



Request for Proposals
Financial and Federal Audit Services

RFP NO. RTA/FI 196-08

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REQUEST FOR PROPOSALS
Financial and Federal Audit Services
RFP NO. RTA/FI 196-08

SECTION ONE INSTRUCTIONS TO PROPOSERS

1.1 INTRODUCTION

The Central Puget Sound Regional Transit Authority (Sound Transit) is requesting Proposals from firms qualified and interested in providing Auditor services to provide financial and federal auditing services. The Audit and Reporting Subcommittee of the Board is the decision-maker in the hiring of the company's auditor and the Agency is acting at the direction of the Committee. These services include, but are not limited to:

- The audit of the Agency's annual financial statements.
- Report on compliance and on internal control over financial reporting based upon the audit performed in accordance with Government Auditing Standards.
- Report on compliance and on internal control over compliance applicable to the major federal award programs and on the schedule of expenditures of the federal awards.
- Review and issuance of a report for the United States Department of Transportation National Database annual reporting requirements (if required).
- Application of agreed upon procedures on Sound Transit's schedule of subarea equity and issuance of report thereon.
- Other audit reports as required, excluding internal audits or performance audits.

A detailed Scope of Work is included in Section 3 of this RFP.

Sound Transit intends to award a single contract.

The initial term of the contract to be awarded is expected to be three (3) year(s). Sound Transit will evaluate the option to extend for two (2) additional one-year period(s) at Sound Transit's sole discretion.

This Request for Proposals (RFP) outlines the information necessary to understand the Auditor selection process and the required documentation in submitting proposals for this project. The procurement of these services will proceed as follows:

1. Proposals shall be submitted to Sound Transit on or before the date specified in Paragraph 1.7, Schedule, after which time they will be reviewed and evaluated.
2. Interviews may be requested from firms qualifying as finalists. Interviews, if held, will be in accordance with the schedule contained in this RFP.

Interested firms are encouraged to attend a pre-proposal meeting that will be held to discuss this project, the Auditor selection process and schedule, and elements of the contract. **The time, date, and location of the meeting are specified in Paragraph 1.7, Schedule.**

All information shall be submitted at the dates and times indicated herein to Sound Transit, Contracts Division, 401 South Jackson Street, Seattle, Washington 98104-2826. Inquiries concerning this solicitation shall be directed only to Sandy Lee, Contract Administrator, at 206-398-5386. **Communications with Sound Transit officials other than that listed above may cause the firm involved to be subject to disqualification.**

1.2. BACKGROUND

Voter-approved in 1996, Sound Transit is implementing a three-county regional transit system plan known as *Sound Move*. *Sound Move* is a seamless blend of three transportation systems: Sounder commuter rail, running 82 miles from Everett to Tacoma/Lakewood; Link light rail, a 14-mile initial segment connecting the cities of Seattle and Tukwila with a 1.7 mile Airport Link extension to SeaTac, a 3.15 mile extension of the initial segment to the University of Washington and a 1.6 mile line in Tacoma; and Regional Express, featuring 18 new ST Express limited stop, long-haul bus routes and numerous improvements to transit centers, park-and-ride lots and HOV direct access ramps throughout the region. The initial segment and Airport Link extension are planned to go into service in 2009 and Tacoma Link is currently in service. The University of Washington extension is scheduled to go into construction late 2008 and will open in 2016.

Sound Transit is governed by an 18-member board, seventeen of whom are appointed by the respective member county executives and confirmed by the council of each member county. Membership is based on the population from the portion of each county that lies within Sound Transit's service area. Representation on the board includes an elected official representing the largest city in each county and ensures proportional representation from other cities and from unincorporated areas of each county. The final board position is held by the Secretary of Transportation, Washington State Department of Transportation.

Sound Transit is a special purpose government, supported primarily through sales taxes, state motor vehicle excise taxes, and rental car taxes levied in Sound Transit's operating jurisdiction. In addition, Sound Transit receives capital funding from federal and state agencies. Accounting principles generally accepted in the United States of America require that the reporting entity include government, all organizations for which the primary government is financially accountable, and other organizations, that, by the nature and significance of their relationship with the primary government, would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, Sound Transit is considered a primary government and does not have any component unit relationships. Conversely, Sound Transit is not considered a component unit of any primary government.

Total annual revenues in 2007 were \$406.5 million, total capital assets net of depreciation were \$3.5 billion, and net assets were \$2.9 billion. The Agency employs approximately 350 employees and approximately 350 contractors. Sound Transit's financial statements have reflected a growth in operating revenues and expenses each year, as well as growth in capital projects in progress, and property, vehicle and equipment. As the Agency has not reached its full service levels and is in the construction phase of its light rail project, major sources of revenue exceed expenses and capital outlays, resulting in a rising net asset position.

The following documents are reference materials as further background to this RFP and are located on Sound Transit's website: www.soundtransit.org

- a. Sound Move Appendix A & B (see Sound Move under News & Events from the drop down menu at the top)

- b. Financial statements – 2006-2007 (see Financial Documents under About Us from the drop down menu at the top)
- c. Single Audit – 2007 (see Financial Documents under About Us from the drop down menu at the top)
- d. 2008 Budget (see Financial Documents under About Us from the drop down menu at the top)
- e. Fact Sheets, including those on Subarea Equity (see Projects by Area under Projects and Plans from the drop down menu at the top)
- f. 1st Quarter Investment and Quarterly Report (see Financial Documents under About Us from the drop down menu at the top)

1.3 PROCUREMENT PROCESS

The procurement of these Auditor services will be in accordance with Sound Transit and other applicable federal, state, and local laws, regulations, and procedures.

After reviewing this RFP, any firm that determines it has the necessary expertise, experience, and ability to successfully perform the required services may submit a Proposal addressing the items set forth herein. Sound Transit will then evaluate the Proposals and determine the most qualified Proposer. Sound Transit reserves the right to reject any and all Proposals received. The final selection, if any, will be made on a “best value” basis.

Firms are discouraged from presenting lengthy Proposals; Sound Transit requires that Proposals be concise and clearly written containing only essential information. Proposers are urged to use recycled/recyclable products and both sides of paper for printed and photocopied materials whenever practical. All costs incurred in the preparation of a Proposal and participation in this RFP process shall be borne by the proposing firms. Proposals made in response to this RFP shall become the property of Sound Transit and be considered public documents under applicable Washington State laws.

Any firm failing to submit information in accordance with the procedures set forth herein may not be considered responsive and therefore be subject to disqualification by Sound Transit.

Any questions regarding this RFP and the Terms and Conditions shall be submitted in accordance with Paragraph 1.8, Requests for Information.

1.4 SOUND TRANSIT DIVERSITY PROGRAM OBJECTIVES

A. Non-Discrimination in Employment and Contracting

1. Sound Transit has adopted Guiding Principles for Employment and Contracting identifying key objectives that Sound Transit will promote and encourage through its policies. The Guiding Principles are implemented in accordance with applicable federal, state and local laws and regulations, including grant agreements. To the extent applicable, the Guiding Principles are the basis for certain provisions set forth including employment and contracting goals and objectives as specified herein in the General Terms and Conditions, Paragraph 2.12, Non-Discrimination in Employment and Contracting.

2. As a recipient of financial assistance from the Federal Department of Transportation (DOT), Federal Transit Administration (FTA), Sound Transit developed and administers a Disadvantaged Business Enterprise (DBE) program in accordance with 49 Code of Federal Regulations (CFR) Part 26. Proposers shall review and take into account the provisions in 49 CFR Part 26.

3. Proposers are advised that any contract, including subcontracts, awarded pursuant to this RFP shall include the following assurance:

"The Auditor, sub-recipient or Subconsultant shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Auditor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the Auditor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate."

B. Disadvantaged Business Enterprise (DBE) Program

1. It is Sound Transit's policy to ensure that Disadvantaged Business Enterprises (DBEs), as defined in 49 Code of Federal Regulations (CFR) Part 26, have an equal opportunity to receive and participate in federal Department of Transportation-assisted contracts as defined herein in the General Terms and Conditions, Paragraph 2.13, Non-Discrimination in Employment and Contracting.

2. Pursuant to its Diversity Programs objectives and 49 CFR Part 26, Sound Transit promotes and encourages participation by DBEs on its contracts and agreements. In preparing Proposals, including Proposal Form No. 4, Business Commitment Form, and Proposal Form No. 5, Business Outreach Documentation Form, Proposers shall afford DBEs an equal, non-discriminatory opportunity to compete for business as Subconsultants, and shall ensure their proposed Subconsultants also afford DBEs such opportunities.

C. Small Business Program

1. Consistent with its Guiding Principles for Employment and Contracting to promote and encourage the use of Small Businesses, Sound Transit has developed and administers a Small Business program. Under the Small Business program, Sound Transit will consider various approaches to achieving participation by Small Businesses in its contracts and agreements.

2. Under Sound Transit's Small Business program, a Small Business is a business that:

a. Is organized for profit;

b. Has a place of business in the United States; and

c. For its industry, does not exceed the numerical size standard established by the federal Small Business Administration pursuant to 13 Code of Federal Regulations Part 121.

3. A business shall be presumed to meet the Small Business size standard and be a Small Business if the business comes within one of the following categories:
 - a. Is certified by the Washington State Office of Minority and Women Business Enterprise (OMWBE). To obtain a listing of firms certified by OMWBE, contact OMWBE at 360-753-9693 or access a listing on the Internet at <http://www.omwbe.wa.gov/directory/directorty.htm>;
 - b. Is a participant in federal Small Business Administration programs, such as, but not limited to, Section 8(a) Business Development, Small Disadvantaged, and HUBZone. To obtain a listing of Small Businesses participating in the U.S. Small Business Administration programs or activities as eligible Small Businesses, contact the SBA's Seattle District Office at 206-553-7310; or
4. Is certified by a public agency other than OMWBE and a size standard that is no greater than the Small Business Administration Size Standard, which is a criterion for certification or participation in that public agency program.

D. Participation by DBEs and Small Businesses

1. Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs), firms that are participants in U.S. Small Business Administration programs and activities, and businesses owned by persons with disabilities on its contracts. Sound Transit is interested in proposals that reasonably involve such participation as prime contractors or subcontractors. Such participation is not required in order for firms to respond to this solicitation. Sound Transit recognizes there may be few subcontracting opportunities with regarding to the services described in this solicitation, and subcontracting is considered infeasible or improbable. For this reason, Proposers are not required to prepare a plan for the participation of subcontractors and subcontracting goals are not set as required elements for the evaluation of proposals.
2. Proposers that elect to subcontract any services are advised that under such circumstances they shall make affirmative efforts to solicit DBE or small business participation. Proposers that choose to subcontract and are unable to utilize DBE or other small businesses shall discuss their efforts to involve small businesses as subcontractors and the reasons why such involvement was not attainable.
3. Participation by DBEs and Small Businesses is not required for consideration of a Proposal and no minimum DBE or Small Business participation goal has been established for this RFP. However, to ensure the Proposer gives an equal opportunity to DBEs and Small Businesses to compete for portions of the work, the Proposer shall conduct outreach efforts to solicit and secure participation by DBEs and Small Businesses and fully and fairly consider utilizing DBEs and Small Businesses to perform portions of the work. If Proposer elects to subcontract, Proposer shall submit a Business Commitment Form (Proposal Form No. 4) identifying DBEs and Small Businesses that will participate in any award pursuant to this RFP.

4. On Proposal Form No. 5, Business Outreach Documentation Form, identify each DBE and Small Business the Proposer reached out to for possible participation under this RFP. In considering the efforts to reach out to DBEs and Small Businesses to participate on the team, Sound Transit will, under Evaluation Criteria 5, evaluate the extent to which such firms are provided an equal, non-discriminatory opportunity to compete for business as Subconsultants.
5. On Proposal Form No. 4, Business Commitment Form, identify each Small Business, including DBEs, to whom the Proposer has committed to participating in any award under this RFP. In considering the commitments for participation by DBEs and Small Businesses, Sound Transit will, under Evaluation Criteria 5, evaluate the extent to which the roles and tasks to be assigned to DBEs and Small Businesses are significant and meaningful in relationship to their capacity and expertise and the Proposer's approach for monitoring, mentoring and supporting the DBEs and Small Businesses.
6. Small Transit may establish contractual levels of participation by DBEs and Small Businesses based on the commitments on Proposal Form No. 4, Business Commitment Form.

E. Equal Employment Opportunity (EEO)

Sound Transit is interested in Proposals from firms that demonstrate a commitment to equal employment opportunity. Sound Transit encourages Proposals from firms that employ a workforce that reflects the region's diversity. Proposers are advised that they shall adhere to the following non-discrimination provisions:

"The Auditor will not discriminate against any employee, applicant for employment, or Subconsultant because of race, religion, creed, sex, sexual orientation, age, nationality, or the presence of any sensory, mental, or physical disability, unless based upon a bona fide occupational qualification. The Auditor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, creed, sex, sexual orientation, age, nationality, or the presence of such disability."

1.5 PUBLIC DISCLOSURE

Pursuant to Chapter 42.56 RCW, Proposals submitted under this RFP shall be considered public records and with limited exceptions will be available for inspection and copying by the public, provided that no part of a Proposal will be made available until the final contract under this solicitation is executed. Proposers shall specifically designate and clearly label as "CONFIDENTIAL" any and all materials or portions thereof which they deem to contain trade secrets or other proprietary information, which is exempt from public inspection and copying. The Proposer shall provide the legal basis for the exemption to Sound Transit upon request. If a Proposal does not clearly identify the "CONFIDENTIAL" portions, Sound Transit will not notify the Proposer that its Proposal will be made available for inspection. If a request is made for disclosure of material or any portion marked "CONFIDENTIAL," Sound Transit will determine whether the material should be made available under the law. If Sound Transit determines that the material is not exempt and may be disclosed, Sound Transit will notify the Proposer of the request and allow the Proposer ten (10) business days to take

appropriate action pursuant to RCW 42.56.540. If the Proposer fails or neglects to take such action within said period, Sound Transit may release the portions of the Proposal deemed subject to disclosure. To the extent that Sound Transit withholds from disclosure all or any portion of Proposer's documents at Proposer's request, Proposer shall agree to fully indemnify, defend and hold harmless Sound Transit from all damages, penalties, attorneys' fees and costs Sound Transit incurs related to withholding information from public disclosure. By submitting a Proposal, the Proposer consents to the procedure outlined in this paragraph and shall have no claim against Sound Transit by reason of actions taken under this procedure.

1.6 PROPOSAL SUBMITTAL

1. **One original (unbound) and six (6) copies (stapled or comb-bound) and one (1) electronic pdf version** of the Proposal shall be submitted. Proposals must be submitted on or before the date and time specified in Paragraph 1.7, Schedule, to the following address:

**Attn. Sandy Lee Contract Administrator
Sound Transit Contracts Division
401 South Jackson Street
Seattle, Washington 98104-2826**

2. Proposals may not be accepted by Sound Transit after the time specified. In the event that a Proposal package is delivered after the time specified (or not delivered), the Proposal may not be accepted, and the Proposal package may not be opened. Sound Transit will not be liable for delays in delivery of Proposals to the Contract Administrator due to handling by the U.S. Postal Service, or any other type of delivery service.
3. Sound Transit reserves the right to postpone the Proposal due date for its own convenience. If Sound Transit determines it would be in the public interest to postpone the time for receipt of Proposals, but on the same date, Sound Transit reserves the right to do so without notifying all potential Proposers. No other changes, other than the time received, may be made if this determination is made.
4. Proposals shall be submitted in a sealed box or envelope that is labeled with the Proposer's name and identified as containing a Proposal responding to "**Sound Transit's Request for Proposals for Financial and Federal Audit Services, RFP No. RTA/FI 196-08.**" No oral, FAX, electronic (e.g. e-mail), telegraphic or telephonic Proposals or subsequent modifications to such Proposals will be considered except as specified herein. **Boxes or packages used to deliver Proposals to Sound Transit shall weigh no more than approximately 25 pounds per box or package.**

1.7 SCHEDULE

The selection process will proceed as outlined below. Sound Transit reserves the right to modify the schedule as circumstances may warrant and this schedule is provided as an approximate timeline for informational purposes only.

Date	Selection Process
July 9, 2008	Public Announcement for Request for Proposals (RFP)

July 22, 2008	Pre-Proposal Meeting 10 AM, Concourse Room, 401 South Jackson Street, Seattle, Washington
August 14, 2008	Last day to submit Requests for Information (RFIs) and/or Questions
August 21, 2008	Proposals Due (on or before 2:00 p.m. local time)
Week of August 25, 2008	Proposals reviewed / finalists selected
Week of September 1, 2008	Interviews and ranking of firms, if necessary
September 2008	Approval of Award by Finance Committee/Board
September 2008	Execute Contract and Notice to Proceed

1.8 REQUESTS FOR INFORMATION

1. If a Proposer has questions or needs clarification of the solicitation, submit a written Request for Information (RFI), included in this solicitation as Exhibit D, or online through Sound Transit's contracting opportunities web site. Inquiries shall reference the appropriate section and paragraph number of the solicitation documents.
2. RFIs may be submitted by facsimile to Sound Transit, to the attention of Sandy Lee, Contract Administrator, at 206-398-5386 or through the "Ask Question" link for this Solicitation at www.soundtransit.ebidsystems.com. Questions must be received by Sound Transit no later than the date specified in Paragraph 1.7, Schedule.
3. Sound Transit will provide answers to RFIs only via Addenda or a formal written Clarification, which shall be provided to all registered holders of the solicitation document. Only questions answered by formal written addenda shall be binding. Oral interpretations shall be without legal effect.

1.9 ADDENDA

1. In the event it becomes necessary to revise any part of this RFP, addenda will be provided to all firms who received or requested this RFP document from Sound Transit. If any firm has reason to doubt whether Sound Transit is aware of the firm's interest, it is the responsibility of the firm to notify Sound Transit to be certain that addenda are received. Fax or mail such notice to Sandy Lee at 206-398-5386, Sound Transit Contracts Division, 401 South Jackson Street, Seattle, Washington 98104-2826.
2. If an addendum is issued amending this RFP, all provisions that are not modified remain unchanged.
3. Delivery of an addendum to a Proposer or prospective Proposer shall be deemed accomplished when issued electronically via Sound Transit's electronic solicitation system and/or Sound Transit has placed the addendum in the regular U.S. Mail or equivalent addressed to the prospective Proposer at the last address and/or e-mail address known to Sound Transit. Prospective Proposers must notify Sound Transit promptly in writing of any changes in address and/or e-mail address. The notifications shall state the name and number of this RFP.

4. Proposers shall acknowledge receipt of any addendum of this RFP by signing and returning the form included in this solicitation as Proposal Form No. 2.

1.10 IDENTIFYING AND REMEDYING CONFLICTS OF INTEREST

1. Duty to Disclose Potential Conflicts of Interest

- a. Sound Transit is required to provide full and open competition for its procurements and to avoid conflicts of interest. Sound Transit may need to balance these two interests by restricting full and open competition to remedy an actual or potential personal or organizational conflict of interest. If a restriction is required, the restriction will be narrowly tailored, as much as reasonably possible, to remedy the conflict of interest. Sound Transit will award the contract to the apparent successful Proposer unless Sound Transit determines that an actual or potential conflict of interest exists that cannot be avoided or mitigated by a reasonable remedial restriction.
- b. An organizational conflict of interest is a situation where there is (a) potential for bias or (b) an unfair competitive advantage. Determining whether the potential for bias or an unfair competitive advantage exists requires a case-by-case analysis. For example, all competitive advantages are not necessarily unfair. Whether or not a competitive advantage is unfair depends on the circumstances. An advantage that is fair under one set of circumstances may be unfair under another set of circumstances.
- c. Proposers are required to include in their Proposals a statement disclosing potential conflicts and offering a remedy (Proposal Form No. 3, Certification Regarding Conflict of Interest). This disclosure shall apply to the Proposer, any affiliates, proposed Subconsultants, and key personnel of any of these organizations. Sound Transit will evaluate the circumstances and determine whether a conflict exists and if so, determine whether the proposed remedy resolves the conflict and is reasonable. If the potential conflict cannot be remedied in a reasonable manner, Sound Transit may reject portions or all of the Proposals.
- d. If a Proposer believes that there are no potential conflicts of interest, the Proposer shall submit in its Proposal a statement, on the form provided in this RFP (Proposal Form No. 3, Certification Regarding Conflict of Interest) certifying that to its best knowledge and belief no conflicts of interest exist. Proposer must obtain the same information from potential Subconsultants prior to award of a subcontract.
- e. Failure to provide the relevant statements described above, or any additional information as may be required by Sound Transit to make its determinations may result in disqualification of the Proposer for award. If nondisclosure or misrepresentation is discovered after award, the resulting contract may be terminated. If after award the Auditor discovers a conflict of interest an immediate and full disclosure shall be made in writing to Sound Transit's Contract Administrator.

2. Identifying and Remediating the Potential for Bias
 - a. The potential for bias exists where the Auditor's objectivity may be impaired in the performance of the Scope of Work, because of existing contracts. For example, the Scope of Work requires the Auditor to process progress payments, develop change orders and monitor the performance of Sound Transit contractors and Auditors. It would be a classic conflict of interest for the Auditor to process its own progress payments, negotiate its own change orders and monitor its own performance because the Auditor may not be able to conduct these activities with objectivity. The Auditor could remedy this by employing an organizational structure and management system that avoided these conflicting activities.
 - b. Conflicts might arise on future work. For example, if the Auditor writes specifications for performing construction management services for a particular line of business, the Auditor would not be eligible for contracts to perform those services. The Auditor could avoid this potential conflict by not participating in the source selection of work it wishes to compete for. The Scope of Work does not currently include participation in source selection activities, but the example illustrates how performance of an existing contract could create a conflict of interest on a future contract.
3. Identifying and Remediating the Unfair Competitive Advantage
 - a. All competitive advantages are not by themselves unfair and, if because of the circumstances, an advantage is determined to be unfair, it may be possible to remedy it. For example, a firm that has done work for Sound Transit before whether the scopes of work were similar to this RFP or not, has the competitive advantage of its experience working with Sound Transit business processes. It would be considered an unfair competitive advantage if the previous work experience gave the firm access to information that was not available to the public. A potential remedy would be for Sound Transit to make the information available to all potential Proposers.
 - b. Conflicts might arise on future work. For example, if the Scope of Work requires the Auditor to develop cost estimates and budgets for future Sound Transit projects, for which engineering, construction management or construction services will be procured by competitive selection, the Auditors may be precluded from proposing or bidding in the future on work for which they developed cost estimates or budgets.

1.11 PROPOSAL REVIEW PROCESS

1. Sound Transit will make such reviews and investigations, as it considers necessary and appropriate for evaluation of the Proposals. Sound Transit shall determine the most qualified firms who may be invited to participate in oral interview(s). Proposers selected to participate in discussions/interviews are eligible to receive a maximum of 20 additional points for each discussion/interview round they participate in. Points obtained during discussion/interview(s) shall be added to the Proposer's

2. Sound Transit reserves the right to reject any and all Proposals. Sound Transit reserves the right to remove from further consideration any Proposal that, at Sound Transit's sole discretion, has substantial deficiencies in relation to one or more of the evaluation criteria.
3. Sound Transit has made every effort to include enough information within this RFP for a firm to prepare a responsive Proposal. Respondents are encouraged to submit the most comprehensive and competitive information possible. **Proposals that take exception to the Terms and Conditions herein may be found non-responsive. Any questions regarding this RFP and the Terms and Conditions shall be submitted in accordance with Paragraph 1.8, Requests for Information.**

1.12 CONTENTS OF PROPOSAL/EVALUATION CRITERIA

Firms shall submit Proposals meeting the following content requirements. Sound Transit reserves the right to request additional information from Proposers.

A. Proposal Format

The following information shall be presented in a clear, comprehensive, and concise manner and in the prescribed format.

In order for Sound Transit to adequately compare and evaluate qualifications objectively, all Proposals must be submitted in accordance with the following format in terms of order and maximum printed pages to be included. The Proposal should be prepared simply and economically, providing straightforward and concise information. **All copies of Proposals should be stapled or comb-bound. Elaborate, decorative, extraneous and non-recyclable materials are strongly discouraged.**

Cover Sheet	
Table of Contents	
Letter of Interest	The letter of interest may contain any other information not in the Proposal but should not exceed two (2) single-sided pages or one (1) double-sided page. The following information shall also be provided in the Letter of Interest: <ul style="list-style-type: none"> • State of Incorporation • Federal Tax ID Number
Body of Proposal	No longer than twenty (20) single-sided pages or ten (10) double-sided pages of letter-sized paper (not including firm résumés, which should be attached as appendices).
Appendix – <small>(These items will not be included as part of the page count for the Body of the Proposal.)</small>	<ol style="list-style-type: none"> 1. Résumés are not to exceed one page for each proposed key individual of the team, including area of expertise, number of years of experience, related projects experience, related projects' duration, and education and/or certifications held. 2. Required Proposal Forms shall be included as part of the Appendix.

3. Items in evaluation criteria 2 as noted.

B. Evaluation Criteria and Proposal Requirements

1. The criteria outlined below will be used in evaluating the Proposals and are listed in their relative order of importance. All criteria are important, however, and it would be wrong to assume the criteria listed last are insignificant.
2. In responding to Evaluation Criteria 1 to 6 below, the Proposer should organize its Proposal so that the qualifications are clearly illustrated in each of the categories, using the Submittal Requirements listed below for each Evaluation Criterion.

No.	Criterion	Maximum Points
1	Price	10 pts
2	Firm Experience and History, including Key Individuals	20 pts
3	Capacity and Project Organization	25 pts
4	Engagement Approach	25 pts
5	EEO Commitment and Small Business Participation	15 pts
6	Adherence to Terms and Conditions	5 pts.

Evaluation Criterion 1	Price	10 pts.
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Sound Transit will evaluate Price on all Proposals. Sound Transit is not obligated to take the lowest priced Proposal, but may accept the Proposal(s) that Sound Transit determines provides the greatest overall value to Sound Transit based upon technical competence, ability to perform in a timely manner, and is the most cost effective.

Submittal Requirements

1. Submit Proposal Form No. 1, Price Form.

Evaluation Criterion 2	Firm Experience And History, including Key Individuals	20 pts.
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Submittal Requirements

Detail your firm’s experience and technical competence of the firms comprising the team (including an associate or professional subconsultant), in providing auditing services to transit agencies or other government agencies of a comparable size to Sound Transit and recipients of federal funding. Please cover the following:

- Past record of performance on contracts with other government agencies or public bodies and with private industry, including such factors as control of costs, quality of work, ability to meet schedules, cooperation, responsiveness, participation of DBEs and/or other Small Business and compliance with Equal Employment Opportunity (EEO) laws. Recent experience of the firm and successful completion of Work of a similar type and complexity will be a material consideration.

- Your firm’s quality control policies and procedures with respect to services provided. In cases in which the firm provides both audit and non-audit services, how does the firm make a determination of its ability to perform non-audit services and remain independent to provide audit services.

The following may be included in the appendix:

- Include a copy of your firm’s most recent Peer Review report, the related letters of comments and the firm’s response to the letters of comments.
- Detail any investigation by regulatory agencies in which either you or the client are the target with respect to governmental entities.
- Detail any civil or criminal litigation matter involving the firm but not necessarily the client.
- Detail any positions taken by your firm with respect to accounting or auditing matters with the Financial Accounting Standards Board, the Government Accounting Standards Board, AICPA or others, that could be viewed as controversial and are related to our business.

Identify the partner, manager and in-charge accountant who will be assigned to this audit if you are successful in your proposal. Please include key subconsultants. Indicate any complaints against them that have been leveled by the state board of accountancy or other regulatory authority, if any. Indicate any corrective actions that have been taken by the firm with respect to these people. Please provide biographical material, limited to one page. Knowledge, recent experience and expertise of these key individuals with audits of similar type and complexity will be a material consideration.

1. Client name and location including address and phone number of Client’s project manager or primary contact (include location where services were provided if different from client location).
2. Responsibility of your firm and of the proposed Subconsultants (prime, Subconsultant, etc.)
3. Name, address, and phone number of firm’s engagement manager.
4. Brief description of the services provided (including description of the services provided by the firm; total cost of the contract; completion date; etc.).
5. Provide additional information that demonstrates the ability to provide the services specified herein.
6. Brief résumés for each of the key individuals and/or support staff that will provide the requested services. (Full, one-page résumés may also be attached to the Appendix.)
7. Brief description of the services provided (including description of the services/products/equipment provided by the firm; total cost of the contract; completion date; etc.).

Evaluation Criterion 3	Capacity and Project Organization	25 pts.
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The Proposer will be required to demonstrate the firm’s capacity and experience to provide Sound Transit with the required services. This should be demonstrated through

the firm’s understanding of Sound Transit’s needs and the Scope of Work to be provided in order to manage and complete the work

Submittal Requirements

Provide information demonstrating the team’s:

1. Capacity to perform the Services (including any specialized services) within the time limitations, considering the firm’s current and planned workload;
2. Ready availability and accessibility (key personnel and support staff). Please discuss commitments you will make to staff continuity, including your staff turnover experience in the last three years;
3. Ability to coordinate the work quickly and efficiently with Sound Transit personnel considering:
 - a. The team’s organizational structure.
 - b. Reporting relationship between individual team members.
 - c. The physical location of the office from which the work will be performed.
4. Indicate how the firm intends to comply with requirements of applicable legislation or standards, including requirements for audit partner rotation, if any.
5. Describe the importance of Sound Transit to your firm.

Evaluation Criterion 4	Engagement Approach	25 pts.
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Proposed engagement approach to accomplish the services required including, where appropriate, demonstrated capability to explore and develop innovative value-added services. Describe how and why your firm is different from other firms who provide similar services and why selection of your firm as independent auditors is the best decision we could make.

Submittal Requirements

Proposals shall include the following information in a clear, comprehensive and concise manner:

1. Recommend methodology or approach for addressing the audit outlined in the Scope of Work (Section 3).
2. Outline possible audit considerations, including special issues.
3. Describe the firm’s approach to the resolution of technical disagreements (a) among engagement personnel, and (b) between the firm and the client.

Evaluation Criterion 5	EEO Commitment and Small Business Participation	15 pts.
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Sound Transit is interested in proposals from firms that demonstrate a commitment to equal employment opportunity. Sound Transit encourages proposals from firms that seek to employ a workforce that draws from all of the region’s highly-qualified and diverse citizens. For recordkeeping purposes, Proposers are requested to provide information

regarding the involvement of people of color, women, and persons with disabilities among the Proposer’s personnel and other measures by the Proposer evidencing a commitment to equal employment opportunity. **PLEASE DO NOT SUBMIT AFFIRMATIVE ACTION PLANS FOR THE FIRMS. SUMMARIZE RELEVANT POINTS TO RESPOND TO THIS CRITERION.**

Submittal Requirements

Please discuss the Proposer’s efforts to ensure that it provides equal employment opportunities to all persons without regard to race, color, gender, or disability status, including its efforts to recruit, retain and promote qualified minority, women, or persons with disabilities as permanent employees. Please discuss all of the following in the order listed below:

1. The opportunity for people of color, women, or persons with disabilities to be selected to staff this project.
2. The employment of people of color, women, or persons with disabilities in the firm and their responsibilities in the firm.
3. The activities of the firm to recruit, hire, train, and promote people of color, women, and persons with disabilities on the firm's workforce, and the involvement of such persons on comparable projects. Include internship and training opportunities as appropriate.
4. Any information deemed relevant to further explain the firm's approach to EEO.
5. Proposers that elect to subcontract any services in order to respond to this solicitation are advised that under such circumstances they shall make affirmative efforts to involve small businesses and shall provide information regarding their outreach efforts and the results of those efforts. Proposers that elect to subcontract any services in order to respond to this solicitation, and are unable to utilize small businesses, shall discuss their outreach efforts to involve small businesses as subcontractors, and the reasons why such involvement was not attainable.

Note: The information provided under this selection criterion is to evaluate the Proposer’s efforts and intent to provide an equal opportunity to all persons as required by state and federal equal employment opportunity laws. Proposers are advised that you are absolutely prohibited from excluding anyone from your firm or team on the basis of race, color, sex, national origin, or other factors prohibited by law. And, no person should be added or removed from a proposed team on that basis

.Evaluation Criterion 6	Adherence to Terms and Conditions	5 pts.
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Proposers not taking any exceptions to Sound Transit Terms and Conditions shall receive the full evaluation points. Firms taking exceptions shall be evaluated on the significance of the changes and if they are of benefit to Sound Transit. Any exception to an item in the solicitation must be clearly set out and fully explained in the Proposal. Be specific regarding the reasons for the exceptions. Any exceptions to the Terms and Conditions shall reflect how Sound Transit would benefit by the exception.

Submittal Requirements

A statement in the cover letter documenting adherence to the Terms and Conditions.

1.13. CONTRACT AWARD

A. Contract Terms and Conditions

1. Contract(s) awarded from this solicitation, if any, shall be made on a "best value" basis.
2. Sound Transit reserves the right to accept or reject any or all proposals in their entirety or in part and to waive informalities and minor irregularities and to contract as the best interest of Sound Transit may require. Proposers must propose on all items on Proposal Form No. 1, Price Form, in order to be eligible for award.
3. Issuance of a contract will be in conformance with applicable federal, state and local laws, regulations, and procedures. The contract terms and conditions are included herein in Section Two, General Terms and Conditions. **Any questions regarding the General Terms and Conditions shall be submitted in accordance with Paragraph 1.8, Requests for Information, of this solicitation.**
4. Sound Transit staff will present the required documentation to the appropriate Sound Transit authority for approval and award of the contract.

B. Debriefings

Proposers may request a debriefing no later than three (3) business days after being notified of the selection of the top ranked firm. Debriefings shall be limited to the debriefed Proposer's overall ranking, the strengths and weaknesses of its Proposal and answers to questions regarding the selection process. Debriefings shall not include a point-by-point comparison of the debriefed Proposer's Proposal with the other Proposals.

C. Protests and Appeals

1. Who May Protest or Appeal: Any Document Holder showing a substantial economic interest in the award of a contract under this procurement who claims to be aggrieved in connection with the solicitation or proposed award of a contract under this procurement may protest to Sound Transit in accordance with the procedures set forth herein.
2. Timing of Protest: Protests based on the contents of this procurement shall be submitted no later than seven (7) calendar days prior to the date and time designated for submittal of Proposals. Protests based on other circumstances shall be submitted within five (5) calendar days after the allegedly aggrieved person or party is notified of the selection of the top ranked firm, or no later than three (3) calendar days after receipt of a debriefing, if a debriefing is requested in accordance with Paragraph B above.
3. Contents of Protest: A protest shall be in writing and shall include: (1) the procurement title and/or number under which the protest is made; (2) the name and address of the allegedly aggrieved party; (3) a detailed description of the specific grounds for the protest and all supporting documentation; and (4) the specific ruling or relief requested. The written protest shall be addressed to: Contracts Division Manager, Sound Transit, 401 S. Jackson Street, Seattle, Washington 98104-2826.

4. Protest Procedure: Upon receipt of a timely written protest, the Contracts Division Manager, or designee, will consider the protest in accordance with established procedures and promptly issue a written decision stating the reasons for the action taken and informing the allegedly aggrieved person of his/her right to appeal the decision to the Chief Executive Officer. A copy of the decision shall be mailed by U.S. Postal Service and faxed to the allegedly aggrieved person or party. The Contracts Division Manager will notify the FTA of all protests received by Sound Transit on contracts that include FTA funds.
5. Appeal Procedure: The decision made by the Contracts Division Manager, or designee, shall be final and conclusive unless appealed in writing to the Chief Executive Officer within five (5) business days of receipt by the Protester of the Contracts Division Manager's decision. The Chief Executive Officer, or designee, will consider the appeal and promptly issue a written decision, which shall be final and conclusive.
6. Failure to Comply with Requirements: Failure to comply with these protest and appeal requirements will render a protest or an appeal untimely or inadequate and may result in rejection thereof by Sound Transit.
7. Exhaustion of Administrative Remedies: A protester may not commence litigation prior to exhausting all administrative remedies. Failure to exhaust all administrative remedies shall constitute an absolute waiver of the Protester's right, if any, to commence litigation.
8. Commencement of Litigation: After the exhaustion of all administrative remedies, the Protester shall have ten (10) calendar days in which to commence litigation. Failure to commence litigation within this limitation shall constitute an absolute waiver of the Protester's right, if any, to do so. Sound Transit may award and execute the Contract during this ten (10) calendar day period in accordance with state law.
9. Protests at the FTA Level: Protests made to the FTA will be limited to Sound Transit's failure to have or follow its protest procedures, Sound Transit's failure to review a complaint or protest, or violations of Federal law or regulation. Any protest to the FTA must be made in accordance with the following guidelines:
 - a. A protest must be filed with the FTA no later than five (5) business days after the protester learns or should have learned of an adverse decision by Sound Transit or other basis of appeal to FTA.
 - b. A protest to FTA must be filed in accordance with FTA Circular 4220.1E, as amended

1.14 NOTIFICATION

In the event it becomes necessary to revise any part of the RFI, addenda will be provided to all firms who request the RFI from Sound Transit. If any firm has reason to doubt whether Sound Transit is aware of the firm's interest, it is the responsibility of the firm to notify Sound Transit to be sure that addenda are received. Call or mail such notice to Sandy Lee at 206-398-5386, Sound Transit, 401 S Jackson Street, Seattle, Washington, 98104-2826.

Sound Transit shall provide notification of the following actions to all firms being considered at the time the action is taken:

1. Selection of finalists for interviews, if applicable.
2. Notice of selected firm.

Firms should not assume any action has been taken unless they receive specific notification from Sound Transit. Sound Transit will attempt to notify all firms of any changes to the schedule herein.

END OF INSTRUCTIONS

SECTION TWO GENERAL TERMS AND CONDITIONS

2.1 DEFINITIONS

As used throughout this document, the following general terms shall have the meanings set forth below:

- A. The "Auditor" shall mean the entity with whom this Agreement is entered into. The Auditor shall designate an authorized representative who is empowered to execute documents, receive notice and otherwise act on behalf of and as an agent of the Auditor".
- B. The "Chief Executive Officer", appointed by Sound Transit Board, is charged with leading the Sound Move program on behalf of Sound Transit and will be the executor of this Agreement for Sound Transit.
- C. The "Executive Director Finance" is designated by the Chief Executive Officer and is responsible for the overall administration of this Agreement for Sound Transit.
- D. The "Controller" is designated by the Department Director and is responsible for the day-to-day administration of this Agreement for Sound Transit.
- E. The "Contract Administrator" is the person designated by Sound Transit's Contracts Manager as the Contract Administrator for the purposes of execution of the Agreement and the Scope of Work performance.
- F. The "Auditor" is the entity with which this Agreement is entered into. The Auditor shall designate an authorized representative who is empowered to execute documents, receive notice and otherwise act on behalf of and as an agent of the Auditor.
- G. "Subconsultant" is a person or firm not employed by the Auditor, who performs all or part of those services under this Agreement on behalf of the Auditor regardless of tier.
- H. The "Central Puget Sound Regional Transit Authority" or "Sound Transit" is the public transit authority organized under the laws of the state of Washington charged with developing light rail, commuter rail and other public transit facilities in the Puget Sound Region.
- I. The "Contract Documents" are the writings embodying the legally binding obligations between Sound Transit and the Auditor for completion of the Services.
- J. The "Scope of Work" describes the Auditor's obligations for performance of the services under this Agreement.
- K. "Reference Documents" are documents regarding Sound Transit procedures, policies, financial documents, resolutions, correspondence, memoranda relating to Sound Transit business or the services performed under this Agreement, including studies and reports prepared specifically for the services performed under this Agreement by Sound Transit or Sound Transit's Auditors.
- L. "Affirmative Efforts" means making vigorous attempts in good faith to comply with the non-discrimination policies and requirements set forth in this Agreement, including, but not limited to, providing equal employment opportunities and reaching out to and contracting with Disadvantaged Business Enterprises (DBEs) and other Small Businesses.

- M. "Change Order" is a written order issued by Sound Transit making changes to this Agreement.
- N. "Disadvantaged Business Enterprise" or "DBE" is a business that has been certified as eligible to participate as a DBE by the Washington State Office of Minority and Women Business Enterprise (OMWBE).
- O. "Small Business" is a business that (1) is organized for profit; (2) has a place of business in the United States; and (3) for its industry, does not exceed the numerical size standard established by the federal Small Business Administration pursuant to 13 Code of Federal Regulations Part 121.

2.2 ADMINISTRATION AND SUPERVISION

- A. The Auditor represents that it has, or will obtain, all personnel necessary to perform the services required under this Agreement and that such personnel shall be qualified, experienced, and licensed as may be necessary or required by laws and regulations to perform such services. All services required under this Agreement shall be performed by the Auditor, its employees, or by Subconsultants whose selection has been authorized by Sound Transit; provided, that Sound Transit's authorization shall not relieve the Auditor or its Subconsultants from any duties or obligations under this Agreement or at law to perform in a satisfactory and competent manner. The Auditor will remove from the Agreement any of its Subconsultants or personnel assigned to perform services under this Agreement if, after the matter has been thoroughly considered by Sound Transit and the Auditor, Sound Transit considers such removal necessary and in the best interests of the services performed under this Agreement and so advises the Auditor in writing.
- B. The services performed under this Agreement must be coordinated and integrated with other Sound Transit activities. Management and general supervision for the services shall be the responsibility of the Executive Director Finance. Management on a daily basis of the progress of services and/or tasks shall be performed by the Controller. The Controller, in conjunction with the Contract Administrator, shall be responsible for issuing notices, authorizations, changes and modifications to or for this Agreement and the services performed under it. The Executive Director Finance shall be responsible for determining when the services have been satisfactorily performed by the Auditor and for ensuring that the Auditor complies with all provisions of this Agreement, including disadvantaged business enterprise and equal employment opportunity commitments.

2.3 SCOPE OF WORK

Auditor shall provide the services as identified Section 3 of this solicitation and directed by Sound Transit.

- A. The Auditor shall be responsible for the quality, technical accuracy and the coordination of all services furnished under this Agreement. The Auditor shall, without additional compensation, correct or revise any errors or deficiencies in the services furnished. The Auditor shall provide the services as described in this Section in a professional, complete and competent manner.
- B. Sound Transit shall make available to the Auditor, without cost, copies of reference documents related to the services performed under this Agreement that are readily available and on file at Sound Transit. Except as specifically provided herein, these documents are available solely as additional information to the

- C. This Agreement is non-exclusive and Sound Transit reserves the right to obtain like or similar services from other Auditors/sources.

2.4 CHANGES IN AND ADDITIONAL WORK.

- A. Sound Transit may, at any time, by written order direct the Auditor to revise portions of the work previously completed in a satisfactory manner, delete portions of the work, or make other changes within the general scope of the services or work to be performed under this Agreement. If such changes cause an increase or decrease in the Auditor's cost of, or time required for, performance of any services under this Agreement, an equitable cost and/or completion time adjustment shall be made and this Agreement shall be modified in writing accordingly. The Auditor must assert any claim for adjustment under this Section in writing within thirty (30) calendar days from the date of receipt by the Auditor of the notification of change. The Auditor shall not perform any work or make any revisions to the services or Scope of Work until Sound Transit has approved the work in writing and has agreed to the price to be paid for such work in writing.
- B. Sound Transit may, at any time, request that the Auditor perform additional services beyond the original scope of the services, hereinafter referred to as "Additional Work." Compensation for each such request for Additional Work will be negotiated by Sound Transit and the Auditor consistent with the compensation provisions set forth herein and, if so authorized, shall be considered part of the Scope of Work. The Auditor shall not perform any Additional Work until so authorized by Sound Transit in writing.
- C. No services for which additional compensation will be charged under this Section or any other section of this Agreement by the Auditor shall be furnished without the prior written authorization of Sound Transit, as to the changes to be made and the price to be charged per said change.
- D. All changes and "Additional Work" shall be implemented in accordance with Paragraph 2.17, Small Business Program herein.

2.5 RESPONSIBILITY OF THE AUDITOR

- A. The Auditor shall be responsible for the professional quality, technical adequacy and accuracy, timely completion and coordination of all services prepared or performed by the Auditor and its Subconsultants under this Agreement.
- B. The Auditor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in such services; and, in the event of any deficiencies in such services resulting from the Auditor's professional negligence or from the professional negligence of the Auditor's Subconsultants, whether or not said deficiencies have been brought to the attention of Sound Transit, the Auditor shall indemnify and reimburse Sound Transit for the cost of the corrective remedial work necessary to correct any such deficiencies and the consequences of such deficiencies caused by the Auditor's or Subconsultants' professional negligence. Notwithstanding anything to the contrary stated herein, Auditor's liability as set forth in this Section shall be subject to the limitations set forth in Paragraph 2.18, Liability and Indemnification.
- C. The Auditor shall perform its services in a manner that conforms to generally accepted professional standards applicable to the types of services provided

hereunder. The remedies herein are nonexclusive, cumulative and in addition to any other remedy available to Sound Transit under this Agreement or otherwise provided by law or in equity.

- D. Sound Transit's approval of products of the professional services rendered hereunder shall not in any way relieve the Auditor of responsibility for the technical adequacy or accuracy thereof. Neither Sound Transit's review, approval, acceptance of, nor payment for, any of the services shall be construed to operate as a waiver of any rights under this Agreement.

2.6 AUDITOR ACQUISITION AND/OR MERGER

If the Auditor executing this Agreement ceases to exist as an independent business entity by means of acquisition by and/or merger with a successor or otherwise, the Auditor shall notify Sound Transit in writing not less than thirty (30) calendar days prior to the effective date of the circumstance causing the cessation of the independent business status. Sound Transit reserves the right to take steps to ensure it has contractual privity with the successor. The Auditor shall cooperate with this effort by agreeing to an assignment, a novation, or other document required to transfer the rights and responsibilities of the Auditor to the successor.

2.7 COMMENCEMENT AND COMPLETION OF SERVICES

- A. After execution of this Agreement by Sound Transit and the Auditor, Sound Transit will issue a written Notice to Proceed for the services or specific tasks thereof.
- B. Time is of the essence in the performance by the Auditor under this Agreement. The Auditor shall complete its services within the schedule agreed to for each engagement, including the established task completion dates, set forth in the engagement letters for each audit or service utilized during the contract period. The completion dates may be modified only upon agreement of the parties hereto. The completion dates for the completion date of the entire Contract shall not be extended because of any unwarranted delays attributable to the Auditor, but will be extended by Sound Transit in the event of a delay caused by Additional Work requested by Sound Transit or because of unavoidable delay caused by any governmental action or other conditions beyond the control of the Auditor that could not be reasonably anticipated.
- C. During performance under this Agreement, the Auditor shall manage the Agreement such that its and its Subconsultant's services are provided and performed in a cost-effective and efficient manner.

2.8 REPORTING REQUIREMENTS

- A. No later than the 15th day of the month, the Auditor shall submit an invoice for payment, which shall include an Affidavit of Amounts Invoiced and Paid to each Subconsultant, including the percentage of amounts paid to DBEs and Small Businesses, and Project Control Reports as specified in Section Three, Scope of Work.
- B. All other reports shall be provided as specified in Section Three, Scope of Work.

2.9 COMPENSATION

- A. Sound Transit shall pay the Auditor for services provided in a satisfactory manner in accordance with the prices specified in the Proposal Forms and with the Scope of Work. Notwithstanding any other provision of the Agreement, Sound Transit

shall not be obligated to pay the Auditor in excess of the maximum amount provided in this Agreement for any reason, unless Sound Transit executes a written amendment to this Agreement providing for such increases in payment. The Auditor shall notify the Controller in writing no later than ten (10) business days after expending seventy five percent (75%) of the total contract amount of such expenditure.

- B. The Auditor shall submit invoices for services rendered on a monthly basis. Invoices for services rendered shall be submitted to Sound Transit using the rates and/or prices identified in the Proposal Forms. For hourly rates, labor costs shall be the total number of hours worked on the services by each employee multiplied by the regular hourly rate for such employee's labor category as specified on the Proposal Pricing form. Any hours billed as a result of work performed by a Subconsultant shall be separately identified. Such invoices shall be in such form as may be approved by the Controller and shall be tendered to Sound Transit's Accounts Payable with complete documentation no later than the date specified in Paragraph 2.9, Reporting Requirements. Sound Transit reserves the right to request additional substantiating documentation, including receipts, for invoiced charges as Sound Transit deems necessary. Payment shall be net thirty (30) days following acceptance of the receipt of a properly completed invoice. All payments to Contractor shall be remitted by mail. Invoices shall be mailed to Accounts Payable, Sound Transit, 401 South Jackson Street, Seattle, WA 98104-2826 and must reference the contract number. No payment in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by Sound Transit. Any invoice without the contract number or incorrect contract number will be returned to the Auditor.
- C. No payment, whether monthly or final, to the Auditor for any services shall constitute a waiver or release by Sound Transit of any claims, rights, or remedies it may have against the Auditor under this Agreement or by law, nor shall such payment constitute a waiver, remission, or discharge by Sound Transit of any failure or fault of the Auditor to satisfactorily perform the services as required under this Agreement.
- D. Rate increases are permitted after the third year of this Agreement, provided they are not increased by a factor more than the proportionate annual increase in the latest twelve (12) month average of the U.S. City Average, All Items Consumer Price Index for all Urban Consumers (CPI-U), as published by the Bureau of Labor Statistics.
- E. Auditor shall furnish written notice to the Contract Administrator, with supporting documentation no less than ten (10) business days prior to the day the increased price or rate becomes effective. Rate or Price increases shall be allowed only at the beginning of each contract year and exercise of optional year(s).

2.10 PROMPT PAYMENT PROVISION

The purpose of this Section is to ensure that the Auditor, after receiving payment from Sound Transit, makes prompt payment to its Subconsultants, for work completed in accordance with the standards set forth in this Agreement. This provision applies to all tiers of subcontracts.

- A. In its Invoice for Payment, the Auditor shall include payments for Subconsultants whose work was performed in accordance with the standards set forth in this Agreement. The Auditor shall not request payment from Sound Transit for amounts for Subconsultants until the Auditor has determined that the

Subconsultants are entitled to the payment of such amounts for the work completed in accordance with the standards set forth in this Agreement.

- B. Within five (5) working days of receipt of payment by Sound Transit, the Auditor shall pay such Subconsultants out of such amounts as are paid by Sound Transit. If the Auditor fails or neglects to make such payment within five (5) working days, the Auditor shall pay, to the Subconsultant, interest computed at 1% per month on amounts due for the period beginning on the day after the required payment date and ending on the day on which payment of the amount due is made.
- C. The Auditor shall include in each of its subcontracts a provision setting forth the payment and interest penalty clause of this Section. In addition, the Auditor shall require its Subconsultants to include such a payment and interest penalty clause in each of their subcontracts and to require each of their Subconsultants to include such clauses in their subcontracts with each lower tier Subconsultant. Each subcontract, below the first tier, shall include a provision stating that payment will be made to the lower tiered Subconsultant within five (5) working days after receipt of payment by the higher tiered Subconsultant.
- D. Upon receipt of an invoice from a Subconsultant, the Auditor shall include the amount of the Subconsultant's invoice in the Auditor's next Invoice for Payment by Sound Transit, unless the Auditor determines that the Subconsultant did not perform all or a portion of the work identified in the invoice to the standards set forth in this Agreement. If the Subconsultant has not so performed, the Auditor shall promptly provide written notification thereof to the Subconsultant and shall not include in its Invoice for Payment to Sound Transit an amount for such work. The Auditor shall include in its Invoice for Payment to Sound Transit an amount sufficient to pay the Subconsultant for the work that has been performed to the standards set forth in this Agreement.
- E. This Section shall not impair or limit any remedies otherwise available to the Auditor or a Subconsultant in the event of a dispute involving late payment or nonpayment by the Auditor or deficient Subconsultant performance or nonperformance by the Auditor.

2.11 SUBCONTRACTS

- A. Any Subconsultants and outside associates or consulting firms or individuals, including any substitutions thereof, required by the Auditor in connection with work to be provided under this Agreement will be subject to prior authorization by Sound Transit. Each subcontract and a cost summary, therefore, shall be subject to review by Sound Transit prior to the Subconsultant proceeding with the work. The Auditor shall be responsible for the professional standards, performance, and actions of all persons and firms performing subcontract work.
- B. Sound Transit hereby authorizes the Auditor to subcontract with the persons and firms listed in the Proposal Forms. The Auditor, at the request and direction of Sound Transit, will provide copies of any written agreements showing their contractual relationship.

2.12 NON-DISCRIMINATION IN EMPLOYMENT AND CONTRACTING

- A. Sound Transit has adopted Guiding Principles for Employment and Contracting identifying key objectives that Sound Transit will promote and encourage through its policies. The Guiding Principles are implemented in accordance with applicable federal, state and local laws and regulations, including grant

agreements. To the extent applicable, the Guiding Principles are the basis for certain provisions set forth in this RFP and Agreement.

1. It is the policy of Sound Transit that discrimination against any person on the basis of race, color, age, sex, marital status, sexual orientation, religion, ancestry, national origin or the presence of any sensory, mental or physical disability in an otherwise qualified disabled person are prohibited. The Auditor shall adhere to non-discrimination provisions and shall make reasonable efforts to meet Sound Transit's workforce diversity objectives on this Contract. Such efforts shall apply to the employment of persons on the permanent or core employee workforce, the employee workforce secured solely for this Contract, and interns or trainees secured for this Contract. The Auditor shall not exclude any person from participation in the award and performance of any work under contracts and agreements awarded by Sound Transit. Firms doing business or offering to do business with Sound Transit shall afford equal, non-discriminatory opportunities to potential subcontractors, Subconsultants and suppliers on contracts and agreements awarded by Sound Transit.
 2. The Auditor shall comply with applicable obligations and requirements under Chapter 49.60 RCW, the Washington state "law against discrimination", including rules and regulations promulgated pursuant to such law. In particular, the Auditor as an employer shall not commit any unfair practices prescribed in RCW 49.60.180.
 3. The Auditor shall cooperate in any studies or surveys as may be conducted by Sound Transit and as may be necessary to determine the extent of the Auditor's compliance with Sound Transit's Diversity Program policies.
- B. Disadvantaged Business Enterprise (DBE) Program. It is the policy of Sound Transit to ensure that Disadvantaged Business Enterprises (DBEs), as defined in 49 Code of Federal Regulations (CFR) Part 26, have an equal opportunity to receive and participate in federal Department of Transportation-assisted contracts. Sound Transit's DBE Program includes:
1. Ensuring non-discrimination in the award and administration of federal Department of Transportation-assisted contracts;
 2. Creating a level playing field on which DBEs can compete fairly for such contracts;
 3. Ensuring that the Sound Transit DBE Program is narrowly tailored in accordance with applicable laws;
 4. Ensuring that only firms that fully meet eligibility standards as set forth in 49 CFR Part 26 are permitted to participate as DBEs;
 5. Helping remove barriers to the participation of DBEs in such contracts; and
 6. Assisting in the development of firms that can compete successfully in the marketplace outside of the DBE Program.
- C. In the event the Auditor and/or its Subconsultants fail(s) to comply with any substantive requirement of the Agreement related to non-discrimination, participation by Small Businesses and/or Disadvantaged Business Enterprises, or

equal employment opportunity, Sound Transit may impose sanctions as it may determine to be appropriate, including but not limited to:

1. Requiring the Auditor to take remedial action to bring the Auditor or its Subconsultant into compliance;
2. Withholding payments to the Auditor until the Auditor or its Subconsultant is in compliance;
3. Suspend this Agreement;
4. Terminate this Agreement;
5. Debar the Auditor or its Subconsultant from future contracts with Sound Transit; and/or
6. File civil and/or criminal action(s) against the Auditor and, if applicable, it's Subconsultants, suppliers, employees, agents, and representatives.

Sound Transit may consider any such failure by the Auditor in determining whether to award any future contracts to the Auditor.

2.13 EQUAL EMPLOYMENT OPPORTUNITY

- A. The Auditor shall not discriminate against any employee or applicant for employment because of race, religion, creed, sex, sexual orientation, age, nationality, or the presence of any sensory, mental, or physical disability, unless based upon a bona fide occupational qualification. The Auditor shall make affirmative efforts to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, creed, sex, sexual orientation, age, nationality, or the presence of such disability. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Auditor shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. The Auditor shall, during the term of this Agreement, furnish Sound Transit, upon request and on forms approved by Sound Transit, a report of the affirmative efforts made by the Auditor in implementing the nondiscrimination and equal employment opportunity provisions in this Agreement. The Auditor shall permit access by Sound Transit to the Auditor's records of employment, employment advertisements, application forms, and other pertinent data and records for the purpose of determining compliance with this provision.
- C. The Auditor shall implement and carry out the obligations regarding equal employment opportunity submitted as part of its Proposal to perform this Agreement and the equal employment opportunity provisions set forth in this Agreement. Failure to implement and carry out such obligations and provisions in good faith may be considered by Sound Transit a material breach of this Agreement and grounds for withholding payment and/or termination of the Agreement and dismissal of the Auditor.
- D. The Auditor shall require that substantially the same provisions as in this Section are contained in all Subconsultant agreements entered into by the Auditor under this Agreement.

- E. In addition to complying with Sound Transit's Principles and Policies, the Auditor shall comply with, and ensure its subcontractors comply with, applicable Federal Civil Rights Requirements set forth in this Agreement.

2.14 DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM

- A. As a recipient of financial assistance from the federal Department of Transportation (DOT), through the Federal Transit Administration (FTA), Sound Transit developed and administers a Disadvantaged Business Enterprise (DBE) Program in accordance with 49 Code of Federal Regulations (CFR) Part 26. The Auditor shall comply with applicable provisions in 49 CFR Part 26.
- B. For federal Fiscal Year 2007, Sound Transit established, and submitted to the FTA, an overall DBE participation annual goal of 13%. Sound Transit has committed to meeting its overall DBE participation annual goal by race-neutral (including race and gender neutral) means. The Auditor shall also pursue race-neutral means in soliciting for and securing participation by DBEs on this Agreement.

As described in 49 CFR § 26.51(b), race-neutral means include, but are not limited to, actions such as: (1) arranging solicitations, times for the presentation of bids or proposals, quantities, specifications, and delivery schedules in ways that facilitate DBE participation; (2) providing assistance in overcoming obstacles such as inability to obtain bonding or financing; (3) providing technical assistance and other services; (4) carrying out information and communications programs on contracting procedures and specific contract opportunities; (5) implementing a supportive services program to develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs; (6) providing services to help DBEs improve long-term development, increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects, and achieve eventual self-sufficiency; (7) establishing a program to assist new, start-up firms, particularly in fields in which DBE participation has historically been low; (8) ensuring distribution of DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors and Auditors; and (9) assisting DBEs to develop their capability to utilize emerging technology and conduct business through electronic media. Such race-neutral means should benefit small businesses as well as DBEs.

- C. Sound Transit promotes and encourages participation by DBEs on its contracts. The Auditor shall afford DBEs an equal, non-discriminatory opportunity to compete for business as Subconsultants or suppliers and shall ensure its Subconsultants also afford DBEs such opportunities. A listing of DBEs certified by OMWBE is available on the Internet at <http://www.omwbe.wa.gov/directory/directory.htm> or by contacting OMWBE at 360-753-9693.
- D. Although Sound Transit did not establish a DBE Goal for this Agreement, the Auditor shall make affirmative efforts to include the participation by DBEs under this Agreement.
 - 1. The Auditor shall maintain not less than the percentage of participation by DBEs under this Agreement as was proposed by the Auditor in its Proposal and includes any revisions negotiated with Sound Transit prior to award of this Agreement.

2. If Additional Work is requested or directed by Sound Transit, the Auditor shall make affirmative efforts to include participation by DBEs when negotiating and performing Additional Work.
 3. To have participation counted under this Agreement, DBEs shall perform commercially useful functions. If the owner(s) of the DBE does not or is unable to demonstrate ownership, control or legitimate performance, Sound Transit will not count the participation. Sound Transit will use the regulations in 49 CFR Section 26.55, as guidance in evaluating and monitoring the participation of all DBEs and for determining how to count such participation.
- E. The Auditor shall make affirmative efforts to reach out to DBEs to solicit and achieve participation by DBEs on changes in the Scope of Work, including Additional Work, under this Agreement and maintain documentation of its efforts. The Auditor shall submit documentation of its efforts to Sound Transit prior to final agreement on such changes. Outreach efforts shall include, but are not limited to, the following activities:
1. Identifying portions of the Work to be performed by DBEs, including breaking out work items into economically feasible units to facilitate participation by DBEs.
 2. Soliciting through reasonable and available means the interest of DBEs who have or may have the capability to perform portions of the Work under this Agreement. Such means of solicitation should include community, Auditor and public agency organizations and offices that are involved in recruiting and placing DBEs. Solicitations shall occur with sufficient time that interested DBEs would be able to respond to the solicitation.
 3. Providing information about work items to interested DBEs.
 4. Negotiating in good faith with interested DBEs.
 5. Identifying and making efforts to assist DBEs to obtain necessary personnel, equipment, materials and supplies to perform the work items.
- F. The Auditor shall include the following assurance in any contract, including Subconsultant agreements, it enters into under this Agreement (revised to accurately identify parties):
- "The Auditor, sub-recipient or Subconsultant shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Auditor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the Auditor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as Sound Transit deems appropriate."
- G. During performance of this Agreement, the Auditor shall maintain sufficient records necessary for Sound Transit to monitor the Auditor's and its Subconsultants' compliance with the provisions of the DBE Program.
- 2.15 **SMALL BUSINESS PROGRAM**
- A. Consistent with its Guiding Principles for Contracting to promote and encourage the use of Small Businesses, Sound Transit has developed and administers a Small Business Program. Under the Small Business Program, Sound Transit will

consider various approaches to achieving participation by Small Businesses in its contracts and agreements.

- B. Although Sound Transit did not establish a Small Business Goal for this Agreement, the Auditor shall make affirmative efforts to include participation by Small Businesses under this Agreement.
1. The Auditor shall maintain not less than the percentage of participation by Small Businesses under this Agreement as was proposed by the Auditor in its Proposal and includes any revisions negotiated with Sound Transit prior to award of this Agreement.
 2. If changes in the Project work and/or Additional Work is requested or directed by Sound Transit, the Auditor shall make affirmative efforts to include participation by Small Businesses when negotiating and performing said changes and/or Additional Work.
 3. To have participation counted under this Agreement, Small Businesses shall:
 - a. meet the established Small Business Administration size standard(s) for each particular business type;
 - b. perform commercially useful functions. If the owner(s) of the Small Business do(es) not or is(are) unable to demonstrate ownership, control or legitimate performance, Sound Transit will not count the participation. For consistency between Sound Transit's Small Business Program and its Disadvantaged Business Enterprise Program, Sound Transit will use the regulations in 49 CFR Section 26.55 as guidance in evaluating and monitoring the participation of all businesses and for determining how to count such participation.
- C. During performance of this Agreement, the Auditor shall maintain sufficient records necessary for Sound Transit to monitor the Auditor's and its Subconsultants' compliance with the provisions of the Small Business Program.

2.16 FEDERAL CIVIL RIGHTS REQUIREMENTS

In addition to Sound Transit nondiscrimination requirements set forth in other Sections in this Agreement, the following Federal requirements apply to the Auditor's performance under this Agreement:

- A. Nondiscrimination - In accordance with Title VI of the Civil Rights Act, as amended, 42 U.S.C. § 2000d, section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102, section 202 of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12132, and Federal transit law at 49 U.S.C. § 5332, the Auditor agrees that it will not discriminate against any person on the basis of race, color, creed, national origin, sex, age, or disability under any program or activity receiving Federal financial assistance. In addition, the Auditor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue. Specific requirements to implement Title VI and the Americans with Disabilities Act of 1990 are included in Sections 21 and 22, respectively, of this Agreement.
- B. Equal Employment Opportunity - In addition to the provisions set forth in Section 15 of this Agreement, the following equal employment opportunity requirements apply to this Agreement:

1. Race, Color, Creed, National Origin, Sex - In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, and Federal transit laws at 49 U.S.C. § 5332, the Auditor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Agreement Compliance Programs, Equal Employment Opportunity, Department of Labor," 41 C.F.R. Parts 60 et seq., (which implement Executive Order No. 11246, "Equal Employment Opportunity," as amended by Executive Order No. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," 42 U.S.C. § 2000e note), and with any applicable Federal statutes, executive orders, regulations, and Federal policies that may in the future affect construction activities undertaken in the course of the Project. The Auditor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Auditor agrees to comply with any implementing requirements FTA may issue.
 2. Age - In accordance with Section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 623 and Federal transit law at 49 U.S.C. § 5332, the Auditor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Auditor agrees to comply with any implementing requirements FTA may issue.
 3. Disabilities - In accordance with Section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the Auditor agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R. Part 1630, pertaining to employment of persons with disabilities. In addition, the Auditor agrees to comply with any implementing requirements FTA may issue.
- C. The Auditor also agrees to include these requirements in each Subconsultant agreement entered into under this Agreement, modified only if necessary to identify the affected parties. In addition, the Auditor agrees to comply with any implementing requirements FTA may issue.

2.17 LIABILITY AND INDEMNIFICATION

- A. In performing services hereunder, the Auditor and its subconsultants, employees, agents and representatives shall be acting as independent contractors and shall not be deemed or construed to be employees or agents of Sound Transit in any manner whatsoever. The Auditor shall not hold itself out as, nor claim to be, an officer or employee of Sound Transit by reason hereof and will not make any claim, demand, or application to or for any right or privilege applicable to an officer or employee of Sound Transit. The Auditor shall be solely responsible for any claims for wages or compensation by Auditor employees, agents and representatives, including subconsultants, and shall save and hold Sound Transit harmless therefrom.

- B. The Auditor shall indemnify, defend and hold Sound Transit harmless for all professional negligence, injuries to persons, or damages to property resulting from the performance of services by the Auditor, except to the extent such injuries and damages result from the willful misconduct or negligence of Sound Transit. This indemnification obligation shall include, but not be limited to, claims and actions against Sound Transit by an employee or former employee of the Auditor arising from on-the-job injuries, and the Auditor expressly waives all of the immunity and limitation of liability under Title 51, Revised Code of Washington. Auditor and Sound Transit agree that this indemnification clause was mutually negotiated and agreed to by Auditor and Sound Transit. In the event of litigation between Sound Transit and the Auditor to enforce any rights under this Contract, reasonable attorneys' fees shall be allowed to the prevailing party.
- C. The Auditor shall not assign any interest, obligation, or benefit in this Agreement or transfer any interest in the same, whether by assignment or novation, without prior written consent by Sound Transit, provided, however, that claims for money due or to become due to the Auditor from Sound Transit under this Agreement may be assigned to a bank trust company, or other financial institution without such approval. Notice of any such claim assignment shall be furnished promptly to Sound Transit.
- D. The Contract shall be governed and construed to the laws of the state of Washington. Any suit arising from this Contract shall be brought in King County Superior Court, Washington, which shall have sole and exclusive jurisdiction and venue.

THE AUDITOR SPECIFICALLY ASSUMES POTENTIAL LIABILITY FOR ACTIONS BROUGHT BY THE AUDITOR'S OWN EMPLOYEES OR FORMER EMPLOYEES AGAINST ANY INDEMNIFIED PARTY, AND FOR THAT PURPOSE THE AUDITOR SPECIFICALLY WAIVES ALL IMMUNITY AND LIMITATIONS ON LIABILITY UNDER THE WORKERS COMPENSATION ACT, RCW TITLE 51, OR ANY INDUSTRIAL INSURANCE ACT, DISABILITY BENEFIT ACT OR OTHER EMPLOYEE BENEFIT ACT OF ANY JURISDICTION THAT WOULD OTHERWISE BE APPLICABLE IN THE CASE OF SUCH CLAIM. THIS INDEMNITY OBLIGATION SHALL NOT BE LIMITED BY ANY LIMITATION ON THE AMOUNT OR TYPE OF DAMAGES, COMPENSATION OR BENEFITS PAYABLE BY OR FOR AUDITOR OR A SUBCONSULTANT UNDER WORKERS' COMPENSATION, DISABILITY BENEFIT OR OTHER EMPLOYEE BENEFITS LAWS. THE AUDITOR RECOGNIZES THAT THIS WAIVER WAS SPECIFICALLY ENTERED INTO AND WAS THE SUBJECT OF MUTUAL NEGOTIATION. PROVIDED, HOWEVER, AUDITOR'S WAIVER OF IMMUNITY BY THE PROVISIONS OF THIS PARAGRAPH EXTENDS ONLY TO CLAIMS AGAINST AUDITOR BY SOUND TRANSIT, AND DOES NOT INCLUDE, OR EXTEND TO, ANY CLAIMS BY AUDITOR'S EMPLOYEE DIRECTLY AGAINST AUDITOR.

2.18 INSURANCE

- A. Insurance Requirements: The Auditor shall at its sole cost and expense, obtain and maintain during the entire term of this Agreement the minimum insurance set forth below. By requiring such minimum insurance, Sound Transit shall not be deemed or construed to have assessed the risks that may be applicable to the Auditor under this Agreement. The Auditor shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage. The fact that insurance is obtained by Auditor shall not be deemed to release or diminish the liability of Auditor, including without limitation, liability

under the indemnity provisions of this Agreement. Damages recoverable by Sound Transit shall not be limited to the amount of the required insurance coverage.

1. **General Liability:** Commercial General Liability for bodily injury including death, personal injury and property damage coverage, with contractual and completed operations endorsements, utilizing insurers and coverage forms acceptable to Sound Transit, with a limit of at least \$2,000,000 per occurrence.
2. **Automobile Liability:** Commercial Auto Liability coverage for bodily injury and property damage utilizing insurers and coverage forms acceptable to Sound Transit, with a limit of at least \$2,000,000 per accident.

Such liability insurance, identified above, shall name Sound Transit, its officers, directors, agents, and employees as additional insured with respect to the services under this Agreement.

3. **Professional Liability:** Whenever the work under this Agreement includes "professional services," the Auditor shall maintain the appropriate Professional Liability insurance, affording limits of liability of \$5,000,000 per occurrence, for damages sustained by reason of or in the course of operations under the Agreement whether occurring by reason of acts failing to meet the standard of care required by this Agreement, negligent acts, or errors, or omissions of the Auditor.
 4. **Workers Compensation:** The Auditor and Subconsultant will secure its liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington. The Auditor and Subconsultant will be responsible for Workers Compensation insurance for any Subconsultant or subcontractor who provides services under subcontract. If the Auditor and Subconsultant are qualified as a self-insurer under Chapter 51.14 of the Revised Code of Washington, it will so certify to the Owner by submitting a letter signed by a corporate officer, indicating that it is a qualified self-insurer, and setting forth the limits of any policy of excess insurance covering its employees.
 5. **Other Insurance:** Other insurance as may be deemed appropriate by Sound Transit; costs of which shall be borne by contracting parties as mutually agreed.
- B. **Certificates and Policies:** Prior to commencement of services for this Agreement, the Auditor shall provide Sound Transit with certificates of insurance showing insurance coverage in compliance with the foregoing Paragraphs. All insurance coverage outlined above shall be written by insurance companies meeting Sound Transit's financial security requirements, (A.M. Best's Key Rating A-; VII or higher). **Such certificates shall reference the contract number and title of this Contract** and will state that the Auditor will provide thirty (30) calendar days advance written notice to Sound Transit in the event the Auditor insurance policies are cancelled, not renewed, or materially reduced in coverage. Should the Auditor neglect to obtain and maintain in force any of the insurance required in this Section, Sound Transit may suspend or terminate this Agreement. Suspension or termination of this Agreement shall not relieve the Auditor from insurance obligations hereunder.
- C. Taking into account the Scope of work and Services to be performed by a Subconsultant, the Auditor shall prudently determine whether, and in what

amounts, each Subconsultant shall obtain and maintain public liability, professional liability, and any other insurance coverage. Any insurance required of Subconsultants shall, where appropriate and/or applicable, name Sound Transit as an additional insured.

- D. The Auditor and its insurers shall endorse the required insurance policy(ies) to waive their right of subrogation against Sound Transit. The Auditor and its insurers also waive their right of subrogation against Sound Transit for loss of its owned or leased property or property under its care, custody and control.
- E. No provision in this Section shall be construed to limit the liability of the Auditor for services not done in accordance with the Agreement, or express or implied warranties. The Auditor's liability for the services shall extend as far as the appropriate periods of limitation provided by law and up to any legal limits.
- F. The Auditor may obtain any combination of coverage or limits that effectively provides the same or better amounts and types of coverage as stipulated above, subject to review and approval by Sound Transit.
- G. The Auditor warrants that this Agreement has been thoroughly reviewed by the Auditor's insurance agent(s)/broker(s), who have been instructed by Auditor to procure the insurance coverage required by this Agreement.

2.19 TITLE VI COMPLIANCE

- A. During the performance of this Agreement, the Auditor, for itself, its assignees, and its successors in interest (hereinafter referred to as "Auditor"), agrees as follows:
- B. Compliance with Regulations: Auditor shall comply with the Regulations relative to nondiscrimination in federally-assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations (CFR), Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this Agreement.
- C. Nondiscrimination: Auditor, with regard to the work performed by it during the Agreement, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of Subconsultants, including procurement of materials and leases of equipment. Auditor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the Agreement covers a program set forth in Appendix B of the Regulations.
- D. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by Auditor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential Subconsultant or supplier shall be notified by Auditor of Auditor's obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
- E. Information and Reports: Auditor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by Sound Transit or the Federal Transit Administration (FTA) to be pertinent to ascertain compliance with such

Regulations, orders, and instructions. Where any information required of Auditor is in the exclusive possession of another who fails or refuses to furnish this information, Auditor shall so certify to Sound Transit, or the FTA as appropriate, and shall set forth what efforts it has made to obtain the information.

- F. Sanctions for Noncompliance: In the event of Auditor's noncompliance with the nondiscrimination provisions of this Agreement, Sound Transit shall impose such contract sanctions as it or the FTA may determine to be appropriate, including, but not limited to:
1. Withholding of payments to Auditor under the Agreement until Auditor complies, and/or,
 2. Cancellation, termination or suspension of the Agreement, in whole or in part.
- G. Incorporation of Provisions: Auditor shall include the provisions of subparagraphs A through E of this Paragraph in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. Auditor shall take such action with respect to any subcontract or procurement as Sound Transit or the FTA may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that, in the event Auditor becomes involved in, or is threatened with, litigation with a Subconsultant or supplier as a result of such direction, Auditor may request Sound Transit to enter into such litigation to protect the interests of Sound Transit, and, in addition, Auditor may request the United States to enter into such litigation to protect the interests of the United States.

2.20 ADA, SECTION 504 AND OTHER FEDERAL REQUIREMENTS

The Auditor is also required to comply with all applicable requirements of the Americans with Disabilities Act of 1990 (ADA), 42 USC §§ 12101, et seq.; Section 504 of the Rehabilitation Act of 1973, as amended, 29 USC § 794; and 49 USC § 5301(d), and the following regulations and any amendments thereto:

- U.S. Department of Transportation regulations, "Transportation Services for Individuals with Disabilities (ADA)," 49 CFR Part 37;
- U.S. Department of Transportation regulations, "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance," 49 CFR Part 27;
- U.S. Department of Justice (DOJ) regulations, "Nondiscrimination on the Basis of Disability in State and Local federal government Services," 28 CFR Part 35;
- DOJ regulations, "Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities," 28 CFR Part 36;
- U.S. General Services Administration regulations, "Accommodations for the Physically Handicapped," 41 CFR Subpart 101-19;
- U.S. Equal Employment Opportunity Commission (EEOC) "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 CFR Part 1630;
- U.S. Federal Communications Commission regulations, "Telecommunications Relay Services and Related Customer Premises

Equipment for the Hearing and Speech Disabled," 47 CFR Part 64, Subpart F; and

- FTA regulations, "Transportation for Elderly and Handicapped Persons," 49 CFR Part 609.
- Any implementing requirements that the FTA may issue.

2.21 WORK PRODUCT AND INTELLECTUAL PROPERTY

In the event the services to be performed by the Auditor under this Agreement include the development or delivery of a work of authorship or any materials which may be protectable under intellectual property laws ("Work Product"), the following terms and conditions shall apply:

- A. **Work Made For Hire.** The Auditor agrees that Work Product has been engaged by Sound Transit. Accordingly, to the extent that includes material subject to copyright, the Auditor agrees that the Work Product is done as a "work made for hire" for copyright purposes, and as a result, Sound Transit shall own all copyrights in the Work Product.
- B. **Work Product is defined as the final report the Contractor is engaged to provide.**
- C. **Assignment.** To the extent that the Work Product does not qualify as a work made for hire under applicable law, and to the extent that the Work Product includes material subject to copyright, patent, trade secret, mask work, or other proprietary right protection, the Auditor hereby assigns to Sound Transit, its successors and assigns, all right, title and interest in and to the Work Product, including but not limited to (1) all copyrights in the same, and in all renewals and extensions of the copyrights that may be secured under applicable laws; and (2) all rights in and to any inventions and designs embodied in the Work Product or developed in the course of the Auditor's creation of the Work Product. The foregoing assignment includes a license under any current and future patents owned, patents applied for or licensable by the Auditor to the extent necessary to exercise any rights of ownership in the Work Product. Any reuse of the Work Product except for the specific purpose intended will be at the users' sole risk without liability or legal exposure to the Auditor.
- D. **Moral Rights.** The Auditor hereby forever waives any and all "moral rights" it may have in the Work Product.
- E. **Assistance.** At Sound Transit's expense, the Auditor shall execute and deliver such instruments and take such other action as may be requested by Sound Transit to perfect or protect Sound Transit's rights in the Work Product and to perfect the assignments contemplated by this Section.
- F. **Delivery of Work Product.** The Auditor shall deliver the Work Product immediately upon such early termination at the then-existing stage of completion, and all aspects of the Work Product shall become the property of Sound Transit.
- G. **Representations and Warranties.** The Auditor hereby represents and warrants that:
 1. It has full power to enter into this Agreement and make the assignments set forth herein;

2. It has not previously and will not grant any rights in the Work Product to any third party that are inconsistent with the rights granted to Sound Transit herein;
3. The Work Product does not infringe or violate any copyright, trade secret, trademark, patent or other proprietary or personal right held by any third party; and
4. The Work Product has been or will be created solely by the Auditor or employees of the Auditor within the scope of their employment and under obligation to assign all rights in the Work Product to Sound Transit, or by independent Subconsultants, approved by Sound Transit in advance, under written obligations to (a) assign all rights in the Work Product to Sound Transit and (b) maintain the confidentiality of any Sound Transit confidential information disclosed to the Subconsultant.

H. Indemnity.

1. The Auditor shall indemnify, pay the defense costs of, and hold Sound Transit harmless from any and all claims, demands, costs, liabilities, losses, expenses and damages (including attorneys' fees, costs, and expert witnesses' fees) arising out of or in connection with any claim which, taking the claimant's allegations to be true, would result in a breach by the Auditor of any of the Auditor's warranties and covenants set forth in this Agreement. The Auditor shall reimburse Sound Transit on demand for any payment made by Sound Transit in respect of any liability or claim to which the foregoing indemnity relates, and which has resulted in an adverse judgment against Sound Transit or has been settled with the written consent of the Auditor. Prompt notice shall be given to the Auditor of any claim to which the foregoing indemnity relates.
2. If the Work Product is in any action held to constitute an infringement of any third party's rights and its use is enjoined, the Auditor shall immediately and at its expense (a) procure for Sound Transit the right to continue its use of the Work Product in accordance with this Agreement; or (b) replace the Work Product with an equivalent version that is non-infringing.

- I. Survival. This Section shall survive any expiration or termination of this Agreement.

2.22 PROHIBITED INTERESTS

No member, officer, or employee of Sound Transit or its governing body, or of any of its component agencies during such person's tenure or one year thereafter, shall have any interest, direct or indirect, in this Agreement or the proceeds thereof, unless such interest has been disclosed in writing to Sound Transit and Sound Transit has determined that no prohibited conflicts of interest or ethical violations inhere in the circumstances.

2.23 CONTINGENT FEES, GRATUITIES AND CONFLICTS OF INTEREST

Consistent with Sound Transit's Guiding Principles, the Auditor agrees as follows:

- A. The Auditor warrants and covenants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees. For breach of violation of this warranty Sound

- B. The Auditor warrants and covenants that no gratuities, in the form of entertainment, gifts, or otherwise, have been or will be offered or given by the Auditor or any of its agents, employees, or representatives to any official member or employee of Sound Transit in an attempt to secure a contract or favorable treatment in awarding, amending, or making any determination related to the performance of this Agreement.
- C. By submission of its proposal, the Auditor covenants that it has no direct or indirect pecuniary or proprietary interest, and that it shall not acquire any interest that conflicts in any manner or degree with the work, services or materials required to be performed or provided under this Agreement. Furthermore, the Auditor shall not employ any person or agent having any such conflict of interest. In the event that the Auditor or its agents, employees or representatives hereafter acquires such a conflict of interest, it shall immediately disclose such interest to Sound Transit and take action immediately to eliminate the conflict or to withdraw from this Agreement, as Sound Transit requests. The Auditor shall not employ any Auditor who is concurrently employed by Sound Transit or by Sound Transit's Auditors, without first obtaining Sound Transit's approval in writing.
- D. If Sound Transit's Chief Executive Officer has reason to believe that the covenants set forth in Paragraphs A, B or C above have been breached, he/she shall so notify the Auditor in writing. The Auditor shall respond to said notice within ten (10) business days of receipt with a detailed written explanation or answer to any facts, allegations, or questions contained or referenced in said notice. The Auditor may request a hearing on the matter by Sound Transit's Chief Executive Officer that shall be conducted within fifteen (15) business days of the receipt by the Chief Executive Officer of the request unless a later date is concurred in by Sound Transit and the Auditor. The decision of the Chief Executive Officer shall be a prerequisite to appeal thereof to Sound Transit Board of Directors or to Superior Court in the County of King, State of Washington. If, after consideration of the Auditor's response and any hearing, the Chief Executive Officer determines that the covenants have been breached, the Chief Executive Officer shall have the discretion to exercise those remedies provided by any applicable federal or state laws or regulations or by this Agreement in the event of said breach and/or prohibited conflicts of interest.

2.24 RECYCLED PRODUCTS

To the extent practicable and economically feasible, the Auditor agrees to provide a competitive preference for recycled products to be used in performing the services pursuant to the U.S. Environmental Protection Agency Guidelines at 40 CFR Parts 247-253, implementing Section 6002 of the Resource Conservation and Recovery Act, as amended, 42 USC § 6962. If possible, the Auditor shall use both sides of paper sheets for copying and printing and shall use recycled/recyclable products wherever practical at the fulfillment of this Agreement.

2.25 ENVIRONMENTAL STANDARDS

The Auditor agrees to comply with all applicable laws, regulations, standards, orders or requirements.

2.26 DISPUTES AND REMEDIES

RESOLVING CONFLICTS: Sound Transit and the Auditor agree to use their best efforts to resolve disputes arising out of or related to this Agreement using good faith negotiations and the principles of Project Partnering by engaging in the following Dispute Resolution Process should any such disputes arise:

- A. Level One - The Controller for Sound Transit, the Project Manager for the Auditor and the Project Managers for any Subconsultants involved in the services that gives rise to the dispute shall meet to discuss and attempt to resolve the dispute, in a timely manner. If they cannot do so, they pass the dispute to Level Two.
- B. Level Two - The Executive Director of Finance shall make a decision regarding the dispute, after conferring with the Auditor as may be necessary.

In the event the Auditor disagrees with the decision of the Executive Director, the disputes shall be referred to mediation as a condition precedent to the commencement of a civil action in the Superior Court of King County. At all times during the course of the conflict or dispute resolution efforts the Auditor agrees to continue to perform the services with due diligence in accordance with the standard of care described in Section 2.5, Responsibility of the Auditor.

2.27 NOTICE

Any notice required to be given under the terms of this Agreement shall be directed to the party at the address set forth in the Agreement form. Notice shall be considered issued and effective upon receipt thereof by the addressee-party or twenty-four (24) hours after mailing to the place of business set forth, whichever is earlier.

2.28 AUDIT AND ACCESS TO RECORDS

- A. **Maintenance Of Records:** The Auditor, including its Subconsultants, shall maintain books, records, documents, and other evidence directly pertinent to performance of the services under this Agreement in accordance with generally accepted auditing standards and practices consistently applied. The Auditor shall maintain an index of such records to facilitate access and recovery of such records.
- B. **Access For Audit Purposes:** Sound Transit or any of its duly authorized representatives shall, for the purpose of audit and examination, have access to and be permitted to inspect such books, records, documents, and other evidence for inspection, audit, and copying for a period of six (6) years after final payment is made under this Agreement. Sound Transit shall also have access to such books, records, and documents during the performance of the services if deemed necessary by Sound Transit to verify Auditor services and invoices, to assist in negotiations for additional work, and to resolve claims and disputes. Sound Transit will give five (5) working days notice to the Auditor for access to original records. Audits conducted under this Section shall be in accordance with generally accepted auditing standards and established procedures and guidelines of the reviewing or audit agency(ies).
- C. The Auditor agrees to the disclosure of all information and reports resulting from access to records under Paragraphs A and B of this Section provided that the Auditor is afforded the opportunity for an audit exit conference and an opportunity to comment and submit any supporting documentation on the pertinent portions of the draft audit report and that the final audit report will include written comments of reasonable length, if any, of the Auditor.

- D. Access For Purposes of Public Disclosure: The public, from time to time, may request access to records relating to the services. Sound Transit has a duty to disclose documents as requested unless such requests call for documents that are specifically exempted from disclosure pursuant to Washington Law. Such requests from the public will be made in writing in a stipulated form to Sound Transit. Sound Transit will administer the request by serving as the point of contact with the public member making the request, invoicing for the costs of copying and reviewing the records for potential exemptions. Sound Transit will refer the collection, compilation, indexing, and copying of the actual records to the Auditor. The Auditor shall maintain the records in a condition that will facilitate such responses and will provide necessary staff for this purpose.
- E. The periods of access and examination described in Paragraphs A and B of this Section for records that relate to (1) disputes between Sound Transit and the Auditor, (2) litigation or settlement of claims arising out of the performance of this Agreement, or (3) costs and expenses of this Agreement as to which exception has been taken by the Comptroller General or any of his or her duly authorized representatives, shall continue until all disputes, claims, litigation, appeals, and exceptions have been resolved.
- F. The Auditor shall ensure that substantially all of the foregoing Paragraphs are included in each subcontract for services on this Agreement to the effect that the Subconsultant agrees that Sound Transit the U.S. Department of Transportation, and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of six (6) years after final payment under the subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and other records of the Subconsultant. The term "subcontract" as used in this paragraph excludes (1) purchase orders not exceeding \$10,000 and (2) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

2.29 REPORTING, RECORD RETENTION AND ACCESS

- A. Auditor shall comply with reporting requirements of the U.S. Department of Transportation grant management rules, and any other reports required by the Federal Government.
- B. Auditor agrees to maintain intact and readily accessible all work, materials, payrolls, books, documents, papers, data, records and accounts pertaining to the Agreement. Auditor agrees to permit the Secretary of Transportation, the Comptroller General of the United States and Sound Transit, or their authorized representatives, access to any work, materials, payrolls, books, documents, papers, data, records and accounts involving the Agreement for the purpose of making audit, examination, excerpts, and transcriptions pertaining to the Agreement as it affects the services performed. Auditor shall retain all required records for six (6) years after Sound Transit has made final payments. The period of access and examination for records that relate to (1) litigation or the settlement of claims arising out of the performance of this Agreement, or (2) costs and expenses of this Agreement as to which exception has been taken by the Comptroller General of the United States or the U.S. Department of Transportation, or any of their duly authorized representatives, shall continue until such litigation, claims, or exceptions have been disposed of. Auditor shall require its Subconsultants to also comply with the provisions of this Subparagraph, and shall include the provisions of this Subparagraph in each of its subcontracts.

2.30 PRIVACY

- A. Should the Auditor, or any of its Subconsultants, or their employees administer any system of records on behalf of the federal government, the Privacy Act of 1974, 5 USC § 552a, imposes information restrictions on the party administering the system of records.
- B. For purposes of the Privacy Act, when the Agreement involves the operation of a system of records on individuals to accomplish a government function, Sound Transit and any Auditors, third-party contractors, subcontractors, and their employees involved therein are considered to be government employees with respect to the government function. The requirements of the Act, including the civil and criminal penalties for violations of the Act, apply to those individuals involved. Failure to comply with the terms of the Act or this provision of this Agreement will make this Agreement subject to termination.
- C. The Auditor agrees to include this clause in all subcontracts awarded under this Agreement that require the design, development, or operation of a system of records on individuals subject to the Act.

2.31 CHANGES IN GOVERNMENTAL REGULATIONS

- A. In the event local, state or federal laws or regulations including but not limited to changes in AICPA and GOA Standards that were not announced or enacted at the time of Contract award and enacted before delivery of the Work Product, and such laws or regulations make standards more stringent or compliance more costly under this Agreement, the Auditor shall notify Sound Transit in writing of such laws or regulations and their effects on the pricing or delivery schedule promptly after the Auditor first became aware of the laws and regulations and prior to incurring any such expenses.
- B. Sound Transit will make a determination as to whether the Auditor should be reimbursed for any such expenses or any time extensions should be granted in accordance with the provisions of Paragraph 2.3, Scope of Work, and Paragraph 2.4, Changes In and Additional Work. Changes to the Contract resulting from changes in laws, regulations or standards shall be mutually agreed by the Parties. To the extent that Sound Transit requires the Auditor to perform to more stringent standards resulting from changes in laws, regulations or standards, Sound Transit shall recognize such changes and negotiate in good faith a reasonable adjustment to the Contract Price or Time.
- C. The Auditor shall, immediately upon becoming aware of any such imposition or change of requirement, provide Sound Transit with full and detailed particulars of the changes required in the equipment and of costs involved therein, or shall be deemed to have waived any rights under this Section. In the event any governmental requirements are removed, relaxed or changed in any way after the date of contract award so as to make the Auditor's performance less expensive, or less difficult, then Sound Transit shall have the option either to require the Auditor to perform pursuant to the more rigorous requirements or to receive a reduction in the price of the equipment affected for all savings in direct costs which may be realized by the Auditor by reason of such change and appropriate adjustments in deductions for overhead and profit made so as to reflect actual savings made by the Auditor. Sound Transit shall give the Auditor notice of Sound Transit's determination, and anticipated savings.

2.32 COMPLIANCE WITH ALL LAWS AND REGULATIONS

- A. The Auditor agrees to comply with all federal, state and local laws and regulations applicable to such services, including but not limited to changes in AICPA and GOA Standards applicable to such services, including all regulations, requirements and registrations related to lobbying activities and including the conditions of the federal Occupational Safety and Health Act of 1970 (OSHA) and the Washington Industrial Safety and Health Act of 1973 (WISHA) whenever such laws are applicable to work and services provided under this Agreement.
- B. The Auditor shall comply with all federal, state, and local licensing, registration, filing and/or certifications standards, all applicable accrediting standards, and any other standards or criteria established by any agency of the State of Washington or of the federal government applicable to the Auditor's operation.
- C. The Auditor shall comply and, to the best of its ability, shall require its Subconsultants to comply with all Sound Transit resolutions and policies (for example Sound Transit's policy on equal employment opportunity and harassment) and federal, state and local laws, regulations and ordinances applicable to the work and services to be performed under this Agreement. Copies of Sound Transit's resolutions and policies are available upon request.
- D. Sound Transit and the Auditor agree to exercise reasonable efforts to stay apprised of any changes to federal, state or local laws, regulations and ordinances referred to in this Section, to bring any such changes to the attention of the other party and to negotiate in good faith the effects of any such changes.

2.33 TERMINATION OF AGREEMENT

In the event of a breach of Auditor or any of the provisions of this Contract, or in the event Auditor becomes insolvent, goes out of business, commits an affirmative act of insolvency, or is unable to give Sound Transit reasonable assurance of its ability to perform, Sound Transit reserves the right to cancel and terminate this Contract forthwith upon giving oral or written notice to the Auditor. Auditor shall be liable for damages suffered by Sound Transit resulting from Auditor's breach of Contract. All remedies herein are in addition to all other rights and remedies Sound Transit may have.

END OF SECTION 2

SECTION THREE SCOPE OF WORK

SERVICES TO BE PERFORMED

Your proposal is expected to cover the following services for the years ending December 31, 2008 through 2010, with options for years ending December 31, 2011 and 2012:

- A. Annual audits of the Agency's financial statement, to be completed by June 30th and conducted in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. General Accounting Office's "Government Accounting Standards", the provisions of the Single Audit Act, and the provisions of U.S. Office of Management and Budget (OMB) Circular, A-133, Audits of States, Local Governments, and Non-Profit Organizations.
- B. Annual Single Audit Report including:
 - 1. Auditor's report on internal control over financial reporting;
 - 2. Auditor's report on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards; and
 - 3. Auditor's report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
- C. Agreed upon procedures related to accounting and reporting of subarea equity. Subareas are unique to Sound Transit in that our accounting and budgeting system is set up to record each transaction in the subarea where that activity occurred. *Appendices A & B* of the *Sound Move* plan define subareas and the policies governing subareas.
- D. Agreed upon procedures related to the Federal Funding Allocation Statistics Form (FFA-10). Such procedures are specified by the FTA in the Declaration section of their current Reporting Manual.
- E. Attendance and reporting to the Audit Committee two to three times each year.
- F. Required communications under generally accepted auditing standards, including but not limited to any reportable conditions found during the audit. The report on compliance shall include all material instances of noncompliance. The auditor shall make an immediate, written report to the Chair of the Audit and Reporting Subcommittee and the Chief Executive Officer of all irregularities and illegal acts of which they become aware.
- G. Perform annual entrance and exit interview meetings with the Agency's staff. Provide the Agency's staff with planning documents and budget prior to the start of fieldwork. Prepare and submit a management letter to the Agency at the conclusion of the annual fieldwork. The management letter shall report all significant opportunities for practical improvements to internal controls of the Agency's operations and procedures that are discovered or observed by the auditor in the course of the audit.
- H. Advise the Agency on accounting and financial reporting matters, including updates to management and the Accounting and Reporting Subcommittee on changes in accounting pronouncements applicable to the Agency. Make recommendations on policy and procedure development as needed.

- I. Provide necessary auditor communications with respect to potential future bond or other financing issues.
- J. Meet with the Agency's Citizen Oversight Panel members, and Agency staff as required related to the development of the annual procedures to be performed on the Agency's accounting and reporting for subarea and other audit issues, as required.
- K. Provide other audit or accounting related advisory services as requested.

It is important to note that your firm will not be engaged to perform any additional services prohibited by the Government Accountability Office, or any other regulator as additional rules may continually be issued. In addition, if you wish to propose on any other services to our Agency that are not prohibited by the GAO or any other regulator, these services must be pre-approved by the Audit Committee, including tax services.

OTHER INFORMATION

The Agency is subject to audits by other governmental bodies including the Washington State Auditor's Office and the Office of the Inspector General. Accordingly the Auditor is required to provide access to and copies of necessary work papers from the audit for their purposes. Such audits typically include an accountability audit performed annually by the Washington State Auditor's Office and a Quality Control Review by the Office of Inspector General.

The Agency acts as the Fiscal Agent for the Regional Fare Collection System, a smart card technology currently under development and planned to go into use in 2009. As part of the other audit and advisory services there may be a need for audit services with respect to the bank accounts held on behalf of the participant agencies in the system, including Sound Transit. Specific requirements are not known at this time, however such services are contemplated to be provided under this agreement, should they be required.

Contractor shall provide Sound Transit with an Annual Engagement Letter.

AUTHORIZED EXPENDITURES

- 1. Other Direct Costs are allowed with prior Sound Transit approval.
- 2. Parking at Sound Transit offices will not be reimbursed.
- 3. Travel costs must be pre-approved and reimbursement will be provided at the federal government per diem rate. Contractor shall not bill hourly rates for travel time.

SECTION FOUR FORMS

PROPOSAL FORM CHECKLIST

Instructions:

The following documents constitute the Form of Proposal. Failure to submit all the required forms may cause a Proposal to be found non-responsive. This checklist is provided only as a convenience for Proposers. Proposers are advised to read carefully all portions of the Contract Documents and to comply with all requirements therein.

No.	FORM
<input type="checkbox"/>	Proposal Form 1 Price Form
<input type="checkbox"/>	Proposal Form 2 Receipt of Addenda
<input type="checkbox"/>	Proposal Form 3 Certification Regarding Conflicts of Interest
<input type="checkbox"/>	Proposal Form 4 Business Commitment Form <i>[Submit only if Proposer elects to subcontract]</i>
<input type="checkbox"/>	Proposal Form 5 Business Outreach Documentation Form <i>[Submit only if Proposer elects to subcontract]</i>
<input type="checkbox"/>	Proposal Form 6 Certification Regarding Lobbying
<input type="checkbox"/>	Proposal Form 7 Certification Regarding Debarment, Suspension, and Other Responsibility Matters

PROPOSAL PACKAGES RECEIVED WITHOUT THE ABOVE DOCUMENTS MAY NOT BE CONSIDERED FOR AWARD

All Forms are attached.

PROPOSAL FORM NO. 1 PROPOSAL PRICING

Proposer shall complete composite hourly rates, level of effort and total task cost for all tasks set out below for the first three years of the contract. More lines may be added to the tasks below to further clarify costs.

The table below lists the tasks 1-3 detailed by category. Please fill out the table for the first three years Composite hourly rates shall include all anticipated direct and indirect costs and expected annual costs.

Please refer to the Scope of Work for more information related to each task.

FOR YEAR 2008

Task 1: Examine financial records annually and issue related financial and single audit reports			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
Task 2: Conduct tests and issue agreed upon procedures - subarea report			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
Task 3: Conduct tests and issue agreed upon procedures - National Transit Database reporting			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
TOTAL 2008			

FOR YEAR 2009

Task 1: Examine financial records annually and issue related financial and single audit reports			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
Task 2: Conduct tests and issue agreed upon procedures - subarea report			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
Task 3: Conduct tests and issue agreed upon procedures - National Transit Database reporting			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
TOTAL 2009			

FOR YEAR 2010

Task 1: Examine financial records annually and issue related financial and single audit reports			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
Task 2: Conduct tests and issue agreed upon procedures - subarea report			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
Task 3: Conduct tests and issue agreed upon procedures - National Transit Database reporting			
Staffing	Hourly Rate	# of Hours	TOTAL
Partner			
Audit Manager			
Audit Senior			
Staff Auditor			
Total			
TOTAL 2010			

SIGNED this _____ day of _____, 20_____.

Firm: _____

Address: _____ City/Zip: _____

Telephone: _____ Fax No.: _____

Federal Tax ID Number: _____ State of Incorporation: _____

By: _____
Signature
Print Name

Title: _____

PROPOSAL FORM NO. 2 RECEIPT OF ADDENDA

PROCUREMENT NO. RTA/FI 196-08

The Proposer acknowledges receipt of addenda to the solicitation numbered and dated as follows:

Proposer: _____
(Type or Print Company Name)

By: _____
(Signature) (Title)

Print Name: _____

Addendum Number	Date
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

END OF FORM

PROPOSAL FORM NO. 3 CERTIFICATION REGARDING CONFLICT OF INTEREST

The Proposer is required to certify performance of the work will not create any conflicts of interest or disclose any actual or potential conflicts of interest by completing and signing one of the following statements:

The Proposer hereby certifies that to the best of its knowledge and belief, performance of the services described in the Scope of Work will not create any conflicts of interest for the Proposer, any affiliates, any proposed Subconsultants or key personnel of any of these organizations.

DATE: _____

AUTHORIZED SIGNATURE: _____

TITLE: _____

PROPOSER/COMPANY NAME: _____

OR

The Proposer hereby discloses the following circumstances that could give rise to a conflict of interest for the Proposer, any affiliates, any proposed Subconsultants or key personnel of any of these organizations. (Attach additional sheets as needed.)

Name of Individual/Company to which potential conflict of interest might apply:

Nature of potential conflict of interest _____

Proposed Remedy _____

DATE: _____

AUTHORIZED SIGNATURE: _____

TITLE: _____

PROPOSER/COMPANY NAME: _____

END OF FORM

PROPOSAL FORM NO. 4 BUSINESS COMMITMENT FORM

The Proposer affirms that it has read and understand the provisions in this RFP setting forth the Small Business (which may include DBE) participation objectives established in this RFP, and it has complied with all such Small Business participation objectives contained in this RFP. The Proposer certifies that all documentation (including outreach information) submitted by it to demonstrate such compliance is true and accurate.

Furthermore, the Proposer has listed on the following form all Small Businesses that it will use if awarded the Agreement under this RFP and whose participation will be counted toward meeting the applicable Small Business participation requirements.

Definitions for Business Participation Plan		
Box	Name	Description
1	Procurement Number	Sound Transit's Procurement Number as listed on the cover of the solicitation document.
2	Procurement Title	Name of procurement as written on the cover of the solicitation document.
3	Company Name	Proposer's company name.
4	Address	Business address of Proposer's office in Sound Transit's locale.
5	City, State, Zip	City, state, zip for Box No. 4 above.
6	Contact Name	Proposer's contact person for this procurement.
7	Contact Phone	Contact's phone number.
8	Contact's Email	Contact's Email address.
9	Small Business Commitment	Total percentage the Proposer commits to including on the contract of proposed Subconsultants who are either certified or self-declared Small Businesses, including the Proposer's contribution if Proposer is either a certified or self-declared Small Business.
10	Small Business Goal	Sound Transit's Small Business Goal as listed in the solicitation document.
11	Total Proposal Price	Total Amount of Proposal
12	Small Business Participants	List all Small Business participants, including Proposer, if Proposer is a certified or self-declared Small Business.
13	Small Business Indicator	Indicate the type of certification status or other indicator of each Small Business: Disadvantaged Business Enterprise (DBE), Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Small Business Enterprise (SB), Small Business Administration (SBA), Americans With Disabilities Act Businesses (ADAB), Other (identify).
14	Description of Work	Brief description of the work to be performed by the proposed Small Business participant.

Box	Name	Description
1	Procurement Number	Sound Transit's Procurement Number as listed on the cover of the solicitation document.
2	Procurement Title	Name of procurement as written on the cover of the solicitation document.
3	Company Name	Proposer's company name.
4	Address	Business address of Proposer's office in Sound Transit's locale.
5	City, State, Zip	City, state, zip for Box No. 4 above.
6	Contact Name	Proposer's contact person for this procurement.
7	Contact Phone	Contact's phone number.
8	Contact's Email	Contact's Email address.
9	Small Business Commitment	Total percentage the Proposer commits to including on the contract of proposed Subconsultants who are either certified or self-declared Small Businesses, including the Proposer's contribution if Proposer is either a certified or self-declared Small Business.
10	Small Business Goal	Sound Transit's Small Business Goal as listed in the solicitation document.
11	Total Proposal Price	Total Amount of Proposal
12	Small Business Participants	List all Small Business participants, including Proposer, if Proposer is a certified or self-declared Small Business.
13	Small Business Indicator	Indicate the type of certification status or other indicator of each Small Business: Disadvantaged Business Enterprise (DBE), Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Small Business Enterprise (SB), Small Business Administration (SBA), Americans With Disabilities Act Businesses (ADAB), Other (identify).
14	Description of Work	Brief description of the work to be performed by the proposed Small Business participant.

- | | | |
|-----------|---|---|
| 15 | Small Business Participants: Proposed Subcontract Amount | Proposed Subcontract Amount for Small Business participants, including Proposer if Proposer is a certified or self-declared Small Business. |
| 16 | Small Business Participants: Percent of Proposed Contract | Percentage of Proposed Contract to be performed by Small Business participants, including Proposer if Proposer is a certified or self-declared Small Business. |
| 17 | Small Business Participants: Subtotal of Proposed Subcontract Amount from attached list, if any, of Small Business Participants | From attached list of Small Business participants, if any, Subtotal of Proposed Subcontract Amount. |
| 18 | Small Business Participants: Percent of Proposed Contract – Percent from attached list, if any, of Small Business Participants | From attached list of Small Business participants, if any, Subtotal of Percent of Proposed Contract. |
| 19 | Small Business Participants Total: Proposed Subcontract Amount | Total Proposed Subcontract Amount for all Small Business participants listed, including Proposer if Proposer is a certified or self-declared Small Business. |
| 20 | Small Business Participants Total: Percent of Proposed Contract | Total Percent of the work to be performed by all Small Business participants listed, including Proposer if Proposer is a certified or self-declared Small Business. |

End of Instructions - Form continued on next page

PROPOSAL FORM NO. 4 (CONTINUED) BUSINESS COMMITMENT FORM

Procurement No.	1. RTA/FI 196-08	Company Name	3.
		Address	4.
Procurement Title	2. Financial and Federal Audit Services	City/State/Zip	5.
		Contact Name	6.
		Contact Phone	7.
		Contact Email	8.

Diversity Contract Goals		
Small Business Commitment	9.	%
Small Business Goal	10.	%

11. Total Proposal Price \$ _____

12. Small Business Participants (May include Proposer if counted towards Goal)	13. Small Business Indicator (DBE, MBE, WBE, Size, etc)	14. Description of Work	Small Business Participants	
			15. Proposed Subcontract Amount (N/A if A&E)	16. Percent of Proposed Contract
			\$	%
			\$	%
			\$	%
			\$	%
			\$	%
			\$	%
			\$	%
Subtotal and percent from attached list of Small Business participants:			17. \$	18. %
(Please attach a separate list of additional planned Small Business participants, as necessary)			Small Business Participants Total:	19. \$
				20. %

END OF FORM

PROPOSAL FORM NO. 5 BUSINESS OUTREACH DOCUMENTATION FORM

Page _ of ____

The Proposer shall submit this form as part of its Proposal as documentation of its efforts to reach out to Small Businesses, including DBEs, to participate in the Agreement under this RFP. Sound Transit may request the Proposer provide additional information regarding its efforts. Attach additional forms as necessary.

By submitting this Form, the Proposer certifies it contacted the identified Small Businesses, including DBEs, in an effort to solicit their participation in performance of the work in the Agreement under this RFP.

Is Subcontracting anticipated for this Contract? _____ Yes _____ No

1. **Firm Name:** _____
Contact Person: _____
Area of Expertise: _____
DBE and Small Business Status: _____
Date Contacted: _____
Response: _____
2. **Firm Name:** _____
Contact Person: _____
Area of Expertise: _____
DBE and Small Business Status: _____
Date Contacted: _____
Response: _____
3. **Firm Name:** _____
Contact Person: _____
Area of Expertise: _____
DBE and Small Business Status: _____
Date Contacted: _____
Response: _____
4. **Firm Name:** _____
Contact Person: _____
Area of Expertise: _____
DBE and Small Business Status: _____
Date Contacted: _____
Response: _____

END OF FORM

PROPOSAL FORM NO. 6 CERTIFICATION REGARDING LOBBYING

The undersigned (Contractor) certifies to the best of his or her knowledge or belief that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, [as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96). Note: Language in paragraph (2) herein has been modified in accordance with Section 10 of the Lobbying Disclosure Act of 1995 (P.L. 104-65, to be codified at 2 U.S.C. 1601, et seq.)]

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, title 31, U.S. Code (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

[Note: Pursuant to 31 U.S.C. Section 1352(c)(1)-(2)(A), any person who makes a prohibited expenditure or fails to amend a required certification or disclosure form shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure or failure.]

The Contractor _____ certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. A 3801, et seq., apply to this certification and disclosure, if any.

Bidder: _____
 (Type or Print Company Name)

By: _____
 (Signature) (Title)

Print Name: _____

END OF FORM

PROPOSAL FORM NO. 7 CERTIFICATION OF PROPOSER REGARDING DEBARMENT, SUSPENSION,
AND OTHER RESPONSIBILITY MATTERS.

Instructions for Certification:

1. By signing and submitting this form, the prospective lower tier participant¹ is providing the signed certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, Sound Transit may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to Sound Transit if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "persons," "lower tier covered transaction," "principal," "bid/proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549 [49 CFR Part 29]. You may contact Sound Transit for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this bid or proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized in writing by Sound Transit.
6. The prospective lower tier participant further agrees by submitting this bid or proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction", without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

¹ "Lower tier participant" includes all contractors, Auditors, subcontractors and Subconsultants participating on any of Sound Transit's contracts.

9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to all remedies available to the Federal Government, Sound Transit may pursue available remedies including suspension and/or debarment.

"Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion"

1. The prospective lower tier participant certifies, by submission of this bid or proposal, that neither it nor its "principals" [as defined at 49 C.F.R. § 29.105(p)] is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. When the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this bid or proposal.

Bidder: _____
(Type or Print Company Name)

By: _____
(Signature) (Title)

Print Name: _____

END OF FORM

SECTION FIVE EXHIBITS

EXHIBIT A SAMPLE AGREEMENT

THIS Agreement is made this _____ day of _____, 20__ between the Central Puget Sound Regional Transit Authority ("Sound Transit") and _____ (the "Auditor"), who, in consideration of the mutual promises contained herein, agree:

A. SERVICES

The Auditor shall perform certain professional services for Sound Transit, as described in the Contract Documents.

B. TERM

The term of this Agreement shall be _____(_____) year(s). However, Sound Transit reserves the right to extend this Agreement for ____ (_____) additional years on an evaluated year to year basis, not to exceed a total of _____ years. If such extension(s) involves a change in the services, compensation may be adjusted in accordance with the Terms and Conditions of this Agreement.

C. CONTRACT RATES OR PRICES

The Auditor shall be paid for the services in accordance with the Contract Documents, at the contract prices as specified in the Proposal Forms. Total compensation for this Agreement is not to exceed \$ _____ without written modification.

D. NOTICE

Any notice required to be given under the terms of this Agreement shall be directed to the party at the address set forth below. Notice shall be considered issued and effective upon receipt thereof by the addressee-party or twenty-four (24) hours after mailing to the place of business set forth below, whichever is earlier.

Sound Transit:
 401 S Jackson Street
 Seattle, WA 98104-2826

Auditor: _____

Attn: Sandy Lee

Attn: _____

E. CONTRACT DOCUMENTS

The Contract Documents that comprise the entire Agreement between Sound Transit and Contractor consist of the following and are incorporated herein in the following order of precedence:

1. Written Change Orders or other Contract modifications executed by the appropriate party or parties after Contract execution
2. This Agreement
3. Proposal Forms, as amended
4. General Terms and Conditions, as amended
5. Scope of Work, as amended.
6. Auditor's Proposal, as amended.

The Contract Documents set forth above represent the entire and integrated Agreement between the parties hereto.

WHEREOF, the parties hereto have signed this Agreement in duplicate. One counterpart each has been delivered to Sound Transit and Contractor.

(Auditor)

**Central Puget Sound
Regional Transit Authority**

By: _____

By: _____

Title: _____

Joni Earl
Chief Executive Officer

REVIEWED:

By: _____

Lead Contract Administrator

END OF FORM

EXHIBIT D REQUEST FOR INFORMATION (RFI) FORM



PLEASE FAX YOUR QUESTIONS TO: **206-398-5271** Attn: **Sandy Lee, Contract Administrator, Contracts Division**

RFP NO. RTA/FI 196-08
Financial and Federal Audit Services

Date: _____ Page 1 of _____

Bidder: _____

Address: _____

Telephone No.: _____ Fax No.: _____

SUBJECT: _____

Information Requested:

END OF FORM