

AGREEMENT FOR SERVICES

This agreement is entered into between the **Puget Sound Clean Air Agency**, a municipal corporation of the laws of the State of Washington, hereinafter referred to as the "Agency" and the **Washington State Ferries** (hereinafter referred to as the "WSF") 2901 Third Avenue, Seattle, WA 98121-1012.

I. RECITALS

WHEREAS, it is in the interest of the WSF and the region to reduce air quality impacts associated with Washington State Ferry operations: and

WHEREAS, the Board of Directors of the Puget Sound Clean Air Agency deems it desirable to continue compatibility testing using ultra-low sulfur diesel (ULSD) on the motor vessel Elwha used on the San Juan Island ferry route; and

WHEREAS, the WSF and the Agency have determined through prior testing that using lower sulfur diesel fuels on WSF vessels significantly reduces harmful emissions to the ambient air and are a priority in the region; and

WHEREAS, the motor vessel Elwha burns 1,332,000 gallons of diesel fuel per year; and

WHEREAS, the WSF has committed to use ULSD throughout the term of this Agreement, monitor vessel parameters during active service operations and undertake tests to ensure that the engine and the fuel delivery system can effectively operate on ULSD without increased maintenance; and

WHEREAS, the WSF will evaluate the test results and the cost differential of purchasing ULSD and determine if WSF will voluntarily adopt ULSD as the standard vessel fuel before it is required by the U.S. Environmental Protection Agency; and

WHEREAS, in support of this effort, the Washington State Department of Ecology has committed up to \$35,000.00, the Northwest Clean Air Agency has committed up to \$17,500.00 and the Agency has committed up to \$17,500.00 to pay the additional cost of purchasing ULSD for the remainder of the 2006 fiscal year.

II. AGREEMENT

NOW, THEREFORE, the Agency and the WSF mutually agree as follows:

A. PURPOSE. The purpose of this Agreement is for WSF to monitor and evaluate the effects and costs of using ULSD as described in the WSF work plan attached and hereby incorporated by reference as Attachment A, and to establish procedures for the Agency to

reimburse WSF for up to \$70,000.00 for the additional cost of using ULSD fuel.

B. TERM. This Agreement shall commence on July 1, 2005 and shall terminate June 30, 2006.

C. REIMBURSEMENT. The WSF may apply for reimbursement from the Agency for the additional costs of using ULSD to power the motor vessel Elwha operating on the San Juan Island ferry route.

1. The total amount reimbursed under this Agreement shall not exceed seventy thousand dollars (\$70,000). Funding for this Agreement is provided as follows: the Washington State Department of Ecology will provide fifty (50) percent of the total project cost not to exceed thirty-five thousand dollars (\$35,000), the Northwest Clean Air Agency will provide twenty five (25) percent of the total project cost not to exceed seventeen thousand five hundred dollars (\$17,500), and the Agency will provide twenty five (25) percent of the total project cost not to exceed seventeen thousand five hundred dollars (\$17,500). The Agency will administer the reimbursement to WSF under the terms of this Agreement. The Agency will submit invoices for reimbursement to the Washington State Department of Ecology and the Northwest Clean Air Agency to recover expenses in the portions listed in this section. The funding for the Agency's portion of this Agreement is provided through the State of Washington Department of Ecology Grants Number G0400074 and G0600058 for the Statewide School Bus Retrofit Program pursuant to the Agency's Diesel Solutions Ports/Marine work plan for Fiscal Year 2006.
2. In support of requests for reimbursement for ULSD, the WSF will provide the Agency with a copy of the invoice from the vendor for the ULSD. The WSF submittal to the Agency shall clearly identify the cost per gallon and the number of gallons of ULSD on the vendor invoice. WSF shall also provide a copy of the weekly OPIS (Oil Pricing Index Service) price sheet to the Agency showing the cost of Low Sulfur Diesel (LSD) in Anacortes for those fueling dates that reimbursement is being sought. The Agency shall reimburse WSF for the difference between the cost of ULSD and the cost of purchasing the same amount of LSD as determined by OPIS pricing for the same time period.
3. WSF may submit requests for reimbursement monthly, quarterly or in a single request before the termination date of the Agreement. Requests for reimbursement shall be sent to the Agency's Manager of Finance and Purchasing. The last request for reimbursement shall be submitted no later than twenty (20) working days after the termination date of this Agreement.

D. HOLD HARMLESS/INDEMNIFICATION. To the extent legally permitted, each party shall indemnify and hold harmless the other party from and against any and all claims, actions, damages, liability, and expense, including, without limitation, reasonable attorney's fees, incurred as a result of such party's actions under this agreement; provided that, if such claims, actions, damages, liability, or expense arise from concurrent negligence of two or more of the parties, including instances where this agreement is subject to the provisions of RCW 4.24.115, then the obligation to indemnify under this Agreement shall be effective only to the extent of

each party's own negligence. No party shall be required under this section to indemnify another for its sole negligence.

E. NOTICES. All notices hereunder may be delivered or mailed. If mailed, they shall be sent to the following respective addresses:

To the Washington State Ferries:
Paul Brodeur
2901 Third Avenue
Seattle WA 98121-1012

To the Puget Sound Clean Air Agency:
Tom Hudson
110 Union Street, Suite 500
Seattle, WA 98101

Or to such other respective addresses as either party hereto may hereafter designate in writing.

III. GENERAL PROVISIONS

A. APPLICABLE LAW. This Agreement shall be governed by the laws of the State of Washington.

B. AMENDMENTS/MODIFICATIONS. This Agreement may be amended or modified only by written agreement of the parties.

C. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect.

IN WITNESS HEREOF, the undersigned have, on the date set next to their signatures, executed this Agreement on behalf of the parties hereto.

**PUGET SOUND
CLEAN AIR AGENCY**

**WASHINGTON STATE
FERRIES**

By: Bill Evans
Bill Evans
Board of Directors, Chair

By: Mike Anderson
Mike Anderson
Chief Executive Officer

Date: 1/10/06

Date: 12-29-05

Attest:

By: Dennis J. McLerran
Dennis J. McLerran
Executive Director

Date: 1/5/06

Approved as to form:

By: Laurie Halvorson
Laurie Halvorson
General Counsel

Date: 1/4/06

WORK PLAN FOR CONTINUATION OF THE ULTRA- LOW SULFUR DIESEL (ULSD) FUEL PILOT TEST ON THE M/V ELWHA

Term of Agreement: July 1, 2005 through June 30, 2006

In September of 2004, Washington State Ferries (WSF) began utilizing Ultra Low Diesel (ULSD) Fuel as a pilot test in the vessel M.V. Elwha. The Puget Sound Clean Air Agency (PSCAA) partnered with WSF on the initial project and provided offset funding through EPA's Office of Transportation and Air Quality. This funding provided for the cost differential between low sulfur and ultra-low sulfur fuels. As a part of the Memorandum of Understanding between the parties, WSF provided the PSCAA with a final report in June of this year.

It is WSF's desire to continue the use of ULSD on this vessel in order to gain additional, long-term experience with this fuel. As such, WSF wishes to partner with The Washington State Department of Ecology, Northwest Clean Air Agency and PSCAA. In exchange for offset funding in the amount of \$70,000, WSF will perform the following tasks in order to continue the pilot test of ULSD on the M/V Elwha:

- Ensure a consistent supply of ULSD through current and future state fuel contracts.
- Continue to keep the crew of the Elwha familiarized and educated about the use of ULSD.
- Monitor operations of the M/V Elwha to ensure that the propulsion system operates effectively on ULSD for the duration of the test. Monitoring observations will include:
 - The Chief Engineer on board the vessel will make notations in the engine room logbook if he, or the vessel Master, observes any unusual operating characteristics over the duration of the pilot test. Things that may be observed, and will be noted in the logbook include:
 - Changes in visual stack emissions;
 - Unusual engine operating temperatures;
 - Changes in fuel consumption rate; or
 - Changes in routine maintenance requirements.
- In June of 2006, at the end of this agreement, WSF will remove four fuel injectors from one main engine and send them to the manufacturer for a tear down and inspection report. A copy of this report will be provided to PSCAA.
- In July of 2006, upon completion of the pilot test, WSF will provide a brief report to PSCAA. The report will document the following aspects of the pilot test:
 - The number of gallons of ULSD burned during the pilot test;
 - The total cost of ULSD burned during the pilot test;
 - A summary of any unusual operating characteristics observed by the crew; and
 - A summary of the results of the inspection of the fuel injectors. A copy of the manufacturer's inspection report will be provided.
 - Any other changes noted to the physical condition of the propulsion plant.
- Evaluate the pilot test results and the fuel costs for the project.

U.S. Environmental Protection Agency
Washington, D.C. 20460

**Certification Regarding
Debarment, Suspension and Other Responsibility Matters**

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

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

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

Typed Name & Title of Authorized Representative

W. Michael Anderson

Signature of Authorized Representative

12-29-05

Date

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

Instructions

Under Executive Order 12549, an individual or organization debarred or excluded from participation in Federal assistance or benefit programs may not receive any assistance award under a Federal program, or a subagreement thereunder for \$25,000 or more.

Accordingly, each prospective recipient of an EPA grant, loan, or cooperative agreement and any contract or subagreement participant thereunder must complete the attached certification or provide an explanation why they cannot. For further details, see 40 CFR 32.510, Participants' responsibilities, in the regulation.

Where to Submit

The prospective EPA grant, loan, or cooperative agreement recipient must return the signed certification or explanation with its application to the appropriate EPA Headquarters or Regional office, as required in the application instructions.

A prospective prime contractor must submit a completed certification or explanation to the individual or organization awarding the contract.

Each prospective subcontractor must submit a completed certification or explanation to the prime contractor for the project.

How to Obtain Forms:

EPA includes the certification form, instructions, and a copy of its implementing regulation * (40 CFR Part 32) in each application kit. Applicants may reproduce these materials as needed and provide them to their prospective prime contractor, who, in turn, may reproduce and provide them to prospective subcontractors.

Additional copies/assistance may be requested from:

Office of Grants and Debarment
Suspension and Debarment Division
U.S. Environmental Protection Agency
401 M. Street, S.W.
Washington, D.C. 20460
(Telephone: 202-260-8025)