged to the PROJECT, supported by documents evidencing in detail the nature and propriety of the charges, the total cost of each undertaking for which the assistance was given or used, the amount of the costs of the undertaking supplied by other sources, and other books, records, and documents needed for a full and complete verification of the GRANTEE's responsibilities and all payments and charges under this AGREEMENT.

In the event that any litigation, claim or audit is initiated prior to the expiration of said six-year period, the records shall be retained until such litigation, claim, or audit involving the records is complete.

SECTION 11 REPRESENTATIONS, WARRANTIES, AND COVENANTS

The following representations and warranties by the PARTIES hereto shall be considered conditions precedent to the effectiveness of this AGREEMENT.

The GRANTEE represents and warrants the following:

- (a) That it is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington;
- (b) That the monies the GRANTEE will derive through this AGREEMENT will be used solely for the PROJECT as defined in this AGREEMENT;
- (c) That it has the full power and authority to enter into this AGREEMENT, and to carry out the obligations, which it has hereby undertaken;
- (d) That all corporate and other proceedings required to be taken by or on the part of the GRANTEE to authorize its entrance into this AGREEMENT, have been or will be duly taken;
- (e) That execution of this AGREEMENT and the performance of the improvement hereunder will not violate any statute, rule, regulation, order, writ, injunction or decree of any Court, administrative agency or government body;
- (f) That the GRANTEE has not employed or retained any company or person to solicit or secure this AGREEMENT, and that it has not paid or agreed to pay any company or person, any fee, commission percentage, brokerage fee, gifts, or any other consideration, contingent upon or resulting from the award or making of this AGREEMENT. For breach or violation of this warranty, the STATE shall have the right to terminate this AGREEMENT without liability;
- (g) That the GRANTEE shall not engage on a full, part-time, or other basis, during the period of the AGREEMENT, any professional or technical personnel, to work on this AGREEMENT, who are, or have been, at any time during the period of the AGREEMENT in the employ of the STATE without written consent of the employer of such person; and
- (h) That the GRANTEE shall not extend any loan, gratuity, or gift of money in any form whatsoever to any employee, agent, or officer of the STATE nor will the GRANTEE rent or purchase any equipment or materials from any employee or officer of the STATE.

SECTION 12 TERMINATION FOR FAULT

Should either the STATE or the GRANTEE substantially fail to perform their obligations under this AGREEMENT, and continue in such default for a period of sixty (60) calendar days, the PARTY not in default shall have the right at its option, after first giving thirty (30) calendar days written notice thereof by certified mail to the PARTY in default, and notwithstanding any waiver by the PARTY giving notice of any breach thereof, to terminate this AGREEMENT. The termination of this AGREEMENT shall not impair any other rights of the terminating PARTY under this AGREEMENT or any rights of action against the defaulting PARTY for the recovery of damages. For purposes of this provision, a substantial failure to perform on the part of the GRANTEE shall be deemed to include, but shall not be limited to, any action of the GRANTEE that jeopardizes its ability to perform pursuant to this AGREEMENT.

SECTION 13 TERMINATION FOR CONVENIENCE

The STATE may terminate this AGREEMENT in whole, or in part, upon thirty (30) calendar days written notice whenever:

- (a) The requisite grant funding becomes unavailable through failure of appropriation or otherwise; and/or
- (b) The STATE determines that such termination is in the best interests of the STATE.
- (c) If the STATE exercises its rights under this Section, then the STATE shall reimburse GRANTEE for any expenses and costs eligible hereunder prior to receipt of such notice of termination.

SECTION 14 ASSIGNMENT AND SUCCESSION

Neither the STATE nor the GRANTEE may assign or in any manner transfer either in whole or in part this AGREEMENT or any right or privilege granted to it hereunder, nor permit any person or persons, company or companies to share in any such rights or privileges without the prior written consent of the other PARTY hereto, except as otherwise herein provided. Nothing in this AGREEMENT shall be construed to permit any other railway company or any other person, corporation, or association, directly or indirectly, to possess any right or privilege herein.

SECTION 15 FORCE MAJEURE

It is further understood and agreed that neither the GRANTEE nor the STATE, as the applicable case may be, shall be required to keep this AGREEMENT in effect during any period(s) it is prevented from doing so by governmental action, war, strikes, riots, terrorism, or civil commotion, or if the rail facilities or any portion thereof is made unserviceable by Acts of God including, but not limited to, floods, high water, or other damage by the elements.

SECTION 16 NOTICES

Any notice, request, consent, demand, report, statement or submission which is required or permitted to be given pursuant to this AGREEMENT shall be in writing and shall be delivered personally to the respective PARTY set forth below, or if mailed, sent by certified United States mail, postage prepaid and return receipt required, to the respective PARTIES at the addresses set forth below, or to such other addresses as the PARTIES may from time to time advise by written notice to the other PARTY. The date of personal delivery or of execution of the return receipt in the case of delivery by certified U.S. mail, of any such notice, demand, request, or submission shall be presumed to be the date of delivery.

NOTICES IN THE CASE OF THE GRANTEE:
City of Tacoma dba Tacoma Public Utilities – Tacoma Rail
Tacoma Rail Assistant Superintendent

Attn: Alan Matheson
2601 SR 509 North Frontage Road
Tacoma, WA 98421-3134

Should the above Registered Agent become unavailable, the GRANTEE consents to allowing the legal notices to be sent to the Secretary of State of the State of Washington.

NOTICES IN THE CASE OF THE STATE:
Ron Pate, Director
WSDOT Rail, Freight, and Ports Division
310 Maple Park Avenue SE Olympia, WA 98504-7407

SECTION 17 INTERPRETATION

This AGREEMENT shall be construed liberally so as to secure to each PARTY hereto all of the rights, privileges, and benefits herein provided or manifestly intended. This AGREEMENT, and each and every provision hereof, is for the exclusive benefit of the PARTIES hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right of a third party to recover by way of damages or otherwise against the PARTIES hereto.

If any covenant or provision, or part thereof, of this AGREEMENT shall be adjudged void, such adjudication shall not affect the validity or obligation of performance of any other covenant or provision, or part thereof, which in itself is valid, if such remainder conforms to the terms and requirements of applicable law and the intent of this AGREEMENT. No controversy concerning any covenant or provision shall delay the performance of any other provisions except as herein allowed.

All remedies provided in the AGREEMENT are distinct and cumulative to any other right or remedy under this document or afforded by law or equity, and may be exercised independently, concurrently, or successively therewith.

Any forbearance of the PARTIES in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of, or preclude the exercise of that or any other right or remedy hereunder.

Each PARTY hereby agrees to immediately notify the other PARTY of any change in conditions or any other event, which may significantly affect the TERM of this AGREEMENT or the PARTY's ability to perform the PROJECT in accordance with the provisions of this AGREEMENT.

SECTION 18 SUBCONTRACTING

It is understood that the GRANTEE may choose to subcontract all or portions of the work. The GRANTEE must obtain the STATE's advanced written approval of all subcontractors it shall employ on the PROJECT.

No contract between the GRANTEE and its contractors and/or their subcontractors, and/or material suppliers shall create any obligation or liability of the STATE with regard to this AGREEMENT without the STATE's specific written consent to such obligation or liability notwithstanding any concurrence with, or approval of, the award, solicitation, execution, or performance of any contract or subcontract. The GRANTEE hereby agrees to include the provisions of this AGREEMENT in all contracts entered into by the GRANTEE for the employment of any individuals, procurement of any materials, or the performance of any work to be accomplished under this AGREEMENT.

SECTION 19 LAWS TO BE OBSERVED

1. **General Compliance.** The GRANTEE shall comply with all applicable federal, State, and local laws, rules, regulations, and orders pertaining to the PROJECT, including but not limited to 48 CFR

Part 31 and 49 CFR Part 18. If any action or inaction by the GRANTEE results in a fine, penalty, cost, or charge being imposed or assessed on or against the GRANTEE and/or the STATE, the GRANTEE shall assume and bear any such fine, penalty, cost, or charges. In the event the STATE, for any reason, is required to pay the same, the GRANTEE, upon demand, shall promptly reimburse, indemnify, and hold harmless the STATE for or on account of such fine, penalty, cost or charge and shall also pay all expenses and attorney's fees expensed in defending any action that may be brought against the STATE on account thereof. The GRANTEE shall, in the event of any such action and upon notice thereof from the STATE, defend any such action(s) free of cost, charge and expense to the STATE.

2. **Permits and Compliance with land use and environmental laws.** The GRANTEE shall be responsible for obtaining all necessary permits from federal, state, and local agencies of government and compliance with land use and environmental regulations pertaining to the performance of work under this AGREEMENT.

3. **Compliance with Social Laws.** During the term of the AGREEMENT, the GRANTEE and its contractors, subcontractors, and lessees shall comply with all applicable STATE and FEDERAL workmen's compensation, employer's liability and safety and other similar laws applicable to the GRANTEE.

4. **Equal Employment Opportunity.** In connection with the execution of this AGREEMENT, the GRANTEE or its Contractor shall not discriminate against any employee or applicant for employment because of race, creed, marital status, age, color, sex or national origin, or disability, except for a bona fide occupational qualification.

SECTION 20 INDEPENDENT CONTRACTOR

The GRANTEE shall be deemed an independent contractor for all purposes and the employees of the GRANTEE or any of its contractors, subcontractors, lessees and the employees thereof, shall not in any manner be deemed the employees or agents of the STATE.

SECTION 21 SAFETY AND LIABILITIES

1. **Safety.** The GRANTEE shall do all things necessary and proper for the safe operation of the PROJECT and shall comply with all regulations prescribed by law or any public authority with respect thereto for the safety of the public or otherwise.

2. **Personal Liability of Public Officers.** No officer or employee of the STATE or GRANTEE shall be personally liable for any act, or failure to act, in connection with this AGREEMENT, it being understood that in such matters they are acting solely as agents of the STATE or GRANTEE.

3. **Responsibility for Damage.** The STATE, Transportation Commission, Secretary of Transportation, and all officers and employees of the STATE including, but not limited to, those of the Department of Transportation shall not be responsible in any manner for: any loss or damage to the work or any part thereof; for any loss of material or damage to any of the materials or other things used or employed in the performance of the work; for any injury to or death of any persons, either workers or the public, or for damage to the public for any cause due to the intentional acts or negligence of the GRANTEE or its workers, or anyone employed by it.

4. **Indemnification.** The GRANTEE shall indemnify and hold the STATE and all its officers and employees harmless from, and shall process and defend at its own expense all claims, demands, or suits at law or equity arising out of this AGREEMENT caused by the performance or failure to perform by the GRANTEE, its agents, employees and/ or its subcontractors of any and all duties prescribed by, or incidental to its performance under, this AGREEMENT; provided that nothing herein shall require the GRANTEE to indemnify or hold the STATE harmless against claims, demands, or suits based solely upon the negligent conduct of the STATE, its officers or employees; and provided further that if the

claims, demands or suit is caused by or results from the concurrent negligence of (a) the GRANTEE's agents or employees and (b) the STATE's agents or employees, and involves those actions covered by RCW 4.24.115, this indemnity provision with respect to claims or suits based upon such negligence shall be valid and enforceable only to the extent of the GRANTEE's negligence or the negligence of the GRANTEE's agents or employees.

The GRANTEE agrees that its obligations under this Section extend to any claim, demand and/or cause of action brought by, or on behalf of, any of its employees or agents while performing construction and/or maintenance for the PROJECT. For this purpose, the GRANTEE, by mutual negotiation, hereby waives with respect to the STATE only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions chapter 51.12 RCW.

This indemnification and waiver shall survive the termination of this AGREEMENT for all claims, demands, or suits at law or equity arising out of this Agreement during its term.

SECTION 22 NO WAIVER OF STATE'S RIGHTS

The STATE shall not be precluded or estopped by any measurement, estimate, or certificate made either before or after the completion and acceptance of the work and payment therefore from showing the true amount and character of the work performed and materials furnished, or from showing that any such measurement, estimate, or certificate is untrue or incorrectly made, or that the work or materials do not conform in fact to the AGREEMENT. Neither the granting of an extension of time, nor acceptance of and/or payment for, the whole or any part of the work by the STATE shall bar the STATE from seeking recovery of damages or any money wrongfully or erroneously paid to the GRANTEE. A waiver of any breach of contract shall not be held to be a waiver of any other or subsequent breach.

SECTION 23 VENUE

In the event that either PARTY deems it necessary to institute legal action or proceedings to enforce any right or obligation under this AGREEMENT, the PARTIES hereto agree that any such action shall be initiated in the Superior Court of the State of Washington, situated in Thurston County. The PARTIES also agree that each PARTY shall be responsible for its own attorney's fees and other legal costs.

SECTION 24 DISPUTES RESOLUTION

In the event that a dispute arises under this AGREEMENT which cannot be resolved between the PARTIES, the dispute shall be settled in the following manner: Each PARTY to this AGREEMENT shall appoint a member to a dispute board. The members so appointed shall jointly appoint a third member who is not employed by or affiliated in any way with the two PARTIES to this AGREEMENT. The dispute board shall evaluate the facts, contract terms, and applicable statutes and rules and make a determination of the dispute. The determination of the dispute board shall be final and binding on the PARTIES hereto. The PARTIES agree to each be responsible for its own costs and further agree to equally share the cost of the third member of the dispute board.

SECTION 25 COMPLETE AGREEMENT

This document and referenced attachments contain all of the covenants, stipulations and provisions agreed upon by the PARTIES. No agents, or representative of either PARTY has authority to make, and the PARTIES shall not be bound by or be liable for, any statement, representation, promise or agreement not set forth herein. No changes, amendments, or modifications of the terms hereof shall be valid unless reduced to writing and signed by the PARTIES as an amendment to this AGREEMENT prior to beginning or continuing any work to be covered by the amendment.

SECTION 26 EXECUTION OF ACCEPTANCE

The PARTIES adopt all statements, representations, warranties, covenants, and EXHIBITS to this AGREEMENT.

SECTION 27 AMENDMENT

Either PARTY may request changes in these provisions. Such changes that are mutually agreed upon shall be incorporated as written amendments to this AGREEMENT. No variation or alteration of the terms of this AGREEMENT shall be valid unless made in writing and signed by authorized representatives of the PARTIES hereto prior to beginning or continuing any work to be covered by the amendment.

SECTION 28 COUNTERPARTS

This AGREEMENT may be executed in two counterparts, each of which shall be deemed to be an original having identical legal effect.

IN WITNESS WHEREOF, the PARTIES hereto have executed this AGREEMENT as of the date signed last by the PARTIES below.

WASHINGTON STATE Department of Transportation

By: _____ Date: _____
Ron Pate, Director
Rail, Freight, and Ports Division

Approved as to Form on behalf of WSDOT

By: _____ Date: _____
L. Scott Lockwood
Assistant Attorney General

City of Tacoma dba Tacoma Public Utilities – Tacoma Rail

By: _____ Date: _____
Jackie Flowers
Director of Utilities

By: _____ Date: _____
Andrew Cherullo
Finance Director

By: _____ Date: _____
Dale King
Superintendent

Approved as to form

By: _____
Paul Goulding
Deputy City Attorney

Date: _____

Any modification, change or revision to this AGREEMENT requires the further approval as to form by the Office of the Attorney General.

**EXHIBIT A
SCOPE OF WORK
Containing
PROJECT DESCRIPTION
SCHEDULE
COST ESTIMATE**

PROJECT DESCRIPTION

The project proposes to replace worn and deteriorated 112# rail along Marine View Drive, starting west of Taylor Way in the Port of Tacoma area. The project will replace the existing 5,100 feet of rail with new 115# rail and associated rail components including select crosstie replacement. Also included is the rehabilitation of nineteen private crossing leading into and out of the industries along Marine View Drive.

SCHEDULE

Begin Preliminary Engineering	January 2020
Start Construction	July 2020
Construction Complete	December 2020

COST ESTIMATE

\$1,575,691

Cost estimate includes:

- \$475,691 match
- \$1,100,000 funding from WSDOT

EXHIBIT B

**WSDOT ACCOUNTING MANUAL CHAPTER 10
TRAVEL RULES AND PROCEDURES**

Online access available at:

http://www.wsdot.wa.gov/publications/fulltext/design/ConsultantSrvs/Accounting_Chapter10.pdf

CURRENT TRAVEL REIMBURSEMENT INFORMATION

Per Diem Rates as of October 2018 are available online at:

<http://www.ofm.wa.gov/>

Please review this website for periodic updates to these rates