

**INTERLOCAL AGREEMENT BETWEEN
THE CITY OF LACEY AND INTERCITY TRANSIT FOR
SMART CORRIDORS**

Whereas, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

Whereas, pursuant to RCW 39.34.080, each party is authorized to contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform: provided, that such contract shall be authorized by the governing body of each party to the contract and shall set forth its purposes, powers, rights, objectives and responsibilities of the contracting parties; and

Whereas, Intercity Transit's system of bus service includes routes on the City of Lacey's roadway system and the City of Lacey's Comprehensive Plan encourages public transportation use within the City, and

Whereas, the equipment provided by Intercity Transit under this agreement in support of the Smart Corridors project has been purchased with federal funds and is subject to US Department of Transportation (USDOT) requirements; and

Whereas, Intercity Transit and the City of Lacey agree to adhere to all applicable federal grant funding requirements including continuing control during the lifecycle of equipment purchased with federal funds coordinated through this Interlocal Agreement; and

Whereas, any future work at signalized intersections owned by Thurston County or WSDOT are subject to approval and processes established under a separate agreement between that jurisdiction and Intercity Transit;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City of Lacey (CITY) and Intercity Transit (TRANSIT) agree as follows:

I. Purpose/Objectives

This Interlocal Agreement (“Agreement”) is entered into by and between the City of Lacey (“City”) and Intercity Transit (“Intercity Transit”), collectively referred to as “Parties,” for the purpose of installing and maintaining a cloud-based AI technology using detection cameras at selected intersections within the City of Lacey.

II. Background

Intercity Transit and the City of Lacey previously partnered on the Transit Signal Priority (TSP) initiative to improve transit operations and reliability. Building on that collaboration, the Parties now seek to implement an AI Platform to detect, classify, and predict road users' behavior in real time.

Funding for this project is provided through the U.S. Department of Transportation (USDOT) Strengthening Mobility and Revolutionizing Transportation (SMART) Grant.

III. Scope of Agreement/Work

The project consists of the installation of the AI platform at a maximum of 10 intersections within the City of Lacey. The AI platform will collect multimodal traffic and performance data to support corridor management, safety analytics, and operational improvements.

The Parties may, by mutual written agreement, authorize the installation of additional cameras or intersections to expand project implementation as funding and priorities allow.

Specific locations, roles, and installation responsibilities are detailed in Exhibit A – Scope of Work and Responsibilities.

IV. Payment

Project funding will be provided under the SMART Grant awarded to Intercity Transit. Costs incurred by the City for support services, installation coordination, or permitting will be reimbursed consistent with the grant’s terms and conditions, as set forth in Exhibit A. No local match is required from the City unless otherwise specified in writing. All procurement and financial activities shall comply with federal and local regulations governing the use of SMART Grant funds.

Amount payable for work to be performed under this Agreement **shall not exceed \$40,000 per calendar year**. Should the estimated cost to provide any proposed support service exceed \$40,000, said service is subject to separate review and approvals by TRANSIT and CITY in accordance with agency policies and procedures

V. Federal Grant Requirements and Ownership

TRANSIT will retain ownership of the Components that they purchased. with federal grant funds. Future amendments to this agreement that include transfer of ownership of Components purchased by TRANSIT are subject to all federal requirements, which would

include ownership, access to, continuing use, control, and disposal of Components in compliance with all federal regulations during the lifecycle of the equipment as defined by the USDOT.

VI. Method of Payment

- A. Lacey will invoice TRANSIT on an as needed basis.
- B. Upon completion of the work set forth in the invoice, payment will be made by TRANSIT within thirty (30) calendar days of receipt of an invoice from the CITY.

VII. Indemnification & Insurance

- A. TRANSIT agrees to defend, indemnify and hold the CITY, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including reasonable attorney fees, arising out of or in connection with TRANSIT's performance of the Agreement, except to the extent such injuries and damages are caused by the negligence of the CITY.
- B. The CITY agrees to defend, indemnify and hold TRANSIT, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including reasonable attorney fees, arising out of or in connection with the CITY's performance of this Agreement, except to the extent such injuries and damages are caused by the negligence of TRANSIT.

VIII. Joint Board

This Agreement creates no Joint Board and no separate legal entity.

IX. Duration of Agreement

This Agreement shall be effective until it is terminated in the manner described under the termination section of this Agreement.

X. Termination of Agreement

This Agreement may be terminated upon one hundred eighty (180) days' notice to the other party using the method of notice provided for in this Agreement.

XI. Entire Agreement

This Agreement, including the exhibits and any additions as provided for in Section III herein, sets forth all terms and conditions agreed upon by the CITY and TRANSIT, and supersedes any and all prior agreements oral or otherwise with respect to the subject matter addressed herein.

XII. Recording

Prior to its entry into force, this Agreement shall be filed with the Thurston County Auditor's Office or posted upon the websites or other electronically retrievable public source as required by RCW 39.34.040.

XIII. Employment relationship

Employees of each agency shall remain at all times under the direction and control of their employing agency and the performance of work for any other agency pursuant to this Interlocal Agreement shall not change that relationship for any purpose. Neither agency shall be deemed to have agreed to pay the other agency's employees any wages or benefits afforded to its own employees. Further, each agency's responsibilities to its own employees for work place injuries shall remain unchanged by this Interlocal Agreement.

XIV. Notice and Delegated Authority

Any notice required under this Agreement shall be to the party at the address listed below and shall become effective three days following the date of deposit in the United States Postal Service.

Mailing Address	CITY OF LACEY Attn: Martin Hoppe, Transportation Manger Re: Smart Corridors Agreement with INTERCITY TRANSIT 420 College St SE Lacey, WA 98503-1238	INTERCITY TRANSIT Attn: Peter Stackpole, Development Director Re: Smart Corridors Agreement with CITY OF LACEY P.O. Box 659 Olympia, WA 98507-0659
Telephone Number	(360) 491-5600	(360) 357-1795

XV. Records

Each party shall independently maintain, retain, and manage its own public records, including all data collected, produced, or stored by equipment, systems, or platforms it owns, operates, or controls.

For the avoidance of doubt, any data generated through the AI platform that is collected, transmitted, stored, or otherwise maintained on Intercity Transit-owned equipment or systems shall constitute Intercity Transit's public record. Intercity Transit shall bear sole

responsibility for responding to any public records requests seeking such data, including determining the applicability of exemptions and ensuring compliance with all disclosure requirements under applicable law.

Relating to the subject matter of this Interlocal Agreement, each party is solely responsible for responding to public records requests for records in accordance with RCW 42.56.

XVI. Interpretation and Venue

This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The parties hereby agree that venue for enforcement of this agreement shall be the Superior Court of Thurston County.

XVII. Effective Date

This Agreement shall take effect as of the date of filing or posting as required by RCW 39.34.040.

CITY OF LACEY

Signed by:

Rick Walk

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City Manager

Date: 4/9/2026

Approved as to form:

Signed by:

Dave Schneider

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City of Lacey Attorney

INTERCITY TRANSIT

Signed by:

Emily Bergkamp

3CF25153723D401...

General Manager

Date: 4/9/2026

Approved as to form:

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Debra Myers

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Intercity Transit Attorney

Exhibit A

DETAILED SCOPE OF WORK & RESPONSIBILITIES

1. Project Overview

This project will install an AI platform at a maximum of 10 intersections within the City of Lacey as a pilot project.

The intent of this effort is to support the broader Smart Corridors Program and pilot data-driven strategies that may be expanded in future phases. The Parties may, by mutual written agreement, authorize installation of additional cameras or intersections beyond the initial 10 sites to expand implementation or address new corridor needs.

Sites identified for the pilot project include:

- Martin Way & College St
- Martin Way & Desmond Dr
- Martin Way & Martin Village West Entrance
- 6th Ave SE & Sleater Kinney Rd
- 6th Ave/Abbey Way & College St
- 7th Ave & Sleater Kinney Rd
- Pacific Ave & Sleater Kinney Rd
- Pacific Ave & College St

At the end of the project, if the City of Lacey decides not to pursue the Smart Corridors Program, Intercity Transit will restore these signals back to a condition equal to, or better than the original condition.

2. Roles and Responsibilities

A. Intercity Transit shall:

1. Serve as the lead agency and primary point of contact for the USDOT SMART Grant.
2. Manage all grant-funded procurement, contracting, and reimbursement in accordance with federal, state, and local requirements.
3. Coordinate with the City of Lacey on site selection, design review, and permitting for installation.
4. Provide contractor oversight for camera installation, integration, and testing.
5. Ensure that system configuration aligns with the overall Smart Corridors architecture and performance objectives.
6. Lead project reporting, documentation, and performance evaluation required by USDOT.
7. Facilitate data access for City of Lacey staff.

B. City of Lacey shall:

1. Review and approve proposed installation locations on City rights-of-way and traffic signal infrastructure.
2. Provide necessary permits and coordinate with City staff for scheduling and access.
3. Verify compliance of installation with City standards,
4. Participate in evaluation and review of operational data and performance outcomes.
6. Attend bi-weekly project coordination meetings.
7. Provide any relevant as-built data where available.
8. Review and approve concept design and installation drawings/sketches.
9. Review and provide comment/input on Final Implementation Report

C. Joint Responsibilities:

1. Participate in regular coordination meetings to monitor progress, address technical issues, and review deliverables.
2. Collaboratively identify opportunities for future expansion or technology upgrades.
3. Share project results and lessons learned with regional partners and the Transportation Policy Board (TPB).

3. Deliverables

- Installation and activation of approximately 10 intersections.
- System documentation and as-built records.
- Data-sharing framework and security protocols.
- Final performance summary report to USDOT.

4. Schedule

Project Initiation: Upon USDOT authorization and release of funds.

Installation Period: Anticipated within the official SMART Grant performance window (May 15, 2025 – November 14, 2026).

Closeout: Following completion of all installation, testing, and reporting activities, or as amended by mutual agreement.

6. Funding Source

All work under this Agreement is funded by the U.S. Department of Transportation SMART Grant awarded to Intercity Transit.

7. Cost Responsibilities

A. Intercity Transit shall:

1. Serve as the grant recipient and fiscal agent.

2. Cover all eligible project costs—including equipment procurement, installation, integration, and consultant services—through SMART Grant funds.
3. Manage all reimbursements, invoicing, and financial reporting to USDOT.
4. Provide periodic budget and expenditure summaries to the City of Lacey upon request.

B. City of Lacey shall:

1. Provide staff time for coordination, permitting, and inspection to be reimbursed by Intercity Transit, unless otherwise agreed.
2. Bear the cost of any City-initiated work outside the approved project scope, unless specifically approved as a reimbursable expense under the SMART Grant.

For the purposes of this Agreement, an eligible expense is any cost incurred by the City of Lacey that is necessary and reasonable for performing work described in this Agreement, directly supports implementation of the SMART Grant project, and is allowable under the terms of the U.S. Department of Transportation SMART Grant and 2 CFR Part 200. Eligible expenses must be properly documented with itemized invoices and supporting records that demonstrate the nature, purpose, and timing of the cost, and must be consistent with the approved project scope and budget. Examples include City staff time related to permitting, inspection, and coordination, as well as other costs expressly authorized under the SMART Grant.

8. Reimbursement Procedures

Intercity Transit shall reimburse the City for any eligible costs incurred in support of this project upon receipt of itemized invoices and supporting documentation.

Reimbursement requests shall be submitted no later than sixty (60) days after completion of the work or expenditure.

Payment shall be made within thirty (30) days of receipt and approval of documentation.

9. Accounting and Audit

Both Parties shall maintain detailed financial and programmatic records consistent with 2 CFR Part 200 (Uniform Guidance) and applicable state law. Records shall be retained for a minimum of six (6) years following project closeout and made available for audit or inspection upon request by USDOT or either Party.

10. Amendments

Adjustments to funding allocations, scope, or cost responsibilities shall be made by mutual written amendment to this Exhibit and approved by both Parties' authorized representatives.