

**AGENCY AGREEMENT  
BETWEEN  
THE STATE OF WASHINGTON  
DEPARTMENT OF LICENSING AND  
KITITAS COUNTY AUDITOR**

**THIS AGREEMENT** is made and entered into by and between the Department of Licensing (DOL) and the Kittitas County Auditor (Agent) under the authority of the Revised Code of Washington (RCW) Chapters 46.01 and 88.02 and does not create any relationship other than County Auditor (Agent) or subagent.

**SPECIAL TERMS AND CONDITIONS**

**1.0 PURPOSE OF THIS AGREEMENT**

DOL has the general responsibility for issuance of vehicle and vessel certificates of ownership and registration, vehicle license number plates, and vessel decals, and for the collection of vehicle and vessel licensing fees, excise taxes, and other fees and taxes. The Director of DOL (Director) may appoint county auditors to carry out these duties, under the direction and supervision of the Director. The purpose of this Agreement is to provide for such appointment and the conditions governing the appointment.

**THEREFORE, IT IS MUTUALLY AGREED THAT:**

The Director hereby appoints the County Auditor of Kittitas County as an Agent of DOL for the purpose of licensing and titling vehicles and vessels and collecting vehicle and vessel fees, excise taxes, and other fees and taxes, in addition to the other functions outlined in this Agreement, for the duration of this Agreement.

Kittitas County accepts the appointment as Agent for DOL and shall perform the duties set forth in this Agreement.

**2.0 STATEMENT OF WORK**

The parties shall furnish the necessary personnel, equipment, material, and service(s) and otherwise do all things necessary for or incidental to the performance of the work set forth in the *General Terms and Conditions*, Attachment A and the Statement of Work, Attachment B.

**3.0 PERIOD OF PERFORMANCE**

Regardless of date signed and subject to its other provisions, the start date of this Agreement shall begin on **July 1, 2011**, and be completed on **June 30, 2013**, unless extended or terminated sooner as provided herein. At the discretion of DOL, this Agreement may be renewed twice for periods of no more than two (2) years each, for a total period of performance not to exceed six (6) years, or June 30, 2017. Extension may be accomplished by amendment of this Agreement and signed by both parties.

This Agreement is void upon formal action of the state legislature or failure to provide funding for performance of the duties provided herein.

4.0 **CONTRACT MANAGEMENT & NOTICES**

The Contract Manager, indicated in the Contract Management Table, for each of the parties shall be the contact person for all communications and billings regarding the performance of this Agreement, unless otherwise designated by the Contract Manager. The County Auditor shall serve as or appoint a contract manager.

**CONTRACT MANAGEMENT TABLE**

<b>The Contract Manager for Agent is:</b>	<b>The Contract Manager for DOL is:</b>
Jerald V. Pettit Kittitas County Auditor 205 W. 5 <sup>th</sup> Ave Ellensburg, WA 98926  Phone: 509-962-7557 FAX: 509-962-7687 E-Mail: jerry.pettit@co.kittitas.wa.us	The Vehicle & Vessel Operations Administrator Department of Licensing PO Box 9042 Olympia WA 98507-9042  Phone: 360-902-3718 FAX: 360-570-7834 E-Mail: shadden@dol.wa.gov

If a new County Auditor or Agent is elected or appointed, or an existing County Auditor or Agent resigns or is terminated, the Agent shall give written notification to DOL within 30 calendar days of such change in appointment.

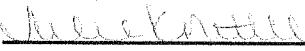
5.0 **ALL WRITINGS CONTAINED HEREIN**

This Agreement, together with Attachments, Exhibits, Guides, E-Guide, Policies and other documents incorporated by reference contains all the terms and conditions, as now written or hereafter amended. This Agreement cancels and supersedes all prior Agreements addressing the relationship of the parties as to the subject matter of this Agreement. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties.

6.0 **IN WITNESS WHEREOF**, the parties that have executed this Agreement, affirm they have the authority to bind their respective parties to the terms and conditions of this Agreement.

State of Washington, Department of  
Licensing

Washington, County of Kittitas


  
Julie Knittle, Assistant Director (date) 4-26-11

  
County Auditor or Agent (date) 4/19/11

**APPROVAL AS TO FORM Required**

Signature on file January 26, 2010  
Susan L. Pierini, (date)  
Assistant Attorney General

**APPROVAL AS TO FORM ONLY**

  
Prosecuting Attorney (date) 4-19-2011

**ATTACHMENT A**  
**GENERAL TERMS AND CONDITIONS**

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**7.0     PAYMENT**

The Agent shall have the authority to reimburse subagent(s) for mailing mandatory replacement license plates, issued under RCW 46.16.233, which were requested by customers completing transactions using the Internet Payment Option (IPO). Agent will provide no more than one reimbursement request to DOL per quarter for reimbursement of county and subagent postage costs.

**8.0     AGENT RETAINED FEES**

The agent shall retain all fees they are entitled to as authorized under RCW Title 46 and 82.

**9.0     RECORDS MAINTENANCE**

The parties shall each maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended by them in the performance of the service(s) described herein. These records shall be subject to inspection, review or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement reflecting direct and indirect costs shall be retained for six (6) years after expiration. The Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

All records, in any medium, furnished by one party to the other shall remain the property of the furnishing party, unless otherwise agreed in writing. The receiving party shall not disclose or make available such records to any other person except as required by law. The records provided shall be used only to accomplish official job functions and shall not be used or disclosed to any other person for the purpose of making any unsolicited business contact, or for a commercial purpose unless specifically authorized or directed by law.

9.1 The term "*unsolicited business contact*" means a contact that is intended to result in, or promote, the sale of any goods or services to a person named in the disclosed information.

9.2 The term "*commercial purposes*" means using or intending to use information for the purpose of facilitating a profit-expecting business activity, except as allowed by law, rule, department policies, or procedures.

**10.0    CONFIDENTIALITY OF INFORMATION**

Agent shall comply with all applicable current or future laws, administrative rules, department policies, or procedures as now or hereafter amended, regulating disclosure, and the right of privacy and confidentiality relating to all information to which Agent has access under this Agreement.

Agent shall not disclose or publish, in any manner, or use for mailing purposes related to other functions provided by the County, any personal individual owner information obtained through DOL records.

DOL reserves the rights to monitor, audit, or investigate the use of personal information collected, used, or acquired by the Agent through this Agreement. Monitoring, auditing, or investigating may include, but is not limited to, salting by DOL. "*Salting*" is the act of introducing data containing unique information that can be used later to identify inappropriate disclosure of data.

Agent shall notify DOL in writing within five (5) working days of becoming aware of any unauthorized access, use, or disclosure of confidential information. Agent agrees to indemnify and hold harmless DOL for any damages related to unauthorized use or disclosure of confidential information by the Agent, its officers, directors, employees, subcontractors, or agents.

Any breach of this clause may result in termination of the Agreement and the demand for return of all confidential information.

11.0 **INDEPENDENT CAPACITY**

The employees or agents of each party engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered to be employees or agents of the other party.

12.0 **AGREEMENT ALTERATIONS AND AMENDMENTS**

This Agreement may be amended by mutual agreement of both parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

13.0 **TERMINATION**

Notice of termination shall be conclusively deemed to have been delivered to, and received by the other party as of midnight of the third (3<sup>rd</sup>) day following the date of its posting in the United States mail, addressed as provided in this Agreement under Section 4.0, *CONTRACT MANAGEMENT & NOTICES*. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

14.0 **TERMINATION FOR CONVENIENCE**

Either party may terminate this Agreement by giving written notice to the other party at least sixty (60) days before the effective date of termination. If this Agreement is so terminated, DOL is liable only for payments required under the terms of this Agreement for services rendered prior to termination.

15.0 **TERMINATION FOR CAUSE**

In the event DOL determines the Agent has failed to comply with the conditions of this Agreement, DOL has the right to suspend or terminate this Agreement. DOL shall notify the Agent in writing of the need to take corrective action. If corrective action is not taken within 30 days, this Agreement may be terminated. DOL reserves the right to suspend all or part of this Agreement, withhold further payments, or prohibit the Agent from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Agent or a decision by DOL to terminate this Agreement. If DOL determines an emergency exists, DOL may immediately terminate this Agreement without prior notice to Agent.

16.0 **DISPUTES**

Except as otherwise provided in this Agreement, when a bona fide dispute arises between the parties and it cannot be resolved through discussion and negotiation, either party may request a Dispute Resolution Board (DRB). A request for a DRB must be in writing and state the disputed issues, the relative positions of the parties, and be sent to all parties. Parties must provide a response within 30 days.

Once a party requests a DRB, each party shall designate a representative. The representatives shall mutually select a third member. The DRB shall evaluate the facts, contract terms, applicable statutes and rules, and make a determination by majority vote. The decision is final and binding on all parties.

17.0 **ORDER OF PRECEDENCE**

The items listed below are incorporated by reference herein. In the event of an inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:

- 17.1 Applicable Federal and Washington State Statutes and Regulations;
- 17.2 Special Terms & Conditions as contained in the basic Agreement;
- 17.3 General Terms & Conditions, Attachment A;
- 17.4 Statement of Work, Attachment B; and all Attachments;
- 17.5 Any other provisions of the Agreement incorporated by reference or otherwise;
- 17.6 Regardless of the medium, including any future revisions of training materials, applicable updates, and instructions provided electronically, sometimes referred to as "mailbox" items.

18.0 **GOVERNING LAW AND VENUE**

RCW Chapter 39.34 Interlocal Cooperation Act and the laws of the State of Washington govern this Agreement. In the event of a lawsuit or other legal action involving this Agreement, the proper venue shall be Thurston County.

19.0 **WAIVER**

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in writing signed by an authorized representative of the party and attached to the original Agreement.

20.0 **SEVERABILITY**

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

**Attachment B**  
**STATEMENT OF WORK**

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**21.0 GENERAL SCOPE OF SERVICES**

**Agent shall:**

- 21.1 Provide all services authorized by DOL for the title and licensing of vehicles and vessels, and other similar services under the direction and supervision of DOL.
- 21.2 Collect all appropriate fees, excise taxes, and other taxes.
- 21.3 With approval of DOL, have the option to establish branch offices or appoint special deputies to perform services.
- 21.4 Have the option to request the appointment by DOL of subagents within the county as provided in RCW 46.01.140, entering into a standard DOL-provided contract with said subagents.
- 21.5 Comply with Vehicles Policy/Procedures (VEH), Vehicle Field System E-guide, other guides, or documents incorporated herein by reference.

**22.0 SERVICE QUALITY**

Service quality includes the standards of work and service to the public as required under VEH.3 and the transaction accuracy levels as provided in this agreement. When service quality levels are to be modified, DOL and Agent agree to make a good faith effort to remedy the deficiencies immediately.

**Agent shall:**

- 22.1 Process all title and licensing functions to achieve a level of one hundred percent (100%) accuracy. If accuracy levels fall below ninety-five percent (95%) based upon the number of transactions within a continuous six (6) month period, and where transactions involve documents, which if missing or processed incorrectly would invalidate a certificate of ownership, this Agreement may be terminated by DOL. In this event that Agent shall be responsible for all of DOL's costs due to Agent's errors. "Accuracy level" relates to transactions, as set forth in Vehicles Policies and Procedures.
- 22.2 Monitor the performance of and require its employees, special deputies, and subagents to perform at the same level and quality of service as provided in this Agreement.
- 22.3 Permit the monitoring by DOL of Agent, Agent's branch offices, special deputies, and subagents to determine the service quality of each entity. Monitoring may consist of, but is not limited to, evaluation of comments from the public, periodic reports, observed practices of the entity, compliance with Vehicle Policies/Procedures, and compliance audits as provided in VEH.3.

**23.0 REVENUE ACCOUNTABILITY**

**Agent shall:**

- 23.1 Collect and account for vehicle and vessel title and licensing fees, taxes, and other fees, as provided in VEH.7 and VEH.10.
- 23.2 Endorse each negotiable instrument received in payment of services performed pursuant to this Agreement, with a statement "for deposit only" or for "deposit to account of" or similar restrictive wording, immediately upon receipt of such payment.
- 23.3 In the event of theft, burglary, or destruction of revenue collected by Agent or Agent's subagent, contact immediately all persons who issued a negotiable instrument, which was stolen or destroyed, and request replacement payment in the amount previously rendered.

- 23.4 All costs related to the recovery of the amount stolen or destroyed are the responsibility of Agent.
- 23.5 Make restitution to DOL in accordance with VEH.12 in the event of theft, burglary, destruction of revenue collected by Agent or Agent's subagent, or for any other reason Agent or Agent's subagent has insufficient funds to process the daily Automated Clearinghouse Tape (ACH) withdrawal.

24.0 **INSURANCE OR BOND**

Agent shall procure, maintain and provide evidence of a separate policy of insurance or bond to indemnify DOL against all loss, damage, or destruction of the state's inventory (including supplies), equipment, and collected motor vehicle and vessel revenue. The minimum amount of insurance coverage or bond shall be calculated using the method provided in VEH.3 and on supply reorder levels provided in VEH.11.

DOL certifies it is self-insured under the State's self-insurance liability program, as provided by RCW 4.92.130, and shall pay for losses for which it is found liable. Agent certifies that it is self-insured, is a member of a risk pool, or maintains insurance. Agent shall pay for losses for which it is found liable.

25.0 **INDEMNIFICATION**

Each party shall be responsible for the actions and inactions of itself and its own officers, and employees acting within the scope of their authority.

26.0 **EDUCATION AND TRAINING**

DOL and Agent shall share the responsibilities for education and training of Agent and subagent personnel in all authorized functions relating to the title and licensing of vehicles and vessels, and other similar services as assigned.

**Agent shall:**

- 26.1 Ensure all Agent and subagent licensing personnel, new and existing, assigned to title and licensing activities receive adequate education and training to enable the person to complete title and license functions, properly disburse the inventory and documents, and operate the equipment provided.
- 26.2 Conduct periodic education and training classes to improve the performance and accuracy of Agent and subagents licensing personnel.
- 26.3 Ensure the attendance of Agent and subagents licensing personnel at training classes as required.

**DOL shall:**

- 26.4 Develop and provide the following resources to assist Agent in conducting education and training of licensing personnel:
- Electronic mailboxes.
  - Training aids and guides.
  - Vehicle Policies/Procedures.
  - E-Guide.
- 26.5 Provide continuing education and training to Agent and subagents licensing personnel regarding new and amended laws, rules, policies, and procedures.
- 26.6 Maintain a field support unit to assist Agent and subagents during normal DOL business hours, provide assistance processing title and licensing documents, and resolve equipment problems.

27.0 **SUPPLIES, INVENTORY, AND EQUIPMENT**

**Agent shall:**

- 27.1 Inventory and control supplies, as provided in VEH.11.
- 27.2 Be responsible to secure and protect all supplies, inventory, and equipment furnished by the DOL, from damage, destruction, and theft. Agent accepts the risk of and responsibility for, loss or damages while supplies, inventory, and equipment is in the care and custody of the Agent or its representatives.
  - 27.2.1 Agent is prohibited from removing any state tags or other identifying labels from equipment, and shall not remove equipment from the premises where it is installed.
  - 27.2.2 Agent shall reimburse DOL for all costs incurred for relocation or disconnection of equipment. Costs shall include, but may not be limited to: relocation or installation of communication lines, additional parts and equipment, and direct and indirect labor and travel expenses as provided in RCW chapter 43.03, and subject to the receipt of an itemized invoice of all costs. Agent shall remit payment in full to DOL within thirty (30) days.
  - 27.2.3 Agent must provide necessary electrical power outlets, telephone lines, and access terminals required by DOL to facilitate the installation or relocation of equipment as described in VEH.16.
  - 27.2.4 Agent shall not connect any additional equipment to the communications line, modify, add or remove parts from equipment, or add any software packages to the hard drive without the prior written consent of DOL.
  - 27.2.5 Agent shall obtain the approval of DOL prior to making necessary employee accommodation modifications to equipment or software. Any accommodation modifications determined to be necessary shall remain the financial responsibility of the Agent.

**DOL shall:**

- 27.3 Be responsible for providing supplies, inventory, and equipment necessary to perform the duties set forth in this Agreement and to perform equipment maintenance on the equipment provided. Terms used in this section are provided under VEH.1.
  - 27.3.1 Supplies, inventory, and equipment furnished by DOL shall be used solely for the performance of this Agreement.
  - 27.3.2 All supplies, inventory, and equipment furnished by DOL under this Agreement shall remain the property of DOL. DOL shall retain full title and all rights associated with ownership.
  - 27.3.3 The supplies, inventory, and equipment provided by DOL shall not become fixtures; nor shall the Agent encumber or permit an encumbrance upon the State's title to the supplies, or the supplies themselves, in any manner.

28.0 **MAINTENANCE OF EQUIPMENT**

**Agent shall:**

- 28.1 Ensure no food or beverages are stored or consumed at or near any workstation in order to preclude accidental damage to workstation computer equipment.
  - 28.1.1 Notify DOL immediately of any malfunction of the equipment or of communications line problems by contacting the DOL field support unit. Agent shall provide full, free, and safe access to the equipment and communications lines to DOL representatives, and other persons authorized by DOL as necessary to perform maintenance, between the hours of 8:00 a.m. and 5:00 p.m., and on any weekday that is not a state holiday or mandated temporary layoff day.



- 28.1.2 Reimburse DOL for any and all costs incurred for the repair, replacement, and maintenance of the equipment, but only when the repair, replacement, or maintenance is required due to the failure of Agent to provide basic care of the equipment or when the equipment is damaged or otherwise malfunctions through misuse, fault, or neglect of Agent.

DOL shall:

- 28.2 Provide all maintenance, repair, and replacement for DOL equipment unless the repair, replacement, or maintenance is due to the failure of the Agent as stated in 28.1.
  - 28.2.1 Determine the amount and extent of repair or maintenance required for the replacement of DOL equipment.
  - 28.2.2 Determine the need for maintenance or engineering support, or the appropriate solution to any malfunction of the equipment or communication line.
  - 28.2.3 Provide maintenance services within eight (8) hours, or the next business day following notification to DOL by Agent of a malfunction of the equipment, and will be within contracted service level.
  - 28.2.4 Not be responsible to the Agent for any down time during the normal operating hours of the communications line.

29.0 **SITE PREPARATION**

Agent shall:

- 29.1 Provide all office furniture and make any and all modifications to the site where equipment is installed.
- 29.2 Provide for DOL's approval, a site floor plan setting forth the positioning of the furniture, electrical service, customer service areas, and any other requirements requested by DOL, and provide up to eight (8) weeks from receipt of the floor plan for DOL to order and install new data lines.
- 29.3 Be responsible for all site remodeling, procurement of furniture required to accommodate equipment, and obtaining the necessary approvals of building owners and local building code authorities.
- 29.4 Meet all other requirements as provided for under VEh.16.

30.0 **AUDIT**

DOL or a designee of DOL may conduct audits and inspections during normal business hours of Agent's licensing transactions, revenue collections and deposits, records, inventory, equipment, and performance, all of which pertain to the vehicle and vessel title and licensing activities of this Agreement. DOL will prepare an audit report, and Agent will take immediate action to address all discrepancies, as provided in VEh 3.

Agent or Agent's designee may conduct audits and inspections during normal business hours of subagent's licensing transactions, revenue collections and deposits, records, inventory, equipment, and performance, all of which pertain to the vehicle and vessel title and licensing activities of this Agreement. Agent will prepare an audit report, and subagent will take immediate action to address all discrepancies, as provided in VEh 3.

31.0 **APPOINTMENT AND TERMINATION OF SUBAGENTS**

Agent shall follow the subagent appointment and termination process as outlined in RCW 46.01.140, the standard contract between the county and subagent, and VEh.8 respectively.

32.0 **EXPENSES, BILLING PROCEDURES, AND PAYMENTS**

Pursuant to RCW 46.01.140:

32.1 Agents may seek allowable cost reimbursement if allowable expenditures for performing the services under this Agreement exceed the total revenue retained by the Agent for providing those services. Payment to the Agent shall be made only from, and shall be subject to, funds available in the Licensing Services Account in the Motor Vehicle Fund.

32.2 Only the following costs shall be considered allowable expenses, and only when such costs are directly associated with the vehicle or vessel title and licensing activities performed under this Agreement.

32.2.1 Salaries, payroll taxes, and employee benefits paid to Agent's employees directly assigned to licensing and titling activities under this Agreement and may include up to twenty-five percent (25%) of the Agent's salary.

32.2.2 Telephone service charges directly related to this Agreement.

32.2.3 Premium for insurance and bonding expressly required by this Agreement.

32.2.4 Postage and other purchased office supplies necessary to the performance of this Agreement.

32.2.5 Auxiliary equipment purchased by the Agent, with advance approval of DOL, which enhances Agent performance of this Agreement.

32.2.6 Direct expenditures shall not include any direct costs incurred which are not related to vehicle and vessel licensing and titling activities under this Agreement.