

**AGREEMENT BETWEEN THE LASSEN TRANSIT SERVICE AGENCY
AND PARATRANSIT SERVICES INC.
FOR OPERATION OF THE LASSEN RURAL BUS SYSTEM PUBLIC TRANSPORTATION
SERVICE**

THIS AGREEMENT is made between the LASSEN TRANSIT SERVICE AGENCY, a political subdivision of the State of California (hereinafter "LTSA"), and PARATRANSIT SERVICES INC., with a principal place of business located at 4810 Auto Center Way, Suite Z, Bremerton, WA 98312, (hereinafter "CONTRACTOR").

This Agreement is made with reference to the following facts and circumstances:

WHEREAS The CONTRACTOR has the management and technical personnel, expertise, and other assets necessary to provide the management, operations and maintenance of the LTSA's Lassen Rural Bus System (LRBS) public transit service, and

WHEREAS the LTSA desires to obtain such services for said project, and

WHEREAS the CONTRACTOR desires to provide such services for said project,

In consideration of the services to be rendered, the sums to be paid, and each and every covenant and condition contained herein, the parties hereto agree as follows:

1. SERVICES.

The CONTRACTOR shall provide those services described in Attachment "A". CONTRACTOR shall provide said services at the time, place and in the manner specified in Attachment "A".

2. TERM.

The term of the Agreement shall be a three year Agreement (*with two optional fiscal year renewals*) beginning July 1, 2016 to June 30, 2019. The Agreement may be extended for up to two (2) additional years.

An Agreement time extension may be granted to CONTRACTOR if the LTSA decides to exercise the option after agreement modification and approved in advance by the DMRT.

3. PAYMENT.

LTSA shall pay CONTRACTOR for services rendered pursuant to this Agreement at the time and in the amount set forth in Attachment "B". The payment specified in Attachment "B" shall be the only payment made to the CONTRACTOR for services rendered pursuant to this Agreement. CONTRACTOR shall submit all billing for said services to the LTSA in the manner specified in Attachment "B".

4. FACILITIES, EQUIPMENT AND OTHER MATERIALS AND OBLIGATIONS OF THE LTSA.

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The LTSA shall, at its sole cost and expense;

- 4.1 Furnish all facilities, vehicles, infrastructure, and other materials which may be required for delivery of services pursuant to this Agreement.
- 4.2 Provide facility support in terms of responsibility for utilities to include heating/air conditioning, electrical, and water costs.
- 4.3 Monitor and evaluate the CONTRACTOR's performance, expenditures and service levels for compliance with the terms of this Agreement.
- 4.4 Review all invoices submitted by CONTRACTOR for allowable costs and approve for payment as conditioned on the availability of funds.
- 4.5 Ensure that all elements listed in A.2 under this Agreement are fulfilled.

5. ADDITIONAL PROVISIONS.

Those additional provisions unique to this Agreement are set forth in Attachment "C".

6. GENERAL PROVISIONS.

The general provisions set forth in Attachment "D" are part of this Agreement. Any inconsistency between said general provisions and any other terms or conditions of this Agreement shall be controlled by the other terms or conditions insofar as the latter are inconsistent with the general provisions.


7. DESIGNATED REPRESENTATIVES.

Larry Millar, Executive Director is the designated representative of the LTSA and will administer this Agreement for the LTSA. David Baker is the authorized representative for the CONTRACTOR. Changes in the designated representatives shall occur only by advance written notice to the other party.

8. ATTACHMENTS.

All attachments referred to herein are attached hereto and by this reference incorporated herein. Attachments include:

Attachment A - Services
Attachment B - Payment
Attachment C - Additional Provisions
Attachment D - General Provisions
Attachment E – CONTRACTOR's Proposal/RFP
Exhibit A-Lassen Rural Bus Rider's Guide
Exhibit B-Monthly LRB Activity Log
Exhibit C-LRB Driver Manifest
Exhibit D-Fare Box Tally Sheet

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates shown opposite their respective signatures.

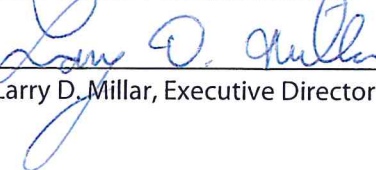
CONTRACTOR

✓ By: 
David Baker, President/CEO

Dated: 7/26/2016

91-1253112
Federal Tax I.D. Number

LASSEN TRANSIT SERVICE AGENCY

By: 
Larry D. Millar, Executive Director

Dated: 8/8/16

Approved as to form:

 6/21/16
for Bob Burns,
Lassen Transit Service Agency Counsel

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ATTACHMENT A

AGREEMENT BETWEEN THE LASSEN TRANSIT SERVICE AGENCY AND CONTRACTOR FOR OPERATION OF THE LASSEN RURAL BUS SYSTEM PUBLIC TRANSPORTATION SERVICE

SCOPE OF SERVICES

A.1. SCOPE OF SERVICES AND DUTIES

The CONTRACTOR agrees to provide management and technical personnel, expertise, and other assets necessary to provide for the management, operations and maintenance of the LTSA's Lassen Rural Bus (LRBS) public transit service as follows: 1) provide the LTSA with the operation of a fixed City Route (*City of Susanville*), Commuter Bus Routes, Demand Response Route, Dial-a-Ride, and Special transit services when requested as set forth in Exhibit A attached hereto and by reference incorporated herein and made a part hereof, and; 2) provide the LTSA the operation of door-to-door paratransit services as set forth in Exhibit A attached hereto and by reference incorporated herein and made a part hereof.

The maximum escort service under Exhibit A, includes providing assistance to a passenger from the bus to the actual on-site (*door*) location of their destination. In no case will the service include a driver entering a passenger's residence.

The CONTRACTOR is expected to provide all materials, services, supplies, and equipment requested and required to provide the demand responsive services described and requested herein.

The work activities described below are to be performed by the CONTRACTOR unless specifically noted to the contrary.

A.2 LTSA Responsibilities

A.2.1 System Planning and Administration

The LTSA shall be responsible for all planning and coordination activities relative to its services, service areas, schedules, days and hours of operation, preparation of planning documents, budgets, grant applications and related documentation and other such activities to overall system administration.

A.2.2 System Operation

The LTSA will provide the following services in support of the system operation:

- Facility (*office, maintenance, dispatch*)
- Major facility repair work
- Fuel (Except for supervisor vehicle GMC Jimmy- See section A.3.12)
- Utilities
- Engine, Transmission, Differential Overhaul/Replacement

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A.2.3 Advertising, Promotion and Marketing

The LTSA shall be responsible for the promoting and marketing of the LRB.

A.2.4. Vehicles

The LTSA shall provide the list of vehicles as shown in section A.3.7.

A.2.5 Schedules, Tickets and Service Brochures

The LTSA will prepare, print, and provide all necessary schedules, passes, tickets, transfers, service brochures and like materials required by LRB operations.

A.2.6 Notification of Service Changes

Should the LTSA elect to modify the operational practices of the LRB, LTSA shall, subject to any applicable competitive bidding requirements, confer with CONTRACTOR as to the most appropriate level and description of services and shall adopt an appropriately altered Scope of Work document.

A.3 Contractors Responsibilities

A.3.1 System Planning and Administration

CONTRACTOR will be available to serve in an advisory capacity to the LTSA in matters pertaining to system operation, preparation of planning documents, budgets, and grant applications. CONTRACTOR will provide LTSA with all statistical and operational data at any time, upon LTSA request. Upon request of the LTSA, CONTRACTOR will utilize its resources to provide the LTSA with planning information and prepare reports/policies & procedures for dissemination/adoption at LTSA meetings.


A.3.2 System Operation

The CONTRACTOR will provide the following services in support of the system operation:

- Facility Upkeep (Janitorial)
- All maintenance, upkeep and cleaning of system bus shelters, benches, trash receptacles, map boards, and all other transit system amenities, etc.
- All maintenance, upkeep, and proper placement of LTSA supplied bus stop signs, posts, etc.
- Minor facility/office repair work including monthly replacement of HVAC system filters.
- All vehicle repair work set forth in Section IV, E
- All Maintenance, Management, Drivers, and Support Staff to effectively operate the LRB.
- All maintenance of the Automated Bus Wash Facility as prescribed by manufacturer and the LTSA. LTSA shall pay cost for all replacement parts,

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- All other activities not specifically listed as LTSA responsibilities in Section A that are necessary to effectively operate the LRB.

A.3.3 On-Time Performance Measures

CONTRACTOR shall maintain a daily 90 percent "ON-Time Performance Standard" on all fixed and commuter routes except when travel is impeded by traffic or weather conditions. "On-time" is defined as not early and not more than five minutes late. All "First Stop" times will be listed as time of departure from the first stop scheduled for the route. All "Last Stop" times will be listed as arrival time at the last stop scheduled for the route.

A.3.4 Preventable Accident Standards

CONTRACTOR shall maintain a minimum of 100,000 miles traveled between preventable collision accidents.

A.3.5 LRB System Monitoring, Performance, and Recommendations

CONTRACTOR shall continually monitor the LRB Public Transit Services operations, facilities and equipment and shall, from time-to-time and as warranted, advise the LTSA and make recommendations to it upon observed deficiencies and needed improvements. LTSA shall retain all authority, however, to make determinations and to take action on such recommendations.

A.3.6 Advertising, Promotion, Marketing, and Public Notices

CONTRACTOR shall upon LTSA approval, prepare, place, and schedule all advertising and promotional materials designed to inform patrons of services and to promote ridership. CONTRACTOR shall be available to serve in an advisory capacity to the LTSA in matters pertaining to the advertising, promotion, and marketing of the LRB. CONTRACTOR shall be responsible to notify the riding public of upcoming service disruptions due to holidays at a minimum of one week in advance of the upcoming holiday by way of signage on the buses and notification to the local media in a Public Service Announcement format. All notices prepared by CONTRACTOR must receive prior review and subsequent approval from the LTSA before placement for public informational purposes.

A.3.7 Vehicles

CONTRACTOR shall be responsible for the maintenance of all LTSA vehicles specified in this Scope of Work. The extent of the CONTRACTOR's maintenance responsibilities, as detailed in Section E, will include a preventative maintenance program as well as most vehicle repairs.

CONTRACTOR shall be responsible for the fueling and cleaning of all LTSA

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will provide management, technical and operating personnel, services, software use and training, equipment and facilities *(if not provided by the LTSA)* necessary for the operation of LTSA LRB public transit services.

The LTSA currently has a 3 year contract with REI for GPS tracking and monitoring software. CONTRACTOR shall provide training or accept training from LTSA staff at CONTRACTORs expense.

CONTRACTOR shall operate the system in compliance with LTSA operating policies, local, state, and federal ordinances, laws, and regulations applicable to this service. CONTRACTOR will operate system and maintain fleet in accordance with the usual transit industry procedures and standards or as otherwise provided herein and in the proposal.

The CONTRACTOR shall also provide the LTSA with technical assistance and consultation in such matters as operating policies, marketing, funding, and coordination with other transit providers at no additional charge to the LTSA.

The LTSA shall establish policies for operation of the transit system(s) and shall monitor the performance of the CONTRACTOR. LTSA shall apply for funds from local, state and federal sources. Where applicable, and subject to consultation and approval by LTSA, CONTRACTOR shall also apply for such local, state and federal funds that may be available to support the project. CONTRACTOR will report to the LTSA and will make recommendations as to changes to improve LTSA's LRB public transit service. CONTRACTOR may not make any changes which affect the quantity, quality, efficiency, safety, or nature of the Paratransit service without obtaining LTSA's written permission.

The LTSA may wish to adjust the system(s) at some future date. Modifications may include but not be limited to: increasing or decreasing service hours and/or days; adding a second city route; or switching service hours and equipment between modes. The LTSA may increase annual service hours at a rate to be proposed and specified by the CONTRACTOR at such time as a request for service change is made by the LTSA.

A.3.12 Facilities, Equipment, and Supplies

CONTRACTOR shall maintain and operate the LRB office facility with the highest degree of professionalism and cleanliness. CONTRACTOR shall subcontract to provide daily janitorial service to insure office facility is kept clean including regular carpet/vinyl flooring cleaning and if appropriate shampooing/waxing, regular window washing and daily bathroom cleaning. CONTRACTOR shall keep all bathroom supplies full for regular use by employees and the general public. Janitorial records shall be kept of the regular daily *(and any special additional cleaning that is conducted)*, and will be submitted upon request to the LTSA. No cooking inside the facility will be

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allowed except for heating of individual employee/staff lunches by way of non LTSA supplied microwave.

All CONTRACTOR staff/employees shall park only in parking areas designated for staff/employees. At no time will staff/employees be allowed parking privileges in the immediate location at the front of the office facility. These parking locations are exclusively for use by the general public.

The CONTRACTOR shall provide all tools, equipment, tires, oil and lubricants, batteries, parts, cleaning supplies, office supplies, office equipment, radio base station and mobile units and such other items or materials required to professionally operate the LTSA LRB services. An inventory of tools and equipment currently owned by the LTSA is available for reference. These items will be available for use in the continued operation of the LRB. Those items purchased by CONTRACTOR and paid for by the LTSA will become property of the LTSA. The LTSA reserves the right to review all purchases before purchases are made.

The LTSA at the time of start-up will provide eleven (11) buses with mobility device accessibility. In addition there are two support vehicles; (1) 2010 Ford Explorer (used by LTSA staff only) and (1) 1992 GMC Jimmy that will only be used for General Manager daily activities such as bank run and to attend weekly meetings. Should CONTRACTOR use the vehicle for other than intended lunch breaks, CONTRACTOR shall be solely responsible for fuel for this vehicle. These vehicles are provided in "as is" condition. Service records will be available for review and inspection by prospective CONTRACTORS.

During the term of this Agreement, including any extension period, the LTSA shall have the option to require additional vehicles to those initially supplied by the CONTRACTOR in order to meet the service criteria defined herein. The cost for additional vehicles shall be negotiated and agreed upon by the LTSA and CONTRACTOR. If the CONTRACTOR cannot, or elects not to, provide additional equipment or if the cost cannot be agreed upon, the LTSA reserves the option to arrange for equipment from other sources. Notwithstanding the above, CONTRACTOR will be responsible for additional vehicles required to meet the specifications of this RFP. Title to the vehicles being supplied by the LTSA shall remain in the name of the LTSA.

The LTSA-supplied equipment made available to the CONTRACTOR is provided for use exclusively for LRB services and shall not be used for any other purpose. CONTRACTOR shall account to the LTSA for the location and status of all LTSA-provided items. Upon completion or termination of this Agreement, CONTRACTOR shall return the vehicles and other LTSA-provided items to the LTSA with no deferred maintenance, damage, graffiti and ready for use in regular revenue service less reasonable wear and tear.

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Any hourly cost proposed should include the fully loaded costs including any necessary vehicle acquisition and or amortization cost. CONTRACTOR should consider the vehicle replacement schedule while determining an hourly cost proposal. The CONTRACTOR's proposal should also clearly indicate the savings to the LTSA if TDA, FTA or other public funds are used to replace LTSA owned vehicles and equipment.

A.3.13 Radio Policy

CONTRACTOR shall use the Lassen County radio frequency for the operation of the LTSA Transit System radio system. The County base station operates at 156.01500 MHZ and the repeater operates at 155.14500 MHZ. In the use of the County radio frequency, the CONTRACTOR must comply with the County policies and procedures for radio use. The CONTRACTOR should also recognize that this is a shared use frequency.

A.3.14 Vehicle Scheduling and Dispatching


CONTRACTOR shall utilize a systematic and up-to-date method to schedule and transport passengers using the LRB public transit service. The method should be capable of accommodating both advance reservations and requests for immediate service and of integrating all demand for service into efficient vehicle tours which maximize productivity and assure service quality to levels prescribed in this Scope of Work.

Up-to-date computer-assisted scheduling technique is required. Scheduling software should allow for proper reporting of, at a minimum, all requirements as outlined in Section K of this RFP.

CONTRACTOR shall provide an adequate number of persons and phone lines for LRB public transit service scheduling, and vehicle dispatching functions. These persons shall also be responsible for maintaining contact with all vehicles in service and for maintaining the daily dispatch log provided by CONTRACTOR and approved by the LTSA. CONTRACTOR shall maintain a complete record of the daily dispatch log and provide up-to-the-minute information if requested by the LTSA. CONTRACTOR shall submit a copy of the dispatch log monthly to the LTSA along with the monthly invoice.

A.3.15. Maintenance and Equipment

CONTRACTOR shall perform all major, minor and preventive maintenance and repair, at a minimum, in accordance with manufacturer's recommendations and the Preventive Maintenance Inspection (PMI) program included in the CONTRACTOR's proposal to the LTSA. The CONTRACTOR will not be responsible for costs associated with engine, transmission, or differential overhaul. CONTRACTOR shall obtain the warranty status for all vehicles. CONTRACTOR shall maintain a minimum of 40,000 miles between Road Calls. Road calls are defined as any time passenger service is

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interrupted more than five minutes due to mechanical failure *(except for flat tires)*.

A.3.15.1. General

CONTRACTOR, at its sole cost and expense, shall provide all oil, lubricants, repairs, cleaning, tires, parts, supplies, labor, maintenance, major components, and component rebuilding and replacement, with the necessary service facilities to provide the same, required for the operation of all equipment pursuant to this Agreement. CONTRACTOR shall be fully responsible for the safe and efficient maintenance of all vehicles, radios, fare boxes and all other LTSA-provided equipment to be used to perform this Agreement in strict conformity to all CHP regulations and orders. CONTRACTOR's duty and responsibility to so maintain all vehicles and equipment is not delegable to any person, firm or corporation.

All parts, materials, lubricants, fluids, oils and procedures used by CONTRACTOR on all LTSA owned coaches, vehicles and equipment shall meet or exceed Original Equipment Manufacturer (OEM) specifications and requirements. All outside vendors, such as machine shops, component re-builders or accident repair shops, shall be fully authorized by the OEM to make repairs and utilize only parts, materials, lubricants, fluids, oils and procedures that meet or exceed OEM specifications and requirements.

CONTRACTOR shall maintain LTSA vehicles in a clean and neat condition at all times. Daily, weekly and monthly cleaning logs shall be kept by CONTRACTOR and submitted to the LTSA upon request.

A.3.15.2. Engine, Transmission, Differential Overhaul

CONTRACTOR shall be responsible for monitoring the condition and performance of vehicle engines, transmissions, and differentials so as to maximize useful life and avoid costly catastrophic failures, at no additional cost to LTSA. At a minimum, the CONTRACTOR's monitoring program shall consider miles accumulated; fuel, oil, transmission fluid, and differential oil consumption trends; loss of power; and erratic performance.

In addition, CONTRACTOR shall perform a laboratory analysis of engine oil, transmission fluid, and differential oil every four (4) months, or when necessary to assist in the diagnosis of a mechanical problem. The monitoring program will provide the basis for recommending scheduled overhaul of engines and transmissions.

If CONTRACTOR determines that an engine, transmission or differential unit needs to be overhauled or replaced, CONTRACTOR shall notify LTSA in writing detailing the reasons for such a determination. The determination shall include detailed findings of tests, oil analysis or consumables data that support the conclusion. After inspection, LTSA may elect to proceed with recommended work.

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A.3.15.3. Preventive Maintenance

CONTRACTOR's preventive maintenance program shall meet or exceed OEM specifications and requirements and approved Preventive Maintenance and Inspection schedule. Preventive maintenance inspections and repairs shall occur at or before the designated time or mileage intervals, whichever occurs first. CONTRACTOR's overall preventive maintenance program shall also be sufficient so as not to invalidate or lessen warranty coverage of LTSA-provided vehicles and equipment, including, but not limited to, radios and wheelchair lifts.

All lubrication and oil filter change intervals shall be performed in accordance with OEM specifications, requirements and the schedule provided in the CONTRACTOR's proposal to operate the LTSA LRB system. Modification of oil change intervals is subject to prior approval from LTSA. Such approval shall not be issued unless CONTRACTOR presents written evidence that warranty coverage will not be adversely impacted by modifying such change intervals. CONTRACTOR guarantees that the preventive maintenance program will not invalidate or shorten warranty coverage provided by OEMs. CONTRACTOR shall be held financially liable to absorb expenses for all repairs which would have been covered under warranty had it not been invalidated by CONTRACTOR's actions.

Maintenance intervals shall at a minimum conform to manufactures maintenance recommendations for any and all buses and other vehicles in the LRB fleet. Refer to vehicle list for the vehicle type and mileage which will correlate to manufactures maintenance recommendations.

In the event that towing of any LTSA LRB vehicle is required due to mechanical failure or damage, CONTRACTOR shall be responsible to provide such towing at CONTRACTOR's expense.

CONTRACTOR shall prepare, maintain, make available to the LTSA, from software specifically designed for vehicle maintenance, records and data relative to vehicle and vehicle accessory maintenance and repair. Maintenance and repair records shall be maintained on all vehicles indicating all warranty work, preventive maintenance, and repairs performed on each vehicle.

All such records and reports shall be prepared and maintained in such a manner so as to fulfill any applicable state or federal requirements, as well as any needs of the LTSA to enable it to accurately evaluate CONTRACTOR's maintenance and repair performance and the operating expense associated with various LTSA vehicles and equipment. Records of all maintenance and repair and inspections shall be made available to the LTSA, the California Highway Patrol and/or such other regulatory agencies with jurisdiction when requested. LTSA maintains the right to inspect, examine and test, at any reasonable time, any vehicles used in performance of this Agreement and any equipment used in the performance of



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
maintenance and repair work in order to ensure compliance with this RFP. Such inspection shall not relieve the CONTRACTOR of the obligation to continually monitor the condition of all vehicles and to identify and correct all substandard or unsafe conditions immediately upon discovery. CONTRACTOR shall transport any or all vehicles to any required inspection facilities when requested.

In the event that the CONTRACTOR is instructed by the LTSA or any other regulatory agency to remove any equipment from service due to mechanical reasons, CONTRACTOR shall make any and all specified corrections and repairs to the equipment and resubmit the equipment for inspection and testing before it is again placed in service.

CONTRACTOR shall prepare maintenance and repair records and reports in a form and according to a schedule approved by the LTSA. Such records and reports shall include, but not be limited to, the following:

- Daily vehicle inspection and servicing checklists.
- Repair orders and work orders.
- Road call reports, or work orders, for each Road call identifying date and time, vehicle number, problem and mileage of vehicle.
- Monthly summary to be attached to CONTRACTOR's invoice listing each vehicle, vehicle mileage, vehicle miles since last preventive maintenance and repair inspection, and vehicle road calls.
- Semi-annual fleet summary listing each vehicle; vehicle mileage; vehicle year-to-date maintenance and repair cost and cost per mile; route service total road calls and miles per Road call; demand response total road calls and miles per Road call; major component overhauls, rebuilds and replacements by vehicle; and CONTRACTOR's summary of components with high incidences of in-service failures, and steps taken or recommendations to reduce such problems and in-service failures.

- A.3.15.4. LTSA retains the right to pull any LTSA (LRB) owned vehicle at any time for inspection for any reason.
- A.3.15.5. All wheelchair lift-related equipment shall be inspected, serviced and lubricated at intervals necessary to insure that the wheelchair lifts are fully operational whenever the vehicle is used in revenue service.
- A.3.15.6. Brake inspections and adjustments shall be performed at intervals that ensure the safe and efficient operation of the braking system.
- A.3.15.7. All components of the vehicle bodies, appurtenances, and frames shall be maintained in a safe, sound and undamaged condition at all times. Repairs *(including body, glass and all vehicle appurtenances)* shall be made expeditiously. The equipment shall be maintained inside and out, in what would be considered

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a class one condition at all times. This means proper painting, proper signage, clean windows, with special attention given to wheels and tires.

Any visible body damage to fleet equipment from 8 feet away will be repaired at CONTRACTOR's expense, within twenty-one (21) days. The repair of fleet body damage shall be a priority for the CONTRACTOR.

- A.3.15.8. All mechanical, electrical, fluid, air, and/or hydraulic systems shall be maintained in a safe and working condition at all times.
- A.3.15.9. The interior passenger compartment shall be free of exhaust fumes from the engine, engine compartment, and exhaust system of the vehicle.
- A.3.15.10. Heating and air conditioning (A/C) systems shall be installed, maintained and used to ensure that the passenger compartment is comfortably maintained under all climatic conditions at all times on all in-service runs. Thorough A/C inspections and repairs shall be executed and completed on all vehicles no later than May 1st of each year. CONTRACTOR shall maintain the A/C systems in a state of operating condition throughout the entire year. CONTRACTOR shall provide to the LTSA a status report of the condition of the bus A/C systems by May 10th of each year. CONTRACTOR shall provide to the LTSA a status report of the condition of all bus heating systems by October 10th of each year.
- A.3.15.11. Seats shall be maintained in proper operating condition at all times. All tears, gum, graffiti and other damage shall be repaired in a professional manner immediately upon their discovery. Any damage to seat upholstery shall be repaired immediately upon discovery. CONTRACTOR shall replace seat covers which are worn or cannot be professionally repaired or cleaned sufficiently to remove any spotting/soiled marks etc., using materials which are identical in design and color as those materials being replaced. Stanchions shall be maintained in proper operating condition at all times. Any damage to stanchions shall be repaired immediately upon discovery. CONTRACTOR shall replace stanchions which cannot be professionally repaired, using materials which are identical in design and color as those materials being replaced.
- A.3.15.12. All equipment shall be reasonably clean throughout both inside and out prior to each service run. The exteriors of each vehicle will be washed once per week (in the interest of water conservation), or more often as necessary or permitted and shall include the bus body, all exterior windows and wheels. The interior will be swept daily and mopped twice per week. Destination sign interior glass shall be cleaned as necessary to maintain a clean appearance and maximize visibility. Interior windows and stanchions shall be washed twice per week, or more often as necessary, on all vehicles. All stanchions shall be wiped down regularly or as required by LTSA using disinfectant type wipes. If disinfectant dispensers are installed on vehicles CONTRACTOR shall insure that they are properly filled and usable at all times. Driver and passenger windows shall be kept clean at all times. Ceilings and walls shall be thoroughly cleaned at least twice per month, or more

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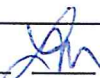
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often as necessary, on all vehicles. Removal of any minor stains on passenger seats will be done twice weekly. A vehicle that experiences a major stain will be removed from service as soon as possible and repaired/cleaned before re-entering service. All foreign matter such as gum, grease, dirt and graffiti shall be removed from interior surfaces during the interior cleaning process. Rubber or vinyl exterior components such as tires, bumper fascia, fender skirts and door edge guards shall be cleaned and treated with a preservative at least once per month, or as necessary to maintain an attractive appearance. CONTRACTOR shall clean all wheels at least once per week. CONTRACTOR shall apply waxing agent to the rear exterior of all rear engine diesel buses monthly to aid in the removal of exhaust build-up during the regular washing of the buses. Daily documentation of all cleaning elements, including waxing, conducted on the fleet shall be kept and submitted to the LTSA upon request.


Vehicles shall be kept free of insects and vermin at all times. CONTRACTOR shall exterminate all insects and vermin from all vehicles immediately upon their discovery, utilizing materials which are safe and not noxious to passengers.

Interiors shall be dusted and swept, with trash removed, on a daily basis, or more often as necessary, on all vehicles used in service that day.

- A.3.15.13. All LTSA owned vehicles, for the purpose of LRB, are to be fueled at Ed Staub Energy, Inc., or other source designated by the LTSA, with the established "Key-Card" system. LTSA shall be responsible for the payment of "Key-Card" purchased fuel. Vehicles provided by the LTSA are to be used for GM Administrative uses, and/or meetings with the LTSA staff and shall not be used for lunch breaks by CONTRACTOR employees unless fuel use is paid for by CONTRACTOR.
- A.3.15.14. CONTRACTOR shall be responsible to comply with the California Air Resources Board (CARB) requirements and meet all applicable vehicle emissions standards. CONTRACTOR shall also notify the LTSA of any issues related to CARB requirements that the LTSA may not be aware of and shall work with the LTSA to ensure compliancy with these requirements.
- A.3.15.15. CONTRACTOR shall notify the LTSA and conform to all instructions and make all corrections required by the CHP and other applicable regulatory agencies regarding use and maintenance of vehicles. It is understood that all California Highway Patrol (CHP) Inspections will receive a satisfactory rating.
- A.3.15.16. If CONTRACTOR should provide vehicles to put into LTSA LRB service, the color schemes and pattern designs for the vehicles shall be compatible with LTSA-provided vehicles. The use of other than LTSA-provided vehicles in service is subject to approval from the LTSA Transportation Planner on a case-by-case basis. All vehicles must be readily identifiable as part of the transit system. Patterns, designs and colors shall be identical insofar as possible, depending on

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the design configuration of the vehicle.

All vehicles provided by CONTRACTOR shall be capable of traveling at the speed of 65 miles per hour on a level road while fully loaded. A "fully loaded vehicle" shall mean that such vehicle contains a full complement of passengers, fuel, oil, and water. All vehicles provided by CONTRACTOR shall be equipped with the appropriate system logo (*to be designated by the LTSA and furnished by CONTRACTOR*) and any signs approved by the LTSA mounted on the vehicle. All signs shall be similar to, or better than, those in use on LTSA-provided vehicle. Legends and numbers shall be professionally made and clearly visible during the day or night. All vehicles shall have an individual identification number. The LTSA LRB logo shall be covered or removed from CONTRACTOR-provided vehicles when they are used for any purpose other than performance of this Agreement.

A.3.15.17. CONTRACTOR shall establish and maintain an on-going spare parts inventory sufficient to permit that peak hour vehicle requirements are met at all times.

A.3.15.18. CONTRACTOR shall supply their own vehicle for snow removal purposes to ensure that the LRB facility remains functional during times of inclement weather.

A.3.16. Automated Bus Wash Facility


CONTRACTOR shall be responsible to schedule and utilize CONTRACTOR's maintenance personnel to service and repair the bus wash facility in accordance with the manufacturer's recommendations.

A.3.16.1. CONTRACTOR will ensure that maintenance personnel are adequately trained to properly maintain and repair the bus wash facility and keep records of all work performed as specified by the manufacturer and the LTSA.

A.3.16.2. To help prevent the bus wash system from freezing, when ambient outdoor temperatures are forecasted below 32 degrees Fahrenheit, CONTRACTOR will inspect bus wash daily to ensure that heaters are functioning and thermostats are set at a temperature specified by the LTSA.

A.3.16.3. The CONTRACTOR is to inspect and ensure the bus wash facility is reasonably clean both inside and outside the facility. Loose debris is to be removed and disposed of. In addition, CONTRACTOR shall remove monthly, accumulated sand, road cinders, brush particles, etc, from the central drain pit during the months of November, December, January, February, March, April, and May to maintain the clean water recirculation system.

A.3.16.4. The CONTRACTOR is to ensure the interior floor of the bus wash is cleaned at least monthly from all accumulated debris such as sand, road cinders, rotating brush particles, etc.

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- A.3.16.5. All items not specifically necessary for the operation of the bus wash are not allowed and are to be stored elsewhere.
- A.3.16.6. Upon notice of any damage to components or in-operation of the bus wash system, the CONTRACTOR shall immediately notify the LTSA.
- A.3.16.7. The CONTRACTOR is required to perform preventive maintenance as recommended by the manufacturer, and provide to the LTSA daily, weekly monthly, semi-annual, and annual lubrication and maintenance schedule reports as required by the system manufacturer. These reports shall be delivered to the LTSA upon request.
- A.3.16.8. The LTSA shall be responsible for all costs of parts for the continued operation of the bus wash system.
- A.3.16.9. CONTRACTOR will be responsible for the purchase of all washing and rinsing solutions required to operate the automated bus washing system.
- A.3.16.10. CONTRACTOR is responsible for the scheduling and cost associated with the pumping and removal of gray water tank as needed. CONTRACTOR is required to notify LTSA of each pumping of gray water tank.

A.3.17. Personnel, Replacement, and Liaison

Unless provided by the LTSA, the CONTRACTOR shall provide all management, drivers, dispatchers, mechanics, maintenance clerk, vehicle garage workers, cleaners, service workers, telephone information operators, road supervision and such other personnel necessary to responsibly operate the County transit system, including any required on-board security or supervision.


CONTRACTOR will recruit, screen, hire, discipline and train personnel as necessary; conduct monthly safety and other related employee meetings as necessary; and perform liaison activities with the LTSA and other agencies related to execution of this contract. A copy of employee benefits, work rules, and union contracts shall be provided to the LTSA. CONTRACTOR shall meet and coordinate with the LTSA on a frequent basis, not less than once a week. CONTRACTOR shall supervise all drivers to the end that they are courteous to all patrons at all times and respond to patrons' questions regarding use of the transit system or connecting systems accurately. All employees shall be considered for a .5 to 1% pay increase once a year, upon completion of one (1) year satisfactory service as documented with an employee evaluation performance review, other pay increase schedules may be considered in lieu of the .5 to 1% year, but are subject to LTSA approval.

CONTRACTOR shall take all steps necessary to ensure that all employees and any sub CONTRACTOR's are authorized to work in the U.S. as required by the Immigration Reform and Control Act of 1986.

CONTRACTOR shall attend the periodic meetings of the Lassen Transit Service

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Agency, and shall report to the LTSA the current status of the transit system. CONTRACTOR shall also attend other Lassen County Transportation Commission and all LTSA committee meetings upon request.

CONTRACTOR will also attend meetings with user groups or agencies as required and upon request of the LTSA.

CONTRACTOR will be responsible for making presentations to community organizations concerning the LTSA on its marketing activities.

A.3.18. Driver Training

CONTRACTOR shall provide full training for CONTRACTOR's drivers. The training shall be a minimum of 80 hours per employee, of which at least 30 shall be behind the wheel. This training must be completed before a driver can enter unsupervised passenger service. All CONTRACTOR employees, including dispatchers and supervisor will be trained and certified as drivers. Such training shall meet all requirements of the State of California. A detailed description of CONTRACTOR's proposed training program shall be submitted with their proposal and will be subject to approval by the LTSA. The CONTRACTORs training plan shall provide a minimum of 10 hours of annual refresher training per driver. The training plan may be structured to allow for less than 80 hours of training to new employees with previous transit experience who hold a current California Commercial license and medical certificate.


CONTRACTOR shall conduct classroom training in at least the following area: Multi-media first aid training, cardio-pulmonary resuscitation (CPR), National Safety Council (*or approved equivalent*) Defensive Driving course (DDC), sensitivity/empathy training, emergency and accident procedures, and wheelchair loading and securement procedures.

The LTSA and the LRB are deeply committed to the provision of quality transportation services to its elderly, disabled, and general public residents. All paratransit services will be provided on a door-to-door basis.


CONTRACTOR will have all drivers obtain a commercial license as required by law and certification in CPR and first aid. All CONTRACTORs' employees must pass a pre-employment physical examination, paid for by CONTRACTOR, prior to start of training. All CONTRACTORs' drivers shall be subject to a pre-employment background check and review of DMV records.

If the Proposer intends to use volunteer drivers, they must be fully licensed to meet the requirements of the State of California for the type of vehicle and service they operate. Volunteers will be subject to the same training standards, pre-employment physicals, and drug testing requirements as paid drivers.

Drivers will be trained by a trainer or trainers who are certified by the National Safety Council (*or other approved agency*) to instruct the DDC course; and are certified either the American Heart Association or Red Cross (*or another approved agency*) to instruct the drivers in Red Cross and CPR. CONTRACTOR shall certify their trainer in

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sensitivity training, emergency and accident procedures, and wheelchair loading and securement procedures.

CONTRACTOR shall provide LTSA with a list of drivers prior to start-up and shall update said list monthly. CONTRACTOR shall not place a driver into service without completing the training program specified above. Failure to comply with this section could result in termination of the Agreement.

CONTRACTOR shall require all drivers to attend a monthly safety meeting, which shall be a minimum of one hour in duration. Minutes shall be taken at each safety meeting and a copy shall be distributed to the County.

A.3.19. Road Supervision

CONTRACTOR will demonstrate how road supervision will be provided. Road supervision will include, but not be limited to, quarterly route rides with all drivers. CONTRACTOR shall provide road supervision as required to monitor drivers and vehicles and assist drivers in revenue service. The road supervisor may also be called upon to assist in special events. CONTRACTOR shall provide "On-Time Reports" to the LTSA quarterly when submitting the January, April, July, and October invoices. CONTRACTOR shall provide quarterly written reports on observations of road supervision activities and measures taken to provide for corrective action(s), if any.

A.3.20. Marketing and Promotion

LTSA shall approve and budget funds to be used for all advertising and promotion. Additionally, LTSA may provide materials for distribution by CONTRACTOR. CONTRACTOR shall distribute brochures and other material as directed by LTSA.

CONTRACTOR shall promote the service as the operating agent for the LRB public transit service.

CONTRACTOR shall, under the direction of the Lassen County Transportation Project Manager, on a quarterly basis (*January, April, July and October*), contact private and non-profit community agencies and local governing bodies to promote interest in the services of the LRB. These contacts shall include, but not be limited to: speaking engagements; public service announcements, and press releases.

A.3.21. Reporting and Record Keeping

CONTRACTOR shall collect various data on the operation of the transit system and supply the data to the LTSA on a monthly basis. All such information supplied by CONTRACTOR shall be certified as accurate.

CONTRACTOR shall collect record and report the following information in a format designated by the LTSA, at a minimum, on a daily basis:

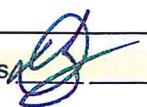
* Ridership by service type,



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- * vehicle breakdowns,
- * vehicle revenue miles,
- * vehicle total miles,
- * vehicle fuel consumption,
- * vehicle service hours (*by vehicle and by day*),
- * missed trips, detailing cause,
- * complaints and compliments,
- * passengers by vehicle and service type, divided into passenger classification categories (*e.g. elderly, disabled, etc.*),
- * revenue by vehicle,
- * passenger travel time,
- * vehicle and passenger accidents,
- * problems and solutions,
- * vehicle maintenance summarized by vehicle, including monthly cost of maintaining each individual vehicle broken down into labor, parts, fuel, oil and other expense categories,
- * employee training and turnover,
- * pertinent critiques and evaluation of system and service, and
- * service requests refused.

In addition, CONTRACTOR shall supply copies of all maintenance shop work orders (*separated by vehicle number*) indicating the nature of the vehicle repair, the solution to the repair, list of parts required to complete repair, and actual mechanic hours spent to undertake and complete repair. These copies of mechanic repair orders must be presented along with the monthly invoice for operation of the LRB by CONTRACTOR no later than the 10th day of the following month.

This data shall be compiled in a monthly report to be submitted to the LTSA. All monthly reports are due no later than the 10th day of the following month. All original data shall be maintained by the CONTRACTOR for at least four years.

The CONTRACTOR shall prepare a monthly report summarizing the data collected daily. CONTRACTOR shall submit typed report to the LTSA by the 10th day of the following month. The format of the report is subject to LTSA's approval.

In addition to the monthly reporting the CONTRACTOR shall supply any and all reports necessary to comply with requirements of the LTSA, and other State, Federal or local authorities. These reports will include but not be limited to all required California Transportation Development Act and Federal Transportation Administration reporting requirements.

CONTRACTORS shall also provide the LTSA with written copies of accident reports, (*within one business day for injury accidents, three business days for non-injury accidents, with immediate telephone notification of all injury accidents*) and CHP Safety Compliance Reports (*within two business days after CHP submission to CONTRACTOR*).

LTSA may periodically conduct surveys of ridership during the term of the Agreement. These surveys will determine matters such as socioeconomic, ridership

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and fare-type characteristics of system users. CONTRACTOR shall cooperate in the conduct of all surveys, including having its in-service drivers participate, where operationally possible, at no additional charge to the LTSA.

CONTRACTOR agrees that all information required to be furnished by this Agreement shall be free from proprietary restrictions. CONTRACTOR further agrees that all such data is public and in the public domain.

CONTRACTOR shall maintain accurate and complete books, records, data and documents on generally accepted accounting principles in accordance with Uniform System of Accounts and Records adopted by the State Controller pursuant to Section 99243 of the Public Utilities Code, and as required by LTSA and Lassen County.

Such records shall be kept in such detail and form so as to meet applicable local, state and federal requirements.

A complete and separate set of books, accounts, and/or records shall be maintained by CONTRACTOR, which records shall show details of all transactions pertaining to the management, bookkeeping, maintenance and operation of only this system under the terms of this Agreement. System transactions shall not be co-mingled with CONTRACTOR's other operations, if any. CONTRACTOR's records shall be kept with sufficient detail to constitute an audit trail to verify that any and all costs charged to the system created by this Agreement are in fact due to operations pursuant to this Agreement and not due to separate charter operations by CONTRACTOR.

CONTRACTOR shall keep and maintain (*separated by vehicle*) all work orders, warranty dockets and maintenance records on LTSA and CONTRACTOR provided vehicles and equipment until this Agreement is terminated, releasing all such documents to the LTSA upon request and upon termination of this Agreement.

The LTSA and its authorized agents, LCTC, Lassen County, Caltrans, FTA, the Comptroller General of the United States, or any of their duly authorized representatives shall have access to any books, documents, papers, bookkeeping records, check registers and records of the CONTRACTOR which are directly pertinent to this Agreement, for the purpose of making audit, examination, excerpts, and transcription of CONTRACTOR's files. CONTRACTOR shall maintain all these records for a period of at least four (4) years following contract closeout to allow for audits, examinations, excerpts and transcriptions of CONTRACTOR's files.

A.3.22. Insurance

During the periods of service under this Agreement, the CONTRACTOR, at its sole cost and expense, shall procure and maintain in full force and effect during the term of the Agreement, insurance policies in the amount of Ten million dollars (\$10,000,000) combined single limit bodily injury and property damage. Such insurance shall name the LTSA, the County of Lassen, the Lassen County

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Transportation Commission and the City of Susanville and their officers, employees, elected officials and members of boards or commissions as additional insured parties. Coverage must include premise coverage, comprehensive general liability including automobile liability and physical damage coverage, garage and garage-keepers liability, contractual liability, property damage, and personal injury liability. CONTRACTOR shall be responsible for any deductible.

CONTRACTOR shall file and maintain the required certificate of the LRB insurance policy with the LTSA at all times during the term of this contract. The certificate is to be filed prior to the effective date of this contract. Such policy or policies shall provide that they may not be cancelled without at least thirty (30) days written notice to LTSA. CONTRACTOR shall obtain and maintain at all times during the term of this contract Workers' Compensation and Employers' Liability Insurance as required by the laws of the State of California showing proof of such coverage. All required insurance policies shall not be cancelled or materially changed without a thirty (30) day prior written notice to the LTSA.

In addition, CONTRACTOR shall procure and maintain a blanket employee fidelity bond in the amount of \$10,000 as protection against theft by a CONTRACTOR employee.



A.3.22.1 Cyber Liability Coverage

Cyber liability covering liabilities for financial loss resulting or arising from acts, errors, or omissions, in rendering or in connection with the services provided under this agreement, with a minimum limit of \$1,000,000 for each and every claim and in the aggregate. Coverage to include protection for liability arising from: (i) breaches of security; (ii) violation or infringement of any right, privacy, breach of federal, state, or foreign security and/or privacy laws or regulations including; and (iii) data theft, damage, destruction, or corruption, including without limitation, unauthorized access, unauthorized use, identity theft, theft of personally identifiable information or confidential corporate information, transmission of a computer virus or other type of malicious code; and participation in a denial of service attack on a third party. Such insurance must address all of the foregoing without limitation if caused by any Sub-Vendor Personnel in performing Services under the Agreement. Policy must provide coverage for wrongful acts, claims, and lawsuits anywhere in the world.

A.3.23. Telephone Information Service

CONTRACTOR shall provide customer information service to the public during all hours of system operation; Monday through Friday from 7:00 a.m. to 8:00 p.m. CONTRACTOR shall install and maintain at CONTRACTOR's expense one telephone line and one local telephone line covering the entire LRB service area, dedicated to LRB public transportation services. At its sole expense, CONTRACTOR shall publish this LRB phone number under LRB specified headings in the White and Yellow pages of all local telephone directories.

These lines shall be used solely for the purpose of providing customer information

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and those activities required under the Scope of Work in this RFP, and shall not be used by the CONTRACTOR for any other purpose. Customers receiving a "busy signal" signifying the line is in use will be provided recorded information at the expense of CONTRACTOR. Recorded information content to be determined between CONTRACTOR and the LTSA.

Upon termination of the Agreement, CONTRACTOR shall release such phone numbers to the LTSA.

During normal system operating hours, the CONTRACTOR shall provide information operators who are knowledgeable of time schedules, routes and services of LTSA and all other systems within the LTSA operating area as is necessary to answer customer information telephones in a courteous, timely and professional fashion.

During all other times, CONTRACTOR shall utilize a CONTRACTOR-provided telephone answering system, approved by the LTSA, to announce LRB transit service information. Recorded information content to be coordinated between the LTSA and CONTRACTOR.

A.3.24. Fare Box Revenue

CONTRACTOR's drivers shall collect fares as established by the LTSA and maintain an accurate count of all boarding passengers by fare category. Drivers will be required to honor special passes, collect, cancel and/or validate passes and issue/collect transfers as determined by the LTSA. Drivers shall verify all fare amounts including cash fares deposited in farebox but will not handle money. CONTRACTOR is responsible for the accurate collection of the LRB fares. CONTRACTOR shall assure that each patron pays the appropriate fare prior to being provided transportation service.

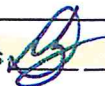
All farebox revenues collected by CONTRACTOR are the property of the LTSA. CONTRACTOR shall assure that each transit patron pays the appropriate fare prior to being provided transportation. CONTRACTOR shall establish a fare collection/accounting procedure including control and security measures. CONTRACTOR shall maintain an accurate, legible count of all boarding passengers by fare category onto the daily LRB Driver Manifest (Exhibit D). CONTRACTOR will count and reconcile fares collected against the driver manifests of passenger trips for the previous day's operation. All farebox revenue shall be counted while at least two CONTRACTOR employees are present. CONTRACTOR shall indicate the total fares collected for the day by individual routes on the LRB Farebox Tally Sheet (Exhibit E). CONTRACTOR shall remove all fares from every revenue vehicle on a nightly basis. At no time will fares be left in a vehicle overnight. Farebox Revenue includes, but is not limited to, all fares and the proceeds from the sale of tickets and passes. CONTRACTOR shall deliver to the LTSA, the LRB Farebox Tally Sheet with the Driver Manifests on monthly basis. The LTSA reserves the right to oversee money counting activities, independently count revenues or otherwise verify the fares collected. CONTRACTOR will submit daily reconciliation reports to the LTSA of revenue



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collection and passenger numbers on a weekly basis. All overages and shortages of monthly farebox totals shall be indicated on the Monthly Farebox Reconciliation sheet on which there will be kept a running total by month of overages/shortages. At the end of each month, the total shortages and overages for the current month shall be indicated on the Farebox Reconciliation sheet and subtracted from the monthly invoice amount. Shortages and overages shall be separate line items on the invoices and shall not be included as part of the bus fares. The LTSA shall require CONTRACTOR to maintain a 98% recovery of daily farebox based on passenger counts and anticipated amounts due.

A.3.25. Licenses and Traffic Violations

Lassen County shall provide and maintain licenses for the radio system. CONTRACTOR shall be responsible for any locally required business or other licenses including Public Utilities Commission certificates as required and necessary. CONTRACTOR shall also be solely responsible for any parking and traffic violations of vehicles operated in connection with LRB public transit program. If notice of violation in a LTSA owned vehicle is received by the LTSA, LTSA may pay for said violation and deduct the amount paid from future payments to CONTRACTOR.

A.3.26. Uniforms

CONTRACTOR shall provide and maintain clean, identical uniforms for all drivers and shall enforce a dress and appearance code, subject to approval from the LTSA. At a minimum, dress requirements shall include: shirts, slacks, jackets (*for use in cold rainy weather*), identification tags and LTSA specified logo.

A.3.27. Safety and Security

CONTRACTOR shall be responsible for safety and security of passengers during operations and for all related equipment and facilities. CONTRACTOR shall include specific procedures in the proposal which define the safety and security program for LRB services. Safety and organizational meetings shall be held with all employees at least once per month.

CONTRACTOR shall report all hazardous conditions (*e.g., trees, signs, slides, etc.*) in the service area to the LTSA and any other appropriate authority and take necessary precautions to safeguard passengers and personnel.

CONTRACTOR shall comply with all California Highway Patrol and OSHA requirements. CONTRACTOR shall not permit drivers to bear arms of any type while operating a vehicle under this contract.

A.3.28. Management

CONTRACTOR will manage the day-to-day operation in accordance with the adopted operations plan and good management practices.

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Management of day-to-day operations of the system will be vested in full-time local General Manager who will be experienced in all aspects of public transit operations. The person serving as General Manager shall be approved by the LTSA and shall not perform any other duties, without the LTSA's approval, for CONTRACTOR, being solely dedicated to management and operation of LTSA's LRB public transit operations.

The General Manager understands that the operation of the LRB takes precedence over any corporate activity of CONTRACTOR.

In addition, a responsible senior executive employee of CONTRACTOR, (i.e., VP, RVP, etc.), will be available at all times, either by phone or in person at no additional charge to the LTSA, to make decisions or provide coordination as necessary. This senior executive must be authorized to act County-wide on behalf of CONTRACTOR.

In the event that the General Manager must be replaced, such replacement may be subject to the prior approval of the LTSA.


The above individuals will be responsible for managing and monitoring all aspects of the system operation, maintenance, repair, supply of on-line and spare vehicles, warranty work, quality of service, accounting, fare collection, personnel, and Contract administration. The General Manager and CONTRACTOR shall supply to the LTSA a 24-hour emergency telephone number at which General Manager or CONTRACTOR can be reached.


CONTRACTOR shall seek out and implement methods of improving system operations, service and cost effectiveness along with improvements to correct deficiencies and substandard performance. Results will be reported to the LTSA via the monthly activity report or direct memo along with any corrective actions which have been taken. CONTRACTOR shall review and comment on plans, equipment purchases, operative changes, and related proposals of the LTSA.

A.3.29. Employee Work Rules

The following employee rules shall be enforced by the CONTRACTOR:

- A.3.29.1. Uniforms:
 - a. Must be worn at all times when on duty.
 - b. Shall be clean and presentable at all times.
 - c. Uniform designs, colors and ID tags subject to LTSA approval.
- A.3.29.2. Gratuities:
 - a. Shall NOT be accepted.
 - b. All cash shall go into fare box without being handled by the driver, unless required by the passenger's disability.
- A.3.29.3. Knowledge of Services and Service Area:
 - a. Drivers shall have a thorough knowledge of all LRB public transit services and the entire service area.
 - b. Drivers shall also have a thorough understanding of transfer locations for all County and City routes and services.


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A.3.30.4. General Rules:

- a. No one will be permitted to smoke, including e-cigs, eat or drink aboard vehicles at any time.
- b. Boisterous language, profanity, or incivility to anyone shall not be allowed while in uniform, on or off duty.
- c. While in uniform, no employee shall purchase, consume or be under the influence of any narcotic, intoxicant, or harmful drug.
- d. Drivers shall be responsible for keeping all vehicles clean and sanitary during their shift.
- e. All employees are responsible for reporting any defects a vehicle may have to the supervisor and maintenance department immediately. Drivers shall conduct a "walk-around" inspection of their vehicle and fill out a "Daily Vehicle Inspection" sheet. Drivers shall have maintenance personnel resolve any doubt about the safety of a vehicle prior to placing a vehicle in passenger service.
- f. Employees may use vehicles only in accordance with their assigned duties.
- g. Employees must conduct themselves and operate vehicles in a safe, efficient and courteous manner at all times.
- h. No one shall be permitted to solicit on the vehicle.
- i. No item longer than five (5) feet will be permitted on the vehicle and must be properly stored out of the aisles.
- j. All information regarding accidents shall be kept confidential. Employees shall refrain from speaking to anyone concerning any accident unless it is to Police, supervisory personnel, or other person(s) involved in the accident as required by law.
- k. Persons under the influence of drugs/alcohol shall not be permitted on the vehicle.
- l. Drivers providing service must travel over prescribed routes and maintain time schedules. If it becomes necessary to leave the route, the dispatcher or immediate supervisor and the LTSA shall be notified immediately.
Absolutely no run shall be cut short without subsequent notification/approval to/from the LTSA.
- m. Drivers performing demand response service will provide the assistance necessary to help elderly and disabled persons boarding and departing vehicles, moving to their seat and or maneuvering and securing wheelchairs. Service is to be provided on a door-to-door basis as may be required by the needs of the individual passenger. **Under no circumstances will drivers be allowed to enter a passenger's residence.**
- n. No vehicle shall be operated when its condition is unsafe or uncertain.
- o. No driver shall operate the wheelchair lift:
 - a) Until he/she has received the required training; and/or
 - b) if there is any doubt whatsoever about the mechanical condition of the lift or safety of the passenger as a result from using the lift.

Wheelchair lift operation shall be in compliance with the methodology

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recommended by the OEMs.

A.3.30. LRB Services Policies, Standards, Performance Measures

The CONTRACTOR will be required to meet the following LRB public transit service policies and standards in the operation of the LRB service.

1. LRB Fixed Route, Deviated Fixed Route, Commuter Route, and Dial-a-Ride Service Standards

a. Performance:

1. Demand responsive average pick-up time within 30 minutes of promised time, call-in, return trip pick-up response time not to exceed 30 minutes.
2. Demand response average trip time not to exceed 30 minutes.
3. Operate service with accidents at less than one per 24,000 miles.
4. Vehicle breakdowns should not exceed one per 10,000 miles.
5. Vehicle spare ratio shall be adequate to ensure that service will not be interrupted because of inadequate back-up vehicles.
6. Absolutely no regularly scheduled bus route will run early at any time.
7. All regularly scheduled bus routes shall not be more than 5 minutes late unless the delays are caused from incidents out of control of CONTRACTOR. These acceptable delays may occur from road construction (*of which CONTRACTOR shall be obligated to inform the riding public of possible delays*), other road incidents which may cause unpredictable closures/delays such as accidents, fires, etc., weather delays. These delays must be clearly documented on driver manifest indicating time of incident/delay and time route resumed.
8. Delivery of monthly invoice and all required documentation electronically to the LTSA.



b. Productivity:

1. Passengers per vehicle revenue mile shall not fall below 0.30.
2. Passengers per vehicle revenue hour shall not fall below 2.0.
3. Vehicle service hours per employee shall not fall below 83.1.
4. Vehicle service hours per maintenance employee shall not fall below 249 hours.
5. Vehicle per maintenance employee shall not fall below 4.0.

These policies and standards are subject to change or modification by the LTSA at any time. CONTRACTOR will be consulted regarding the change prior to its final adoption.

Accidents per X miles is calculated by dividing the number of accidents in the reporting period by the number of vehicle service miles in that reporting period.

Vehicle breakdowns per X miles is calculated by dividing the number of breakdowns or road calls in the reporting period by the number of vehicle

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service miles in that reporting period.

The number of vehicles per mechanic is calculated by dividing the number vehicles in the fleet by the number of mechanic employee equivalents. One full time employee equivalent equals 2000 hours per year.

Revenue vehicle hours per maintenance employee is calculated by dividing the number of annual vehicle service hours by the number of full time employee equivalents.

Passengers per vehicle service hour is calculated by dividing the number of passengers by the number of vehicle service hours in a reporting period.

A.3.31. Performance Penalties

Any incident confirmed by driver manifests, and/or through LTSA staff investigations confirming any infraction of items in Section T, Item 1a. above, shall be penalized as set forth:

1st confirmed occurrence per month – CONTRACTOR shall be notified in writing.

2nd confirmed occurrence per month – CONTRACTOR shall be penalized 5% of next invoice.

3rd confirmed occurrence per month – CONTRACTOR shall be penalized 7½% of next invoice.

4th confirmed occurrence per month – CONTRACTOR shall be penalized 10% of next invoice.

In the event of confirmed occurrence(s) occurring during final month of LRB operations Fiscal Year, CONTRACTOR shall be penalized accordingly on the next submitted invoice.

In the event of confirmed occurrence(s) occurring during final month of LRB operations Agreement, CONTRACTOR shall be penalized accordingly by either the LTSA submitting an invoice to CONTRACTOR based on the previously submitted invoice, or if previously submitted invoice has not yet been paid, penalties shall be assessed before payment of the final invoice.

A.3.32. Performance Guarantee

CONTRACTOR shall perform no services pursuant to this Agreement, nor be entitled to compensation therefore, unless and until CONTRACTOR submits a bond or other acceptable surety to the LTSA for use of the LTSA, such bond executed by CONTRACTOR and a surety company licensed to do business in the State of California, such bond in the amount of ten percent (10%) of the annual Agreement price, and which shall at all times be kept in full force and effect. The Condition of such bond shall be that CONTRACTOR shall fully and faithfully perform all conditions and covenants of this Agreement or that the face amount of such bond shall be forfeited to the LTSA. The bond may be a renewable one-year bond, and shall be renewed annually before its expiration date; provided, however, that such bond



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must remain in full force and effect from and after the date the LTSA makes any demands for payment on the bond until the LTSA releases such claim. Provision of such bond or its equivalent, approved by the LTSA, is a material covenant of this Agreement. The LTSA shall not approve any security that is not unconditionally payable to the LTSA upon demand of the LTSA.

END OF ATTACHMENT "A"

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ATTACHMENT B

AGREEMENT BETWEEN THE LASSEN TRANSIT SERVICE AGENCY AND CONTRACTOR SERVICES FOR OPERATION OF THE LASSEN RURAL BUS SYSTEM PUBLIC TRANSPORTATION SERVICE

PAYMENT

B.1. MAXIMUM OBLIGATION



For the period July 1, 2016 to June 30, 2019, The LTSA agrees to pay CONTRACTOR in consideration for its services as described herein. The maximum price to be paid by the LTSA to CONTRACTOR shall not exceed \$726,700.00 for a total of 12,800 +/- 5% Vehicle Service Hours (VSH), during the July 1, 2016 to June 30, 2017 period, \$737,808.00 for a total of 12,800 +/- 5% VSH, during the July 1, 2017 to June 30, 2018 period, and \$748,992.00, for a total of 12,800 +/- 5% VSH, during the July 1, 2018 to June 30, 2019 period. For the optional July 1, 2019 to June 30, 2020 period, the maximum price to be paid by the LTSA to CONTRACTOR shall not exceed \$760,248.00, for a total of 12,800 +/- 5% VSH. For the optional July 1, 2020 to June 30, 2021 period, the maximum price to be paid by the LTSA to CONTRACTOR shall not exceed \$771,728.00, for a total of 12,800 +/- 5% VSH.

B.1.1 Price Formula

The LTSA agrees to pay CONTRACTOR for performance of the services set forth in this Agreement as follows, but in no event to exceed the amounts set forth in B.1 above:

B.1.2 Payment of a fixed hourly rate, per vehicle service hour, of \$25.08 in 2016-17, \$25.47 in 2017-18 and \$25.86 in 2018-19. **Option Year Pricing payment of a fixed hourly rate, per vehicle service hour, of \$26.25 in 2019-20 and \$26.65 in 2020-21.** Vehicle Service Hours (VSH) is NOT calculated as "Gate to Gate." VSH for fixed routes and Commuter Routes are calculated from first-timed stops to last-timed stops. If incidents occur which results in the route running late, such as, accidents, excessive traffic, confirmed weather conditions or other confirmed causes which are beyond the control of the CONTRACTOR and the delay is so noted on driver manifest, CONTRACTOR shall have the authority to invoice the LTSA for these occurrences. Time prior to commencement or after termination of regularly scheduled hours, time specified by the LTSA as non-compensated layover or deadhead, and time spent for driver lunch breaks shall not be considered vehicle service hours. The hourly rate shall compensate CONTRACTOR for vehicle operator's and maintenance employees' wages, fringe benefits and indirect labor costs, tires, maintenance parts, and bus washing solutions.

B.1.3 Payment of a fixed monthly rate, per service month, of \$33,806.00 in 2016-17, \$34,316.00 in 2017-18 and \$34,832.00 in 2018-19. **Option Year Pricing payment of a fixed monthly rate, per service month of \$35,354.00 in 2019-20 and \$35,884.00 in 2020-21.** This monthly rate shall compensate CONTRACTOR for the following: vehicle operator's non-service wages; management, maintenance mechanic's, and dispatcher's wages; said employees' fringe benefits and indirect labor costs; report reproduction; dispatch office supplies; radio maintenance, vehicle and other required insurance, all required maintenance equipment, telephones and equipment, vehicle

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leases as necessary, recruiting supplies, office supplies, administration fee and profit, and all other related operational costs necessary to complete the project as specified in this Agreement and set forth within the Scope of Work in the RFP.

B.1.4 CONTRACTOR and the LTSA acknowledge that the sums due CONTRACTOR under paragraphs B.1.2 and B.1.3 are determined on the basis of the projected costs of labor (*direct and indirect*) and the services, supplies, and equipment. The parties hereby agree that the sums due and billed to the LTSA under each of said above paragraphs shall be subject to adjustment on the following basis:

B.1.4.1 At the close of each calendar month during which this Agreement was in effect, the LTSA shall determine, based on data provided to it by CONTRACTOR, the actual number of service hours operated during the month. The amount due to the CONTRACTOR under paragraph B.1.2 shall be adjusted to the actual number of service hours operated. The amount due to the CONTRACTOR under paragraph B.1.3 shall remain fixed from month to month.

B.1.5 CONTRACTOR shall not be required to perform requested services during the term of this Agreement without compensation, pursuant to the established rates, regardless of the status of the maximum obligation. In no event shall maximum obligation be exceeded without prior authorization of the LTSA.

B.2 FORCE MAJEURE

Neither party shall be held responsible for losses, delays, failure to perform, or excess costs caused by events beyond the control of such party. Such events may include, but are not restricted to, the following: Acts of God, fire, epidemics, earthquake, flood or other natural disaster; strikes, war or civil disorder, snow, road closures; unavailability of fuel. CONTRACTOR shall not be entitled to compensation for any service, the performance of which is excused by the paragraph.

B.2.1 In the event that CONTRACTOR is unable to provide the services indicated due to any cause, CONTRACTOR shall make reasonable attempt to notify the public including notification to local radio stations, and if appropriate, local newspapers and television stations.

B.2.2 Whenever CONTRACTOR has knowledge that any actual or potential force majeure may delay or prevent performance of the AGREEMENT, CONTRACTOR, on a timely basis, shall notify LTSA of the fact, and thereafter shall report to LTSA all relevant information then known to CONTRACTOR, and shall continue to so report.

B.3 INVOICES

CONTRACTOR shall submit monthly invoices to the LTSA as follows:

B.3.1 Hourly costs shall be directly traceable by dispatcher and/or driver manifests and employee time cards, said invoices shall specify the dates of service and designate by route and bus number the number of vehicle service hours claimed; copies of which will be submitted to the LTSA monthly with each invoice to the LTSA.

B.3.2 Fixed monthly rate as defined in B.1.3 shall be added to the monthly invoice, in addition to the hourly cost described in B.1.2.

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B.3.3 The Initial monthly invoice payment to CONTRACTOR for the current fiscal year, and each subsequent fiscal year for the term of the Agreement, shall include the FMR for the month of July and the FMR for the month of August. Included in the July invoice is the VHR for the performance of regular LRB route service. The July invoice is to be submitted at the beginning of the month, of August but no later than August 10th. The next monthly invoice, and each subsequent invoice, shall include the VHR for the previous month and the FMR for the next month. The final invoice for the current and each subsequent contract year will be for the VHR for the month of June only.

B.3.4 Charges for extra services as authorized by this Agreement shall be billed monthly with charges and handling fees directly traceable to manifests, time cards, logs, receipts, bills, etc., copies of which shall be attached to the invoice. Each such statement shall contain a certification that all amounts billed are in accordance with this Agreement. In order for the CONTRACTOR to be eligible for reimbursement for extra services all charges must be pre-approved in writing by the LTSA.

B.4 RECORD KEEPING AND REPORTING

See Section A.3.21

B.4.1 CONTRACTOR shall supply copies of all maintenance shop work orders (*separated by vehicle number*) indicating the nature of the vehicle repair, the solution to the repair, list of parts required to complete repair, and total actual mechanic hours spent to undertake and complete repair, in detail.

B.4.2 All monthly reports listed in section A.3.21 are due no later than the 10th day of the following month attached to the monthly invoice for services rendered.

B.5 PAYMENT

On or before the 10th day of each month CONTRACTOR shall submit invoice to the LTSA itemizing the CONTRACTOR's full and complete performance hereunder for the previous monthly period. Invoices shall be in such form and shall incorporate supporting documentation as the LTSA may require. At a minimum, CONTRACTOR shall submit monthly invoices using the example in attached Exhibit B.


Payment to CONTRACTOR shall be made no more than thirty (30) days from LTSA's receipt of invoice.

Payments shall be made by voucher or check payable to and mailed first –class to:


Paratransit Services
4810 Auto Center Way
Bremerton, WA 98312

B.6 EXTRA SERVICES

Service hours, for promotional and community services, will be provided by CONTRACTOR upon prior written authorization by the LTSA's authorized representative at the fixed hourly rate detailed in paragraph B.1.2. Promotional and community services include but are not limited to participation in parades, community events, fairs and other such activities identified by the LTSA. Service hours for all extra services shall be considered part of the overall operation and will be reimbursed as such and will result in no

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change in the "maximum obligation". Only those services that have prior authorization of the LTSA shall be eligible for reimbursement and there are to be no exceptions. All incidents/issues that require prior authorization of the LTSA shall be reimbursed to the CONTRACTOR at the hourly rate.

B.7 OPTION YEARS PRICING

In consideration of the herein AGREEMENT, CONTRACTOR hereby grants the below option, exercisable in writing at LTA's sole election, anytime on or before the date specified herein and as follows:

B.7.1 DESCRIPTION - LTSA may extend the service provided by CONTRACTOR under this AGREEMENT for up to two option periods of one-year duration.

B.7.2 PRICE - The Fixed Hourly Rate and Fixed Monthly Rate are determined in sections B.1.2 and B.1.3

B.7.3 OPTION EXERCISE DATES: - The LTSA shall notify the CONTRACTOR of the decision to exercise an optional term on or before April 1, 2019 for the initial option term, and on or before April 1, 2020 for the remaining option term. It is mutually understood and agreed that all work performed and services provided under the exercised option shall be in strict compliance with all of the requirements of this AGREEMENT as such may be amended from time to time by mutual AGREEMENT. It is mutually understood and agreed that LTSA is under no obligation whatsoever to exercise this option and that no representations have been made by LTSA committing it to such exercise of this option, and that LTSA may procure any such option requirements elsewhere.

B.8 CHANGES

Any changes in services required by the LTSA during the contract shall not exceed the agreed upon 12,800+-5% VSH.

END OF ATTACHMENT "B"

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ATTACHMENT C

AGREEMENT BETWEEN THE LASSEN TRANSIT SERVICE AGENCY AND CONTRACTOR FOR OPERATION OF THE LASSEN RURAL BUS SYSTEM PUBLIC TRANSPORTATION SERVICE

ADDITIONAL PROVISIONS

C.1. COMPLIANCE WITH FEDERAL LAWS AND REQUIREMENTS

CONTRACTOR certifies that he or she will comply with all federal laws and requirements including, but not limited to: 49 CFR, Part 655 and Part 40, "Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations"; Title VI of the Civil Rights Act of 1964, as amended, Equal Employment Opportunity, Labor Protection, Age Discrimination in Employment Act of 1967, as amended, American with Disabilities Act as amended and regulations applicable to contracts utilizing federal funds.

CONTRACTOR must certify as to both the Federal Lobbying Requirements and Debarment and Suspension Requirements as provided herein.

Federal Transit Administration Best Practices require inclusion of contract clauses per third party contract requirements FTA C 4220.1F

These FTA Best Practices clauses appear at <http://www.fta.dot.gov/library/admin/BPPM/appA1.html>.
Clauses pertaining to this Contract are described as follows:

C.1.1. CHARTER AND SCHOOL BUS

Charter Service Operations: CONTRACTOR agrees to comply with 49 U.S.C. 5323(d) and 49 CFR Part 604, which provides that recipients and sub-recipients of FTA assistance are prohibited from providing charter service using federally funded equipment or facilities if there is at least one private charter operator willing and able to provide the service, except under one of the exceptions at 49 CFR 604.9. Any charter service provided under one of the exceptions must be "incidental", i.e., it must not interfere with or detract from the provision of mass transportation.

School Bus Operations : Pursuant to 49 U.S.C. 5323(f) and 49 CFR Part 605, recipients and sub-recipients of FTA assistance may not engage in school bus operations exclusively for the transportation of students and school personnel in competition with private school bus operators unless qualified under specified exemptions. When operating exclusive school bus service under an allowable exemption, recipients and sub-recipients may not use federally funded equipment, vehicles or facilities.

C.1.2 ENERGY CONSERVATION REQUIREMENTS – 42 U.S.C. 6321 et seq., 49 CFR Part 18

The CONTRACTOR agrees to comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued with the Energy Policy and Conservation Act.

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C.1.3 CLEAN WATER REQUIREMENTS – 33U.S.C.1251

- (1) The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq. The CONTRACTOR agrees to report each violation to the LTSA and understands and agrees that the LTSA will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.
- (2) The CONTRACTOR also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

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CONTRACTOR MUST CERTIFY TO THE FEDERAL LOBBYING REQUIREMENTS AS PROVIDED ON THIS PAGE

C.1.4 LOBBYING – 31 U.S.C.1352; 49CFR Part 19 and Part 20

Lobbying and Certification Requirements, Disclosure of Lobbying Activities, et al, must be made by CONTRACTOR.

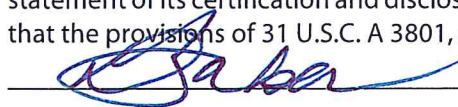
The undersigned CONTRACTOR certifies, to the best of his or her knowledge and belief, that:

- (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 making lobbying contacts to 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 sub-awards at all tiers (*including sub-contracts, sub-grants, and contracts under grants, loans, and cooperative agreements*) and that all sub-recipients 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 31, U.S.C. § 1352 (*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. § 1352(c)(1)-(2)(A), any person who makes a prohibited expenditure or fails to file or 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, Paratransit Services, 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.

 Signature of CONTRACTOR's Authorized Official

David Baker Printed Name of CONTRACTOR's Authorized Official

President/CEO Title of CONTRACTOR's Authorized Official

7/26/2016 Date

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C.1.5 ACCESS TO RECORDS AND REPORTS – 49 U.S.C. 5325; 18 CFR 18.36 (I); 49 CFR 633.17

The following access to records requirements apply to this Agreement:


1. Where the Purchaser is not a State but a local government and is the FTA Recipient or a sub-grantee of the FTA Recipient in accordance with 49 C. F. R. 18.36(i), the CONTRACTOR agrees to provide the LTSA, the FTA Administrator, the Comptroller General of the United States or any of their authorized representatives access to any books, documents, papers and records of the CONTRACTOR which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. CONTRACTOR also agrees, pursuant to 49 C. F. R. 633.17 to provide the FTA Administrator or his authorized representatives including any PMO CONTRACTOR access to CONTRACTOR's records and construction sites pertaining to a major capital project, defined at 49 U.S.C. 5302(a)1, which is receiving federal financial assistance through the programs described at 49 U.S.C. 5307, 5309 or 5311.
4. **Where any Purchaser which is the FTA Recipient or a sub-grantee of the FTA Recipient in accordance with 49 U.S.C. 5325(a) enters into a contract for a capital project or improvement (defined at 49 U.S.C. 5302(a)1) through other than competitive bidding, the CONTRACTOR shall make available records related to the contract to the Purchaser, the Secretary of Transportation and the Comptroller General or any authorized officer or employee of any of them for the purposes of conducting an audit and inspection.**
5. The CONTRACTOR agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
6. The CONTRACTOR agrees to maintain all books, records, accounts and reports required under this Contract for a period of not less than four years after the date of termination or expiration of this Contract, except in the event of litigation or settlement of claims arising from the performance of this Contract, in which case CONTRACTOR agrees to maintain same until the LTSA, the FTA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. Reference 49 CFR 18.39(i)(11).
7. FTA does not require the inclusion of these requirements in subcontracts.

C.1.6 FEDERAL CHANGES – 49 CFR Part 18


CONTRACTOR shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the **Master Agreement** between the LTSA and FTA (*available at www.fta.dot.gov/16000_16002_ENG_HTML.htm*), as they may be amended or promulgated from time to time during the term of this Contract. CONTRACTOR's failure to so comply shall constitute a material breach of this Contract.

C.1.7 CLEAN AIR – 42 U.S.C. 7401 et seq; 40 CFR 15.61; 49 CFR Part 18

- (1) The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq . The CONTRACTOR agrees to report each violation to the LTSA and understands and agrees that the LTSA will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.

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- (2) The CONTRACTOR also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

C.1.8 RECYCLE PRODUCTS 42 U.S.C. 6962, 40 CFR Part 247, Executive Order 12873

Recovered Materials - The CONTRACTOR agrees to comply with all the requirements of Section 6002 of the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. 6962), including but not limited to the regulatory provisions of 40 CFR Part 247, and Executive Order 12873, as they apply to the procurement of the items designated in Subpart B of 40 CFR Part 247.

C.1.9 NO GOVERNMENT OBLIGATIONS TO THIRD PARTIES


- (1) The LTSA and CONTRACTOR acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this contract and shall not be subject to any obligations or liabilities to the LTSA, CONTRACTOR, or any other party (*whether or not a party to that contract*) pertaining to any matter resulting from the underlying contract.
- (2) The CONTRACTOR agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

C.1.10 PROGRAM FRAUD AND FALSE OR FRAUDULENT STATEMENTS AND RELATED ACTS – 31 U.S.C. 3801 et seq; 49 CFR Part 31; 18 U.S.C. 1001; 49 U.S.C. 5307

- (1) The CONTRACTOR acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 et seq. and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. Part 31, apply to its actions pertaining to this Project. Upon execution of the underlying contract, the CONTRACTOR certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying contract or the FTA assisted project for which this contract work is being performed. In addition to other penalties that may be applicable, the CONTRACTOR further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the CONTRACTOR to the extent the Federal Government deems appropriate.
- (2) The CONTRACTOR also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n)(1) on the CONTRACTOR, to the extent the Federal Government deems appropriate.
- (3) The CONTRACTOR agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.


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C.1.11 TERMINATION – 49 U.S.C. Part 18; FTA Circular 4220.1F

- a) **Termination for Convenience** - The LTSA, may terminate this Agreement, in whole or in part, when it is in the LTSA's interest. If this Agreement is terminated, the LTSA shall be liable only for payment under the payment provisions of this Agreement for services rendered before the effective date of termination. In the event the Agreement is terminated, all pertinent data prepared for the project shall be made available to LTSA without additional cost.
- b) **Termination for Default** - If the CONTRACTOR fails to deliver supplies or to perform the services within the time specified in this Agreement or any extension or if the CONTRACTOR fails to comply with any other provisions of this Agreement, the LTSA may terminate this Agreement for default. The LTSA shall terminate by delivering to the CONTRACTOR a "Notice of Termination" specifying the nature of the default. The CONTRACTOR will only be paid the Agreement price for services performed in accordance with the manner or performance set forth in this Agreement. If, after termination for failure to fulfill contractual obligations, it is determined that the CONTRACTOR was not in default, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of the LTSA.
- c) **Opportunity to Cure** - The LTSA in its sole discretion may, in the case of a termination for breach or default, allow the CONTRACTOR ten (10) days in which to cure the defect. In such case, the notice of termination will state the time period in which cure is permitted and other appropriate conditions. If CONTRACTOR fails to remedy to LTSA's satisfaction the breach or default of any of the terms, covenants, or conditions of this Agreement within ten (10) days after receipt by CONTRACTOR of written notice from LTSA setting forth the nature of said breach or default, LTSA shall have the right to terminate the Agreement without any further obligation to CONTRACTOR. Any such termination for default shall not in any way operate to preclude the LTSA from also pursuing all available remedies against CONTRACTOR and its sureties for said breach or default.
- d) **Waiver of Remedies for any Breach** - In the event that the LTSA elects to waive its remedies for any breach by CONTRACTOR of any covenant, term or condition of this Agreement, such waiver by the LTSA shall not limit the LTSA's remedies for any succeeding breach of that or of any other term, covenant, or condition of this Agreement.
- e) **Termination for Insufficient Funding** - The LTSA may terminate this Agreement when it is in the LTSA's interest to CONTRACTOR that insufficient funding is available from Transportation Development Act Funds, Federal Transit Administration funds and fare revenues to fund this Agreement.
- f) **Termination for Bankruptcy** - Either (a) the appointment of the receiver to take possession of all or substantially all of the assets of CONTRACTOR, or (b) a general assignment by CONTRACTOR for the benefit of creditors, or (c) any action taken by or suffered by CONTRACTOR under any insolvency or bankruptcy act shall constitute a breach of Agreement by CONTRACTOR and shall at the option of the LTSA terminate this Agreement.

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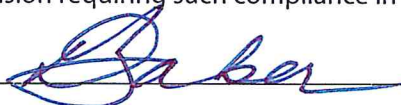
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CONTRACTOR MUST CERTIFY TO THE FEDERAL DEBARMENT AND SUSPENSION REQUIREMENTS AS PROVIDED ON THIS PAGE

C.1.12 GOVERNMENT – WIDE DEBARMENT AND SUSPENSION (*Nonprocurement*) – 49 CFR part 29; Executive Order 12549


This Contract is a covered transaction for purposes of 49 CFR Part 29. As such, the CONTRACTOR is required to verify that none of the CONTRACTOR, its principals, as defined at 49 CFR 29.995, or affiliates, as defined at 49 CFR 29.905, are excluded or disqualified as defined at 49 CFR 29.940 and 29.945. The CONTRACTOR is required to comply with 49 CFR 29, Subpart C and must include the requirement to comply with 49 CFR 29, Subpart C in any lower tier covered transaction it enters into. By signing and submitting its bid or proposal, the bidder or proposer certifies as follows: The certification in this clause is a material representation of fact relied upon by the LTSA. If it is later determined that the bidder or proposer knowingly rendered an erroneous certification, in addition to remedies available to the LTSA, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The bidder or proposer agrees to comply with the requirements of 49 CFR 29, Subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

 Signature of CONTRACTOR's Authorized Official


David Baker Printed Name of CONTRACTOR's Authorized Official

President/CEO Title of CONTRACTOR's Authorized Official

7/26/2016 Date

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C.1.13 PRIVACY ACT – 5 U.S.C. 552

1) The CONTRACTOR agrees to comply with, and assures the compliance of its employees with, the information restrictions and other applicable requirements of the Privacy Act of 1974, 5 U.S.C. § 552a. Among other things, the CONTRACTOR agrees to obtain the express consent of the Federal Government before the CONTRACTOR or its employees operate a system of records on behalf of the Federal Government. The CONTRACTOR understands that the requirements of the Privacy Act, including the civil and criminal penalties for violation of that Act, apply to those individuals involved, and that failure to comply with the terms of the Privacy Act may result in termination of the underlying Contract.

(2) The CONTRACTOR also agrees to include these requirements in each subcontract to administer any system of records on behalf of the Federal Government financed in whole or in part with Federal assistance provided by FTA.

C.1.14 CIVIL RIGHTS REQUIREMENTS – 29 U.S.C. 623; 42 U.S.C. 2000, 6102, 12112, 12132; 49 U.S.C. 5332; 29 CFR part 1630, 41 CFR Parts 60 et seq.


(1) 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 CONTRACTOR agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability. In addition, the CONTRACTOR agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.

(2) Equal Employment Opportunity - The following equal employment opportunity requirements apply to the underlying contract:

(a) 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 CONTRACTOR agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract 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 CONTRACTOR 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 CONTRACTOR agrees to comply with any implementing requirements FTA may issue.

(b) 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 CONTRACTOR agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the CONTRACTOR agrees to comply with any implementing requirements FTA may issue.

(c) Disabilities - In accordance with section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the CONTRACTOR agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of

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the Americans with Disabilities Act," 29 C.F.R. Part 1630, pertaining to employment of persons with disabilities. In addition, the CONTRACTOR agrees to comply with any implementing requirements FTA may issue.

(3) The CONTRACTOR also agrees to include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

C.1.15 BREACHES AND DISPUTE RESOLUTION – 49 CFR Part 18; FTA Circular 4220.1F

Disputes - Disputes arising in the performance of this Contract which are not resolved by agreement of the parties shall be decided in writing by the Executive Director of the LTSA. This decision shall be final and conclusive unless within ten (10) days from the date of receipt of its copy, the CONTRACTOR mails or otherwise furnishes a written appeal to the Board of Directors. In connection with any such appeal, the CONTRACTOR shall be afforded an opportunity to be heard and to offer evidence in support of its position. The decision of the Board of Directors shall be binding upon the CONTRACTOR and the CONTRACTOR shall abide by the decision.

Performance During Dispute - Unless otherwise directed by the LTSA, CONTRACTOR shall continue performance under this Contract while matters in dispute are being resolved.

Claims for Damages - Should either party to the Contract suffer injury or damage to person or property because of any act or omission of the party or of any of his/her employees, agents or others for whose acts he/she is legally liable, a claim for damages therefore shall be made in writing to such other party within a reasonable time after the first observance of such injury or damage.

Remedies - Unless this Contract provides otherwise, all claims, counterclaims, disputes and other matters in question between the LTSA and the CONTRACTOR arising out of or relating to this Agreement or its breach will be decided by arbitration if the parties mutually agree, or in a court of competent jurisdiction within Lassen County, California.

Rights and Remedies - The duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law. No action or failure to act by the LTSA or CONTRACTOR shall constitute a waiver of any right or duty afforded any of them under the Contract, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed in writing

C.1.16 TRANSIT EMPLOYEE PROTECTIVE PROVISIONS

(1) The CONTRACTOR agrees to comply with the applicable transit employee protective requirements as follows:

(a) General Transit Employee Protective Requirements - To the extent that FTA determines that transit operations are involved, the CONTRACTOR agrees to carry out the transit operations work on the underlying Contract in compliance with terms and conditions determined by the U.S. Secretary of Labor to be fair and equitable to protect the interests of employees employed under this Contract and to meet the employee protective requirements of 49 U.S.C. A 5333(b), and U.S. DOL guidelines at 29 C.F.R. Part 215, and any amendments thereto. These terms and conditions are identified in the letter of certification from the U.S. DOL to FTA applicable to the FTA Recipient's project from which Federal assistance is provided to support work on the underlying contract. The CONTRACTOR agrees to carry out that work in compliance with the conditions stated in that U.S. DOL letter. The requirements of this subsection (1), however, do not apply to any contract financed with Federal assistance provided by FTA either for projects for elderly

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individuals and individuals with disabilities authorized by 49 U.S.C. § 5310(a)(2), or for projects for non urbanized areas authorized by 49 U.S.C. § 5311. Alternate provisions for those projects are set forth in subsections (b) and (c) of this clause.

(b) Transit Employee Protective Requirements for Projects Authorized by 49 U.S.C. § 5311 in Non Urbanized Areas - If the Contract involves transit operations financed in whole or in part with Federal assistance authorized by 49 U.S.C. § 5311, the CONTRACTOR agrees to comply with the terms and conditions of the Special Warranty for the Non Urbanized Area Program agreed to by the U.S. Secretaries of Transportation and Labor, dated May 31, 1979, and the procedures implemented by U.S. DOL or any revision thereto.

(2) The CONTRACTOR also agrees to include any applicable requirements in each subcontract involving transit operations financed in whole or in part with Federal assistance provided by FTA.

C.1.17 CALIFORNIA LABOR CODE 1072.

CONTRACTOR agrees to comply with the California Labor Code Section 1072 listed below.

(a) CONTRACTOR shall declare as part of the bid for a service contract whether or not he or she will retain the employees of the prior CONTRACTOR for a period of not less than 90 days.

(b) The LTSA shall give a 10 percent preference to any bidder who agrees to retain the employees of the prior CONTRACTOR pursuant to subdivision (a).

(c) (1) If the LTSA announces that it intends to let a service contract out to bid, the existing service CONTRACTOR, within a reasonable time, shall provide to the awarding authority the number of employees who are performing services under the service contract and the wage rates, benefits, and job classifications of those employees. In addition, the existing service CONTRACTOR shall make this information available to any entity that the awarding authority has identified as a bona fide bidder. If the successor service contract is awarded to a new CONTRACTOR, the existing CONTRACTOR shall provide the names, addresses, dates of hire, wages, benefit levels, and job classifications of employees to the successor contractor. The duties imposed by this subdivision shall be contained in all service contracts.


(2) A CONTRACTOR who agrees to retain employees pursuant to subdivision (a) shall retain employees who have been employed by the prior contractor or subcontractors, except for reasonable and substantiated cause. That cause is limited to the particular employee's performance or conduct while working under the prior contract or the employee's failure of any controlled substances and alcohol test, physical examination, criminal background check required by law as a condition of employment, or other standard hiring qualification lawfully required by the successor contractor or subcontractor.

(3) The CONTRACTOR shall make a written offer of employment to each employee to be rehired. That offer shall state the time within which the employee must accept that offer, but in no case less than 10 days. Nothing in this section requires the successor contractor or subcontractor to pay the same wages or offer the same benefits provided by the prior contractor or subcontractor.

(4) If, at any time, CONTRACTOR determines that fewer employees are required than were required under the prior contract, CONTRACTOR shall retain qualified employees by seniority within the job classification. In determining those employees who are qualified, the CONTRACTOR may require an employee to possess any license that is required by law to operate the equipment that the employee will operate as an employee of the successor contractor or subcontractor.

C.1.18 DISADVANTAGED BUSINESS ENTERPRISE – 49CFR part 26

The California Department of Transportation (Department) has established a statewide overall Disadvantaged Business Enterprise (DBE) Program goal. The Department is required to report to the Federal Transit Administration (FTA) on DBE participation for all FTA-assisted contracts each year so that

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attainment efforts may be evaluated. In order to ascertain whether the statewide overall DBE goal is being achieved, the Department is tracking DBE participation on all federally assisted contracts.

This project is subject to Title 49, Part 26 of the Code of Federal Regulations (49 CFR 26) entitled "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs." In order to ensure the Department achieves its federally mandated statewide overall DBE goal, the Department encourages the participation of DBEs, as defined in 49 CFR 26, in the performance of contracts financed in whole or in part with federal funds. The Contractor shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of subcontracts.

The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out the applicable requirements of 49 CFR, Part 26 in the award and administration of U.S. Department of Transportation assisted contracts. Failure by the contractor 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 recipient deems appropriate.

Any subcontract entered into as a result of the project shall contain all the provisions of this section.

C.1.19 INCORPORATION OF FTA TERMS – FTA Circular 4220.1F

The preceding provisions include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in **FTA Circular 4220.1F** (located at www.fta.dot.gov/legal/guidance/circulars/4200/386_14790_ENG_HTML.htm) are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. The CONTRACTOR shall not perform any act, fail to perform any act, or refuse to comply with any LTSA requests which would cause the LTSA to be in violation of the FTA terms and conditions.

C.1.20 DRUG AND ALCOHOL TESTING - 49 U.S.C. 5331; 49 CFR Part 655.

CONTRACTOR shall comply with all required drug and alcohol testing required by the FTA as it pertains to 49 U.S.C. 5331; 49 CFR Part 655.

The LTSA has selected Option 2, as set forth below:

C.1.20.1 DRUG AND ALCOHOL TESTING OPTION 2

The CONTRACTOR agrees to establish and implement a drug and alcohol testing program that complies with 49 CFR Part 655 and Part 40, produce any documentation necessary to establish its compliance with Part 655 and Part 40, and permit any authorized representative of the United States Department of Transportation or its operating administrations, the State Oversight Agency of California, or the LTSA, to inspect the facilities and records associated with the implementation of the drug and alcohol testing program as required under 49 CFR Part 655 and Part 40 and review the testing process. The CONTRACTOR agrees further to certify annually its compliance with Part 655 and Part 40 before January 5th and to submit the Management Information System (MIS) reports before March 1st to the Executive Director of the LTSA. To certify compliance the CONTRACTOR shall use the "Substance Abuse Certifications" in the "Annual List of Certifications and Assurances for Federal Transit Administration Grants and Cooperative Agreements," which is published annually in the Federal Register.

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C.1.20.2 DRUG AND ALCOHOL PENALTIES

As stated above the CONTRACTOR is responsible to establish and implement a drug and alcohol testing program that complies with 49 CFR Part 655 and Part 40. If for any reason the CONTRACTOR's drug and alcohol testing program is determined to be non compliant with 49 CFR Part 655 or Part 40 and penalties are assessed by the FTA, any and all penalties shall be borne by the CONTRACTOR

C.2 MANAGEMENT

During the term of this Agreement, CONTRACTOR shall provide sufficient executive and administrative personnel as shall be necessary and required to perform its duties and obligations under the terms of this Agreement.

C.3 MEDICAL ASSISTANCE TO PASSENGERS

CONTRACTOR's employees shall not be required to perform any medical or quasi-medical functions for passengers. In the event of illness on board a vehicle, the driver shall advise the dispatcher by radio and if necessary may proceed immediately to a medical facility for help.

C.4 STOP WORK

The LTSA may stop work on the LRBS Public Transportation Service upon forty-eight (48) hours written notice to CONTRACTOR. The LTSA shall be liable for all relevant costs defined under Attachment B.1 incurred prior to the stop-work period and for restart, if any.

C.5 PROPRIETARY RIGHTS

All inventions, improvements, discoveries, proprietary rights, patents, and copyright made by CONTRACTOR under this Agreement shall be made available to the LTSA with no royalties, charges, or other costs, but shall be owned by CONTRACTOR. All manuals prepared by CONTRACTOR for use by CONTRACTOR in other locales shall be made available to the LTSA at no charge but shall be owned by CONTRACTOR and shall not be copied, disclosed, or released by the LTSA or LTSA's representative or participating organization without prior written consent of CONTRACTOR. Reports and manuals prepared by CONTRACTOR under this Agreement for specific use in the LTSA's public transit system shall become the property of the LTSA. CONTRACTOR, however, shall have the right to print and issue copies of these reports. CONTRACTOR may make presentations and releases relating to the project. Papers, reports and other formal publications shall be approved by the LTSA prior to release.

C.7 EMERGENCY PROCEDURES

In the event of a major emergency such as an earthquake, dam failure, or man-made catastrophe, CONTRACTOR shall make transportation and communication resources available to the degree possible for emergency assistance. If the normal line of direct authority from the LTSA is intact, CONTRACTOR shall follow instruction of the LTSA. If the normal line of direct authority is broken, and for the period it is broke, CONTRACTOR shall make the best use of transportation resources following to the degree possible the direction of an organization such as the police, Red Cross, or National Guard, which appears to have

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assumed responsibility. Emergency uses of transportation may include evacuation, transportation of injured, and movement of people to food and shelter. CONTRACTOR shall be reimbursed in accordance paragraph B.1.2, if the normal reimbursement method does not cover the types of emergency services involved, then reimbursement shall be on the basis of fair, equitable, and prompt reimbursement of CONTRACTOR's actual costs. Reimbursement for such major emergency services shall be over and above "Maximum Obligation" of this contract. Immediately when the emergency condition ceases, CONTRACTOR shall re-institute normal transportation services.

C.8 TRANSFER OF TITLE TO EQUIPMENT

Supplies purchased by CONTRACTOR in connection with the performance of this Agreement shall become the property of the LTSA.

C.9 CONFLICT OF TRANSPORTATION INTERESTS

CONTRACTOR shall not divert any revenues, passengers, or other business from LTSA's LRBS public transit services or any portion contracted out to other Contractors to any taxi or other transportation operation of CONTRACTOR.

C.10 DAMAGE AND MISUSE OF EQUIPMENT, TOOLS, AND FACILITIES

It is understood that excessive damages to and misuse of any equipment (*including vehicles*), tools and facilities by CONTRACTOR are grounds for termination of this Agreement and/or forfeit of performance bond. CONTRACTOR shall not operate any LTSA or County owned vehicle on roads designated by the LTSA as unsuitable for such use. CONTRACTOR shall replace at current market value and currently available model/version any and all LTSA owned equipment in the charge of the CONTRACTOR, upon any loss or damage by CONTRACTOR and/or CONTRACTOR employees. CONTRACTOR shall be given 30 days from notification of LTSA to replace equipment, tools and shall receive written authorization of the LTSA as to the acceptance of the replacement equipment/tool, etc.


C.11 FAILURE TO PERFORM

It is agreed by both parties that strict adherence to the routes and schedules of operation defined in Exhibit A is of primary importance.

The LTSA recognizes that the operation of a public transit service is subject to circumstances and variables beyond the control of CONTRACTOR. However, a properly run service will take steps to reasonably deal with such circumstances without compromising the safety or reliability of the service.

The LTSA and CONTRACTOR will monitor service performance to assure that strict adherence of routes and schedules are being maintained. If performance is found to be substandard, the LTSA may request in writing adequate assurance of performance as defined under C.1.15 of this Agreement.

CONTRACTOR understands that continual substandard performance such as service runs departing ahead of schedule, missed service runs, service departing scheduled stops fifteen minutes or more after the scheduled time, excess wait time, late pickup or delivery of passengers, frequent accidents and safety violations, frequent vehicle failure, and frequent public complaints regarding driver or dispatcher behavior are grounds for termination of this Agreement and/or forfeit of performance bond.

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C.12 PERFORMANCE BOND

CONTRACTOR shall perform no services pursuant to this Agreement, nor be entitled to compensation therefore, unless and until CONTRACTOR submits a bond or other acceptable surety to the LTSA. Such bond shall be executed by CONTRACTOR and a surety company licensed to do business in the State of California. Such bond shall be in the amount of ten percent (10%) of the annual Agreement price, and shall at all times be kept in full force and effect. The condition of such bond shall be that CONTRACTOR shall fully and faithfully perform all conditions and covenants of this Agreement or that up to the face amount of such bond shall be forfeited to the LTSA. The bond may be a renewable one-year bond, and shall be renewed annually before its expiration date; provided, however, that such bond must remain in full force and effect from and after the date the LTSA makes any demands for payment on the bond until the LTSA releases such claim. Provision of such bond or its equivalent, approved by the LTSA, is a material covenant of this Agreement. LTSA shall not approve any security that is not unconditionally payable to the LTSA upon demand of the LTSA.


Should form of surety to LTSA be in the form of "Letter of Credit" the following shall also apply:

- a. Within ten (10) days after execution of this Contract, the CONTRACTOR shall procure and deliver to the LTSA a standby irrevocable letter of credit issued by CONTRACTOR's banking institution (hereinafter "LOC"), at its expense, and keep in effect at all times during the term of this Contract, the LOC in a sum not exceeding 10% of the first year annual Agreement price for the account of the CONTRACTOR. The beneficiary of the LOC shall be the LTSA and the issuer shall be a banking institution reasonably acceptable to the LTSA. The LOC shall be in a form reasonably approved by LTSA.
- b. The LOC must be kept in full force and effect at all times during the term of the Contract as specified in Section 2 – Term, and shall be automatically extended if the LTSA exercises its option to extend the Contract and has provided the LOC issuer with a written notice by certified mail of its intention to extend the Contract at least 90 days prior to the end of the Contract term (or an extended term as the case may be), unless the LOC issuer elects not to extend or renew the LOC by written notice thereof to the LTSA by certified mail at least 45 days prior to the end of the Contract term (or an extended term as the case may be). Failure of the CONTRACTOR to maintain such LOC shall be a default of the Contract and may at LTSA's discretion, result in termination of the Contract.
- c. If LTSA determines that the CONTRACTOR has substantially failed to keep and perform the covenants, conditions and agreements in the Contract, then LTSA may exercise or collect or cause to be exercised or collected the sum(s) under the LOC in the manner specified in the LOC. In such an event, the LTSA's Executive Director shall perform and notify the LOC issuer of the amount of default for the cost of such performance. The cost of such performance includes the costs of all labor and equipment reasonably necessary to perform the work in the CONTRACTOR's absence. Notwithstanding the foregoing, the CONTRACTOR shall remain liable for any defaults under the Contract. No act by the LTSA in pursuing or affecting its rights to draw on the LOC shall constitute a waiver of any rights granted under the Contract, at law, or in equity for any default under the Contract.

C.13 ADVERTISING

No advertising of any type other than transit related material shall appear either on the interior or the exterior of any bus placed in LTSA LRBS public transit service, unless specifically approved by the LTSA.

C.14 TRANSITION TO FUTURE BUS

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CONTRACTOR for up to forty-five (45) days following the effective date of the termination or expiration of this Agreement, shall provide to either the LTSA or any future Contractor selected by the LTSA, CONTRACTOR's full cooperation in the transition to the successor Contractor. This shall include, as a minimum consultation regarding labor and management issues (*including a delineation of wages and benefits by employee category*), access to non-confidential personnel files and maintenance.

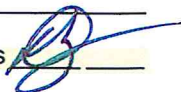
CONTRACTOR's telephone equipment shall be made available to the successor Contractor pending installation of the new CONTRACTOR's equipment. CONTRACTOR shall release the system's telephone numbers and any sequential roll-over number to the new operator. CONTRACTOR shall provide its best professional effort to assure a smooth transition from CONTRACTOR's services to the long-range provider's services, and shall cooperate fully with the LTSA and the long-range operator to this end.

END OF ATTACHMENT "C"

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ATTACHMENT D

AGREEMENT BETWEEN THE LASSEN TRANSIT SERVICE AGENCY AND CONTRACTOR FOR OPERATION OF THE LASSEN RURAL BUS SYSTEM PUBLIC TRANSPORTATION SERVICE

GENERAL PROVISIONS

D.1. INDEPENDENT CONTRACTOR. For all purposes arising out of this Agreement, CONTRACTOR shall be: an independent CONTRACTOR and CONTRACTOR and each and every employee, agent, servant, partner, and shareholder of CONTRACTOR shall not be, for any purpose of this Agreement, an employee of the LTSA. Furthermore, this Agreement shall not under any circumstance be construed or considered to be a joint powers agreement as described in California Government Code sections 6000, et seq., or otherwise. As an independent CONTRACTOR, the following shall apply:

D.1.1 CONTRACTOR shall determine the method, details and means of performing the services to be provided by CONTRACTOR as described in this Agreement.

D.1.2 CONTRACTOR shall be responsible to the LTSA only for the requirements and results specified by this Agreement and, except as specifically provided in this Agreement, shall not be subject to the LTSA's control with respect to the physical actions or activities of CONTRACTOR in fulfillment of the requirements of this Agreement except as noted otherwise in this Agreement and the RFP.

D.1.3 CONTRACTOR shall be responsible for its own operating costs and expenses, property and income taxes, workers' compensation insurance and any other costs and expenses in connection with performance of services under this Agreement.


D.1.4 CONTRACTOR is not, and shall not be, entitled to receive from or through the LTSA, and the LTSA shall not provide or be obligated to provide the CONTRACTOR with workers' compensation coverage, unemployment insurance coverage or any other type of employee or worker insurance or benefit coverage required or provided by any federal, state or local law or regulation for, or normally afforded to, any employee of the LTSA

D.1.5 The CONTRACTOR shall not be entitled to have the LTSA withhold or pay, and the LTSA shall not withhold or pay, on behalf of the CONTRACTOR any tax or money relating to the Social Security Old Age Pension Program, Social Security Disability Program or any other type of pension, annuity or disability program required or provided by any federal, state or local law or regulation for, or normally afforded to, an employee of the LTSA.

D.1.6 The CONTRACTOR shall not be entitled to participate in, or receive any benefit from, or make any claim against any LTSA fringe benefit program including, but not limited to, LTSA's pension plan, medical and health care plan, dental plan, life insurance plan, or other type of benefit program, plan or coverage designated for, provided to, or offered to LTSA's employees.

D.1.7 The LTSA shall not withhold or pay on behalf of CONTRACTOR any federal, state or local tax including, but not limited to, any personal income tax owed by CONTRACTOR.

D.1.8. The CONTRACTOR is, and at all times during the term of this Agreement shall represent and conduct itself as, an independent contractor and not as an employee of the LTSA.

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D.1.9 CONTRACTOR shall not have the authority, express or implied, to act on behalf of, bind or obligate the LTSA in any way without the written consent of the LTSA.

D.1.10 CONTRACTOR shall not assign, sublet, transfer or subcontract any interest in this Agreement without the prior written consent of the LTSA.

D.2 LICENSES, PERMITS, ETC. CONTRACTOR represents and warrants to the LTSA that it has all licenses, permits, qualifications, and approvals of whatsoever nature which are legally required for CONTRACTOR to practice its profession. CONTRACTOR represents and warrants to the LTSA that CONTRACTOR shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals which are legally required for CONTRACTOR to practice its profession at the time the services are performed.

D.3 CHANGE IN STATUTES OR REGULATIONS. If there is a change of statutes or regulations applicable to the subject matter of this Agreement, both parties agree to be governed by the new provisions, unless either party gives notice to terminate pursuant to the terms of this Agreement.

D.4 TIME. CONTRACTOR shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for the satisfactory performance of CONTRACTOR's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

D.5 INSURANCE.

D.5.1 Prior to rendering services provided by the terms and conditions of this Agreement, CONTRACTOR shall acquire and maintain during the term of this Agreement insurance coverage (hereinafter referred to as "the insurance") through and with an insurer acceptable to the LTSA. The insurance shall contain the following coverages:


D.5.1.1 Comprehensive general liability insurance including comprehensive public liability insurance with minimum coverage of Five Million Dollars (\$5,000,000) per occurrence and with not less than Five Million Dollars (\$5,000,000) aggregate; Said policy shall include coverage for premises, personal injury, blanket contractual, garage and garage keepers liability. CONTRACTOR shall insure the LTSA, the County of Lassen, the Lassen County Transportation Commission, and the City of Susanville against any liability arising under or related to this Agreement.

D.5.1.2 CONTRACTOR shall provide the LTSA with comprehensive vehicle liability insurance in the amount of Ten Million Dollars (\$10,000,000) with combined single limit including owned, non-owned and hired vehicles. Coverage shall also include uninsured motorist and medical payments. Any deductible will be the responsibility of CONTRACTOR.


D.5.1.3 All certificates of the policies obtained by CONTRACTOR shall include the following specific language:

1) The Lassen Transit Service Agency is named as additional insured for all liability arising out of the operations by or on behalf of the named insured, and this policy protects the additional insured, its officers, agents, and employees against liability for bodily injuries, deaths, or property damage or destruction arising in any respect, directly or indirectly in the performance of the Agreement.

2) The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured.

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3) The insurance provided herein is primary, and no insurance help or owned by the Lassen Transit Service Agency, the County of Lassen, the Lassen County Transportation Commission, or the City of Susanville shall be called upon to contribute to a loss.

4) The coverage provided by this policy shall not be reduced or cancelled without thirty (30) days written notice given to the Lassen Transit Service Agency by certified mail.

D.5.1.4 Workers' Compensation Insurance coverage for all of CONTRACTOR's employees and other persons for whom CONTRACTOR is responsible to provide such insurance coverage, as provided by Division 4 and 4.5 of the California Labor Code.

D.5.2 The limits of insurance herein shall not limit the liability of the CONTRACTOR hereunder.

D.5.3 In respect to any insurance herein, if the aggregate limit available becomes less than that required above, other excess insurance shall be acquired and maintained immediately. For the purpose of any insurance term of this Agreement, "aggregate limit available" is defined as the total policy limits available for all claims made during the policy period.

D.5.4 Except for automobile liability and workers compensation insurance, the insurance shall name the LTSA, the County of Lassen, the Lassen County Transportation Commission, and the City of Susanville and all aforementioned officers, employees, agents and independent contractors as additional insured and shall include language in the certificate that no cancellation or material change adversely affecting any coverage provided by the insurance may be made until thirty (30) days after written notice is delivered to the LTSA.

D.5.5 The insurance policy forms, endorsements and insurer(s) issuing the insurance shall be satisfactory to the LTSA at its sole and absolute discretion. The amount of any deductible payable by the insured shall be subject to the prior approval of the LTSA and the LTSA, as a condition of its approval, may require such proof of the adequacy of CONTRACTOR's financial resources as it may see fit.


D.5.6 Prior to CONTRACTOR rendering services provided by this Agreement, and immediately upon acquiring additional insurance, CONTRACTOR shall deliver a certificate of insurance describing the insurance coverages and endorsements to:

Larry D. Millar, Executive Director
Lassen Transit Service Agency
707 Nevada Street, Suite 4
Susanville, CA 96130


Upon the LTSA's request, CONTRACTOR shall deliver certified copies of any insurance policies to the LTSA.

D.5.7 CONTRACTOR shall not render services under the terms and conditions of this Agreement unless each type of insurance coverage and endorsement is in effect and CONTRACTOR has delivered the certificate(s) of insurance to the LTSA as previously described. If CONTRACTOR shall fail to procure and maintain said insurance, the LTSA may, but shall not be required to, procure and maintain the same, and the premiums of such insurance shall be paid by CONTRACTOR to the LTSA upon demand. The policies of insurance provided herein which are to be provided by CONTRACTOR shall be for a period of not less than one year, it being understood and agreed that thirty (30) days prior to the expiration of any policy of insurance, CONTRACTOR will deliver to the LTSA a renewal or new policy to take the place of the policy expiring.

D.5.8 The LTSA shall have the right to request such further coverages and/or endorsements on the insurance as the LTSA deems necessary, at LTSA expense. The amounts, insurance policy forms,

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endorsements and insurer(s) issuing the insurance shall be satisfactory to the LTSA in its sole and absolute discretion.

D.5.9 Any subcontractor(s), independent contractor(s) or any type of agent(s) performing or hired to perform any term or condition of this Agreement on behalf of CONTRACTOR, as may be allowed by this Agreement (hereinafter referred to as the "SECONDARY PARTIES"), shall comply with each term and condition of this Section D.5 entitled "INSURANCE". Furthermore, CONTRACTOR shall be responsible for the SECONDARY PARTIES' acts and satisfactory performance of the terms and conditions of this Agreement.

D.6 INDEMNITY.

The LTSA shall not be liable for, and CONTRACTOR shall defend and indemnify the LTSA, the County of Lassen, the Lassen County Transportation Commission, the City of Susanville and their officers, agents, employees and volunteers (collectively 'LTSA Parties'), against any and all claims, deductibles, self-insured retentions, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (hereinafter collectively referred to as ('Claims')), which arise out of or are in any way connected to the work covered by this Agreement arising either directly or indirectly from any act, error, omission or negligence of CONTRACTOR or its officers, employees, agents, contractors, licensees or servants, including, without limitation, claims caused by the concurrent negligent act, error or omission, of LTSA Parties. However, CONTRACTOR shall have no obligation to defend or indemnify LTSA Parties against claims caused by the active negligence, sole negligence or willful misconduct of LTSA Parties.

D.7 CONTRACTOR NOT AGENT. Except as the LTSA may specify in writing, CONTRACTOR shall have no authority, express or implied, to act on behalf of the LTSA in any capacity whatsoever as an agent. CONTRACTOR shall have no authority, express or implied, pursuant to this Agreement to bind the LTSA to any obligation whatsoever.


D.8 ASSIGNMENT PROHIBITED. CONTRACTOR may not assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no legal effect.

D.9 PERSONNEL. CONTRACTOR shall assign only competent personnel to perform services pursuant to this Agreement. In the event that the LTSA, in its sole discretion at any time during the term of this Agreement, desires the removal of any person or persons assigned by CONTRACTOR to perform services pursuant to this Agreement, CONTRACTOR shall remove any such person immediately upon receiving written notice from the LTSA of its desire for removal of such person or persons.

D.10 STANDARD OF PERFORMANCE. CONTRACTOR shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which CONTRACTOR is engaged. All products of whatsoever nature which CONTRACTOR delivers to the LTSA pursuant to this Agreement shall be prepared in a first class and workmanlike manner and shall conform to the standards of quality normally observed by a person practicing in CONTRACTOR's profession.

D.11 POSSESSORY INTEREST. The parties to this Agreement recognize that certain rights to property may create a "possessory interest", as those words are used in the California Revenue and Taxation Code section 107. For all purposes of compliance by the LTSA with Section 107.6 of the California Revenue and Taxation Code, this recital shall be deemed full compliance by the LTSA. All questions of initial determination of possessory interest and valuation of such interest, if any, shall be the responsibility of the County Assessor and the contracting parties hereto. A taxable possessory interest may be created by this, if created, and the party in whom such an interest is vested will be subject to the payment of property taxes levied on such an interest.

D.12 TAXES. CONTRACTOR hereby grants to the LTSA the authority to deduct from any payments to CONTRACTOR any LTSA imposed taxes, fines, penalties and related charges which are delinquent at the time such

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payments under this Agreement are due to CONTRACTOR.

D.13 TERMINATION. the LTSA shall have the right to terminate this Agreement at any time when it is in the LTSA's interest. In the event the LTSA gives notice of termination, CONTRACTOR shall immediately cease rendering service upon receipt of such written notice and the following shall apply:

D.13.1.1 CONTRACTOR shall deliver to the LTSA copies of all writings prepared by it pursuant this agreement. The term "writings" shall be construed to mean and include: handwriting, typewriting, printing, photocopying, photographing, computer storage medium (tapes, disks, diskettes, etc.) and every other means of recording upon any tangible thing, and form of communication or representation, including letters, pictures, sounds, or symbols, or combinations thereof.

D.13.1.2 The LTSA shall pay CONTRACTOR the reasonable value of services rendered by CONTRACTOR to the date of termination pursuant to this Agreement not to exceed the amount documented by CONTRACTOR and approved by the LTSA as work accomplished to date; provided, however, that in no event shall any payment hereunder exceed the maximum obligation for the period . Further provided, however, the LTSA shall not in any manner be liable for lost profits which might have been made by CONTRACTOR had CONTRACTOR completed the services required by this Agreement. In this regard, CONTRACTOR shall furnish to the LTSA such financial information as in the judgment of the LTSA is necessary to determine the reasonable value of the services rendered by CONTRACTOR. In the event of a dispute as to the reasonable value of the services rendered by CONTRACTOR, the decision of the LTSA shall be final. The foregoing is cumulative and does not affect any right or remedy which the LTSA may have in law or equity.


D.14 OWNERSHIP OF INFORMATION. All professional and technical information developed under this Agreement and all work sheets, reports, and related data shall become and/or remain the property of the LTSA, and CONTRACTOR agrees to deliver reproducible copies of such documents to the LTSA on completion of the services hereunder. The LTSA agrees to indemnify and hold CONTRACTOR harmless from any claim arising out of reuse of the information for other than this project. Exceptions may be granted to CONTRACTOR. For report formatting and content options proprietary to CONTRACTOR operations, including but not limited to non-standard, unique and special reports prepared by any third party at the request of CONTRACTOR. The LTSA shall not require the above with regard to any CONTRACTOR provided proprietary software or tools created for CONTRACTOR as a whole.

D.15 WAIVER. A waiver by any party of any breach of any term, covenant or condition herein contained or a waiver of any right or remedy of such party available hereunder at law or in equity shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained or of any continued or subsequent right to the same right or remedy. No party shall be deemed to have made any such waiver unless it is in writing and signed by the party so waiving.

D.16 COMPLETENESS OF INSTRUMENT. This Agreement, together with its specific references and attachments, constitutes all of the agreements, understandings, representations, conditions, warranties and covenants made by and between the parties hereto. Unless set forth herein, neither party shall be liable for any representations made, express or implied.

D.17 SUPERSEDES PRIOR AGREEMENTS. It is the intention of the parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, representations, or agreements, written or oral, between the parties hereto.

D.18 ATTORNEY'S FEES. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, which may be set by the Court in the same action or in a separate action brought for that purpose, in addition to any

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other relief to which such party may be entitled.

D.19 MINOR AUDITOR REVISION. In the event the Lassen County Auditor's office finds a mathematical discrepancy between the terms of the Agreement and actual invoices or payments, provided that such discrepancy does not exceed one percent (1%) of the Agreement amount, the Auditor's office may make the adjustment in any payment or payments without requiring an amendment to the Agreement to provide for such adjustment. Should the LTSA or the CONTRACTOR disagree with such adjustment, they reserve the right to contest such adjustment and/or to request corrective amendment. In the event that such an adjustment(s) are enacted by the Auditor, the Lassen County Auditor shall notify all parties associated under this Agreement within 30 days of such adjustment(s).

D.20 CAPTIONS. The captions of this Agreement are for convenience in reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

D.21 DEFINITIONS. Unless otherwise provided in this Agreement, or unless the context otherwise requires, the following definitions and rules of construction shall apply herein.

D.21.1 Number and Gender. In this Agreement, the neuter gender includes the feminine and masculine, the singular includes the plural, and the word "person" includes corporations, partnerships, firms or associations, wherever the context so requires.

D.21.2 Mandatory and Permissive. "Shall" and "will" and "agrees" are mandatory. "May" is permissive.

D.22 TERM INCLUDES EXTENSIONS. All references to the term of this Agreement or the Agreement Term shall include any extensions of such term.

D.23 MODIFICATION. No modification or waiver of any provisions of this Agreement or its attachments shall be effective unless such waiver or modification shall be in writing, signed by all parties, and then shall be effective only for the period and on the condition, and for the specific instance for which given.

D.24 COUNTERPARTS. This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

D.25 OTHER DOCUMENTS. The parties agree that they shall cooperate in good faith to accomplish the object of this Agreement and, to that end, agree to execute and deliver such other and further instruments and documents as may be necessary and convenient to the fulfillment of these purposes.

D.26 PARTIAL INVALIDITY. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provision and/or provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

D.27 VENUE. It is agreed by the parties hereto that unless otherwise expressly waived by them, any action brought to enforce any of the provisions hereof or for declaratory relief hereunder shall be filed and remain in a court of competent jurisdiction in the County of Lassen, State of California.

D.28 CONTROLLING LAW. The validity, interpretation and performance of this Agreement shall be controlled by and construed under the laws of the State of California.

D.29 CALIFORNIA TORT CLAIMS ACT. Notwithstanding any term or condition of the Agreement, the provisions, and related provisions, of the California Tort Claims Act, Division 3.6 of the Government Code, are not waived by the LTSA and shall apply to any claim against the LTSA arising out of any acts or conduct under the terms and conditions of this Agreement.

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D.30 TIME IS OF THE ESSENCE. Time is of the essence of this Agreement and each covenant and term herein.

D.31 AUTHORITY. All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, estates or firms represented or purported to be represented by such entity(s), person(s), estate(s) or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement are in full compliance. Further, by entering into this Agreement, neither party hereto shall have breached the terms or conditions of any other contract or agreement to which such party is obligated, which such breach would have a material effect hereon.

D.32 CORPORATE AUTHORITY. If CONTRACTOR is a corporation or public agency, each individual executing this Agreement on behalf of said corporation or public agency represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the bylaws of said corporation or Board or Commission of said public agency, and that this Agreement is binding upon said corporation or public entity in accordance with its terms. If CONTRACTOR is a corporation, CONTRACTOR shall, within thirty (30) days after execution of this Agreement, deliver to the LTSA a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Agreement.

D.33 CONFLICT OF INTEREST.

D.33.1 Legal Compliance. CONTRACTOR agrees at all times in performance of this Agreement to comply with the law of the State of California regarding conflicts of interest, including, but not limited to, Article 4 of Chapter 1, Division 4, Title 1 of the California Government Code, commencing with Section 1090 and Chapter 7 of Title 9 of said Code, commencing with Section 87100, including regulations promulgated by the California Fair Political Practices Commission.

D.33.2 Advisement. CONTRACTOR agrees that if any facts come to its attention which raise any questions as to the applicability of this law, it will immediately inform the LTSA designated representative and provide all information needed for resolution of the question.

D.33.3 Admonition. Without limitation of the covenants in subparagraphs D.34.1 and D.34.2, CONTRACTOR is admonished hereby as follows:

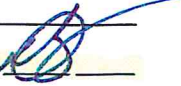
The statutes, regulations and laws referenced in this provision D.34 include, but are not limited to, a prohibition against any public officer, including CONTRACTOR for this purpose, from making any decision on behalf of the LTSA in which such officer has a direct or indirect financial interest. A violation occurs if the public officer influences or participates in any LTSA decision which has the potential to confer any pecuniary benefit on CONTRACTOR or any business firm in which CONTRACTOR has an interest of any type, with certain narrow exceptions.

D.34 NONDISCRIMINATION. During the performance of this Agreement, CONTRACTOR shall not unlawfully discriminate against any employee of the CONTRACTOR or of the LTSA or applicant for employment or for services or any member of the public because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age or sex. CONTRACTOR shall ensure that in the provision of services under this Agreement, its employees and applicants for employment and any member of the public are free from such discrimination. CONTRACTOR shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.). The applicable regulations of the Fair Employment Housing Commission implementing Government Code Section 12900, set forth in Chapter 5, Division 4 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full. CONTRACTOR shall also abide by the Federal Civil Rights Act of 1964 and all amendments thereto, and all administrative rules and regulation issued pursuant to said Act CONTRACTOR shall give written notice of its obligations under this clause to any labor agreement. CONTRACTOR shall include the non-discrimination and compliance provision of this paragraph in all

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subcontracts to perform work under this Agreement.

D.35 JOINT AND SEVERAL LIABILITY. If any party consists of more than one person or entity, the liability of each person or entity signing this Agreement shall be joint and several.

D.36 TAXPAYER I.D. NUMBER. The LTSA shall not disburse any payments to CONTRACTOR pursuant to this Agreement until CONTRACTOR supplies the latter's Taxpayer Identification Number or Social Security Number by providing the LTSA with a completed IRS Form W-9.

D.37 NOTICES. All notices and demands of any kind which either party may require or desire to serve on the other in connection with this Agreement must be served in writing either by personal service or by registered or certified mail, return receipt requested, and shall be deposited in the United States Mail, with postage thereon fully prepaid, and addressed to the party so to be served as follows:


If to "LTSA":

Larry D. Millar, Executive Director
Lassen Transit Service Agency
707 Nevada Street, Suite 4
Susanville, CA 96130

If to "CONTRACTOR":

David Baker
Paratransit Services
4810 Auto Center Way
Bremerton, WA 98312

END OF ATTACHMENT D

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