INTERAGENCY AGREEMENT
BETWEEN
THE WASHINGTON STATE
OFFICE OF FINANCIAL MANAGEMENT
AND
THE WASHINGTON STATE
DEPARTMENT OF TRANSPORTATION

PARTIES TO THE AGREEMENT

This Interagency Agreement is made and entered into by and between the Office of Financial Management, hereinafter referred to as "OFM", and the Department of Transportation, hereinafter referred to as "DOT", pursuant to the authority granted by Chapter 39.34 RCW.

PURPOSE

The purpose of this Agreement is to provide partial funding to OFM to update the Washington State Input-Output Model.

PERIOD OF PERFORMANCE

This Agreement shall become effective on May 1, 2007, or date of execution, whichever is later, and will expire on December 31, 2007, unless terminated sooner or extended as provided herein.

STATEMENT OF WORK and DELIVERABLES

The Washington State Input-Output (I-O) Model, last updated in 2002, is the main tool available to state and regional economists for conducting "economic impact analysis." The I-O Model has been used to estimate the impact of a wide variety of events, activities, and policy changes on the state economy and areas of the state. Among its many applications, the I-O Model has been used to estimate the economic and job impacts of:

- Tax and other policy changes
- Droughts and other significant climatic changes
- Changes in the availability or the price of energy sources
- Proposed public facilities projects, such as sports stadiums, arenas, and convention centers
- Public spending on transportation and other capital projects and infrastructure
- New economic investments, such as plant re-locations
- Job losses or gains in industry sectors, such as aerospace, software, and many others.

The I-O model has been updated four times since the 1960s. The survey of 5,000 large businesses would be the first extensive survey based update in over 20 years.

The Office of Financial Management agrees to manage and coordinate all work leading to the update of the state I-O model. OFM will sub contract with the Department of Employment Security for the survey portion of the project and with another contractor for technical work in construction of the I-O tables. Specific deliverables provided by OFM, or under OFM direction, include:

Survey of more than 5000 firms and compilation of results

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Analysis of results
Construction of the I-O table
Construction of the I-O Impact analysis spreadsheet model
Documentation for the study and tables
Provison of the model and all back-up material to participating agencies
Ongoing technical assistance to participating agencies in use of the model

COMPENSATION

DOT shall pay OFM an amount not to exceed twenty-five thousand dollars ($25,000.00) for the performance of all things necessary for, or incidental to, the work as set forth in the Statement of Work of this Agreement.

OFM shall submit two requests for payment under this Agreement. One request for payment shall be made in the amount of $10,000 prior to June 30, 2007, and one request for payment shall be made in the amount of $15,000 after July 1, 2007. Upon receipt and approval of the properly executed invoices, DOT will remit payment to OFM in a total amount not to exceed the value of this Agreement.

The invoice shall be forwarded to the attention of Eric Meale, at mailstop 47400.

MANAGEMENT

The Program Manager for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this contract.

> The Program Manager for OFM is Jim Schmidt, (360) 902-0595, mailstop 43113, jim.schmidt@ofm.wa.gov
>
> The Program Manager for DOT is Eric Meale, (360) 705-7942, mailstop 47400, mealee@wsdot.wa.gov .

DISPUTES

Disputes arising under this Agreement shall be resolved by a panel consisting of one representative from OFM, one representative from DOT, and a mutually agreed upon third party. The dispute panel shall thereafter decide the dispute with the majority prevailing.

TERMINATION

Either party may terminate this Agreement upon thirty (30) days written notice to the other party. In the event of termination of this Agreement, the terminating party 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.

AGREEMENT CHANGES, MODIFICATIONS AND AMENDMENTS

This Agreement may be changed, modified, or amended by written agreement executed by both parties.

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EXECUTION

We, the undersigned, agree to the terms of the foregoing Agreement.

DEPARTMENT OF TRANSPORTATION

Amy L Arnis

Amy Arnis, Deputy Director

5-14-07

Date

OFFICE OF FINANCIAL MANAGEMENT

Susan E. Johnsen

Susan E. Johnsen, Contract Services Manager

5/7/07

Date

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