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| <p>AGREEMENT</p> <p>Not to Exceed: \$600,000.00</p> | <p>ORGANIZATION: City of Connell</p> |
| <p>AGREEMENT NUMBER</p> <p>GCB 2372</p> | <p>Description of Work: See Exhibit A</p> |

This AGREEMENT is between the WASHINGTON STATE DEPARTMENT OF TRANSPORTATION hereinafter referred to as the "STATE", and CITY OF CONNELL, hereinafter referred to as the "GRANTEE," collectively referred to as the "PARTIES" and individually the "PARTY."

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 requested the legislature appropriate financial assistance in the amount of \$10,000,000 to perform improvements to the Columbia Basin Railroad and BNSF Railway interchange in Connell that has reached capacity, and resolving a pinch point in the regional rail network; and

WHEREAS, 2ESSB 5988 includes an appropriation of STATE financial assistance funds in the amount of \$5,000,000 to partially reimburse GRANTEE for its PROJECT costs, and further expressed its non-binding intent that future legislatures work to approve future biennial appropriations until the full \$10,000,000 cost of the PROJECT is reimbursed; and

WHEREAS, the PARTIES enter into this AGREEMENT with the intent to commit the \$600,000 from funds appropriated by the legislature for the 2015-2017 biennium to compete the project design, any additional funding commitments will be made through either an amendment to this agreement or a new agreement; and

WHEREAS, the PROJECT has been identified as a Connecting Washington project supported by revenues under 2ESSB 5988, subject to the practical design requirements of ESHB 2012; and

WHEREAS, the STATE is authorized to charge an amount necessary to recoup the STATE's costs to

administer the grants; 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 I PRACTICAL DESIGN

The Washington State Department of Transportation (WSDOT) defines practical design as an approach for project solutions that focus on the needs for the project and looks for cost-effective solutions. The WSDOT expects the GRANTEE to apply practical solutions as a means to reduce project costs. The GRANTEE shall provide documentation to WSDOT how practical solutions were incorporated into the PROJECT design.

SECTION II 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 III 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 I SCOPE OF WORK, the STATE agrees to reimburse the GRANTEE up to a maximum amount of \$600,000.00 for the actual direct and related indirect costs incurred by the GRANTEE in the course of completing the PROJECT required under this AGREEMENT. This amount is less the \$6000.00 the STATE has estimated it will need to administer this grant, which is also detailed in EXHIBIT A.

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 by securing the necessary funds from other benefited parties. The design effort will be funded with state funds.

Any costs incurred 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 incurred 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 CONNELL 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. 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.

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 8/10/17, 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 IV 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 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 incurred 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.

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 XI 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 XII MUTUAL 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 XIII 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 XIV 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 XIII, then the STATE shall reimburse GRANTEE for any expenses and costs eligible hereunder prior to receipt of such notice of termination.

SECTION XV 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 XVI 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 XVII 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 CONNELL

Jed Crowther, City Administrator
PO Box 1200
104 E. Adams Street
Connell, WA 99326

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 Division
310 Maple Park Avenue SE
Olympia, WA 98504-7407

SECTION XVIII 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 XIX 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 XX 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 incurred 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 XXI 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 XXII 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.

SECTION XXIII NO WAIVER OF STATE'S RIGHTS

The STATE shall not be precluded or stopped 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 XXIV 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 XXV 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 XXVI 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 XXVII EXECUTION OF ACCEPTANCE

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

SECTION XXVIII 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 XXIX 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.

STATE OF WASHINGTON Department of
Transportation

By: Ron Pate

Ron Pate, Director
WSDOT Rail Division

Date: 4/11/2016

By: Bruce Blackwell

Name: Date: March 22, 2016

Bruce Blackwell, Mayor
City of Connell

Approved as to form:
By: 

Date: 4/11/2016

Scott Lookwood
Assistant Attorney General
State of Washington

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

Design

Project Description:

In 2015, the City of Connell (City) received a Community Economic Revitalization Board (CERB) planning grant to undertake a Connell Rail Interchange Study, the focus of which was the feasibility, preliminary design and cost estimate for improvements to the Columbia Basin Railroad (CBRW) and BNSF Railway interchange in Connell. The work of the study is essentially complete. The City of Connell desires to continue to develop the Connell Rail Interchange Project at Connell, Washington.

A new rail interchange is proposed from BNSF MP112.55 south of Connell to MP 110.45 in the town itself, as depicted in the image below. The Project will enhance the ability of the CBRR and BNSF Railway to perform interchange of longer trains while minimizing effect on mainline operations and rail capacity. Provide better service which would directly affect transit times for unit trains. Reduce delays to auto traffic at grade crossings in Connell.

This Project is for the design of the new rail interchange.

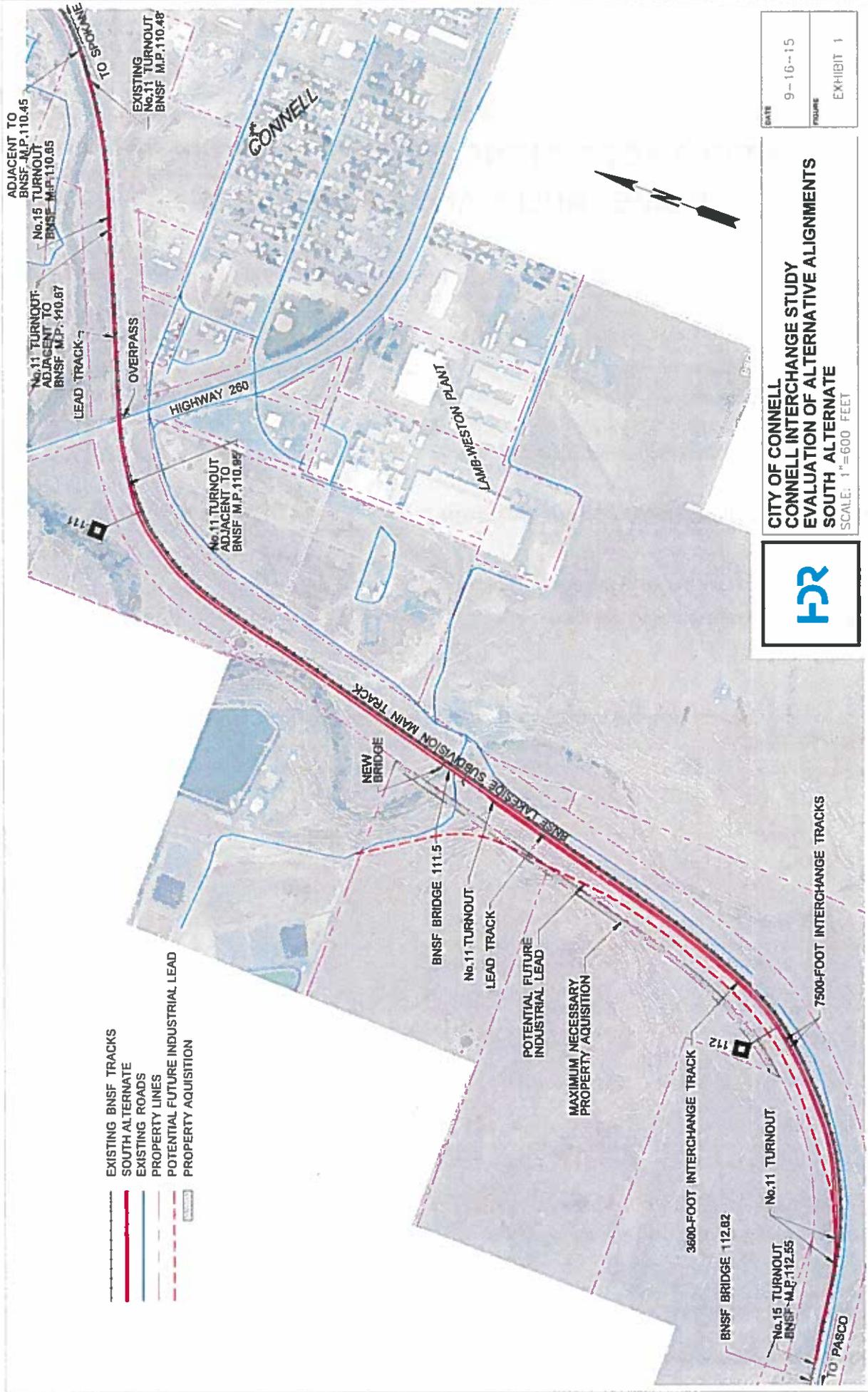
1. **Schedule** Based on receipt of comments on 30% design by April 2016. It is anticipated that design will be advanced from 30% to 60% following geotechnical investigation, critical areas survey, supplemental topographic survey, and archeological survey and be complete in July 2016.
2. Following receipt of comments on the 60% design submittals, the design will be advanced to 90%. Permitting will advance as design is advanced to 90%. Based on 60% review comments being received within 2 weeks, 90% design and permitting should be available by December 2016.
3. Develop 100% in early 2017 for bidding—which will allow project to be ready to go to construction in mid-2017.

Design Cost Estimate

Available Freight Trail Assistance Program (FRAP): \$5,000,000

Assigned Tasks:

| | |
|--------------------------|---------------------|
| 1- Design: | \$450,000.00 |
| 2- City of Connell Work: | \$100,000.00 |
| 3- Contingency: | <u>\$50,000.00</u> |
| Total: | \$600,000.00 |



- EXISTING BNSF TRACKS
- SOUTH ALTERNATE
- EXISTING ROADS
- PROPERTY LINES
- POTENTIAL FUTURE INDUSTRIAL LEAD
- PROPERTY ACQUISITION

| | |
|--------|-----------|
| DATE | 9-10-15 |
| FIGURE | EXHIBIT 1 |

**CITY OF CONNELL
CONNELL INTERCHANGE STUDY
EVALUATION OF ALTERNATIVE ALIGNMENTS
SOUTH ALTERNATE**
SCALE: 1"=600 FEET



EXHIBIT B

WSDOT ACCOUNTING MANUAL CHAPTER 10

TRAVEL RULES AND PROCEDURES

The following exhibits are provided as an example. Project specific exhibits would be created for each Standard Form Agreement in conjunction with the terms noted above

Online access available at:

<http://www.wsdot.wa.gov/NR/rdonlyres/95D3F802-2333-46C2-A656-8287CC05F5F6/37951/QuickReferenceGuide.pdf>

CURRENT TRAVEL REIMBURSEMENT INFORMATION

Per Diem Rates as of October 2013 are available online at:

<http://www.ofm.wa.gov/resources/travel/colormap.pdf>

Please review the Office of Financial Management Website for periodic updates to these rates
<http://www.ofm.wa.gov/>

AMENDMENT NO. 1

Between

The City of Connell

And

THE STATE OF WASHINGTON

AGREEMENT GCB 2372

This AMENDMENT No.1 ("AMENDMENT") is between the City of Connell ("GRANTEE") and the STATE OF WASHINGTON, DEPARTMENT OF TRANSPORTATION ("STATE") and amends the Agreement for the Project GCB 2372 ("AGREEMENT") effective April 11, 2016, between the PARTIES.

WHEREAS, the PARTIES are authorized by Section XXVIII, "AMENDMENT," of the original AGREEMENT to amend the terms and conditions of the original AGREEMENT;

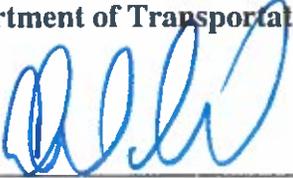
WHEREAS, the Scope of Work described in Exhibit A has been completed as much as possible by the GRANTEE and their consultant, with the remaining work being completed by the BNSF Railway Company; and

NOW THEREFORE, the PARTIES hereto agree to amend the AGREEMENT as follows:

1. In Title Block, revise Not to Exceed amount to "Two Thousand One Hundred Twenty Three Dollars and Eighty Five Cents (\$2,123.85)".
2. In Section III, paragraph 3, sentence 1, delete the "\$600,000.00" reference and replace it with "\$2,123.85".
3. In Section III, paragraph 14, sentence 1, delete the "8/10/17" reference and replace it with "10/31/16".
4. Except as expressly modified herein, all other terms and conditions of the original Agreement GCB 2372 shall remain in full force and effect.

IN WITNESS WHEREOF, the PARTIES have executed this AMENDMENT NO. 1 to AGREEMENT GCB 2372 as the date last signed below by the PARTIES.

STATE OF WASHINGTON
Department of Transportation

By: 
Ron Pate, Director
WSDOT Rail, Freight, and Ports Division

Date: 6/27/17

By: 
Bruce Blackwell, Mayor
City of Connell

Date: June 20, 2017

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

AMENDMENT NO. 2

Between

The City of Connell

And

THE STATE OF WASHINGTON

AGREEMENT GCB 2372

This AMENDMENT No.2 ("AMENDMENT") is between the City of Connell ("GRANTEE") and the STATE OF WASHINGTON, DEPARTMENT OF TRANSPORTATION ("STATE") and amends the Agreement for the Project GCB 2372 ("AGREEMENT") effective April 11, 2016, between the PARTIES.

WHEREAS, the PARTIES are authorized by Section XXVIII, "AMENDMENT," of the original AGREEMENT to amend the terms and conditions of the original AGREEMENT;

WHEREAS, the Scope of Work as described in Exhibit A has been completed as much as possible by the GRANTEE, with the remaining work being completed by the BNSF Railway Company; and

WHEREAS, in Amendment No. 1 both PARTIES desired to amend the grant to match the charges spent against this AGREEMENT; and

WHEREAS, both PARTIES wish to re-open the AGREEMENT; and

NOW THEREFORE, the PARTIES hereto agree to amend the AGREEMENT as follows:

1. In Title Block, revise Not to Exceed amount to "Nineteen Thousand Six Hundred Twenty Three Dollars And Eighty Five Cents (\$19,623.85)".
2. In Section III, paragraph 14, sentence 1, delete the "8/10/17" reference and replace it with "6/30/19".
3. Delete Exhibit A in its entirety, and replace it with EXHIBIT A-1, attached hereto and by the reference made a part of the original AGREEMENT.
4. Except as expressly modified herein, all other terms and conditions of the original Agreement GCB 2372 and Amendment No. 1 shall remain in full force and effect.

IN WITNESS WHEREOF, the PARTIES have executed this AMENDMENT NO. 1 to AGREEMENT GCB 2372 as the date last signed below by the PARTIES.

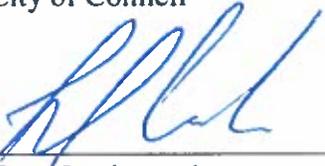
**STATE OF WASHINGTON
Department of Transportation**

By: 
For Ron Pate, Director
WSDOT Rail, Freight, and Ports Division

Date: 9/22/17

By: 
Bruce Blackwell, Mayor
City of Connell

Date: Sept 12, 2017

By: 
Scott Lockwood
Assistant Attorney General
State of Washington

Date: 9/22/2017

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

EXHIBIT A-1
SCOPE OF WORK

Project Description:

In 2015, the City of Connell received a Community Economic Revitalization Board planning grant to undertake a Connell Rail Interchange Study, the focus of which was the feasibility, preliminary design, and cost estimate for improvements to the Columbia Basin Railroad and BNSF Railway Interchange in Connell. The City of Connell desires to continue to develop the Connell Rail Interchange Project.

The PROJECT is for grant preparation to further advance the Connell Rail Interchange Project.

Cost Estimate:

| | |
|----------------------|-------------|
| Amendment #1: | \$2,123.85 |
| Consultant Proposal: | \$11,500.00 |
| Contingency: | \$6,000.00 |
| Total: | \$19,623.85 |

