

**INTERLOCAL AGREEMENT**  
**BETWEEN**  
**MOUNT VERNON SCHOOL DISTRICT (“District”)**  
**AND**  
**PUBLIC UTILITY DISTRICT NO.1 OF SKAGIT COUNTY (“Skagit PUD”)**  
**FOR**  
**PROVISIONS**  
**ASSOCIATED WITH MOUNT VERNON HIGH SCHOOL HYDROELECTRIC**  
**ENERGY RECOVERY PROJECT**

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**THIS INTERLOCAL AGREEMENT (the “Agreement”)** is made this 28<sup>th</sup> day of May, 2024, between Mount Vernon School District, a political subdivision of the State of Washington (hereinafter “District”), and Public Utility District No.1 of Skagit County, a Washington municipal corporation (hereinafter “Skagit PUD”). Skagit PUD and District are jointly referred to herein as (the “Parties”) and individually as (“Party”).

**WHEREAS**, the Skagit PUD’s core values include Environmental Stewardship – *“We act to preserve our region’s natural resources”*; and

**WHEREAS**, Skagit PUD and the District are both public government entities; and

**WHEREAS**, it is in the public interest for the Parties to work in a cooperative manner; and

**WHEREAS**, Skagit PUD is authorized to engage in the provision of supplying, operating, and maintaining water distributions systems; and

**WHEREAS**, Skagit PUD owns and operates mechanical pressure reducing valves at its properties P26762, P26768, P26801, P26804, P26767 and more commonly known as 9<sup>th</sup> and Highland to lower the pressure from hydraulic grade line (HGL) 459 to 219; and

**WHEREAS**, Skagit PUD plan to replace the existing mechanical pressure reducing valve with an InPipe energy recovery system, which is able to reduce the pressure in the waterline and provide the same utility as a mechanical PRV while generating electricity; and

**WHEREAS**, the Skagit PUD electrical services at the point of generation only consume a fraction of the electricity generated; and

**WHEREAS**, any additional electricity generated on site and not consumed is waste; and

**WHEREAS**, the energy recovered at the Skagit PUD water system site is adjacent to the Mount Vernon High School where the electrical demand will exceed the amount of electricity generated; and

**WHEREAS**, Puget Sound Energy identifies customers of meters and not owners of the property the meters serve; and

**WHEREAS**, Transferring the existing meter ownership from Skagit PUD to the District is agreeable to Puget Sound Energy; and

**WHEREAS**, The energy otherwise wasted at the 9th and Highland Site meter can be used to offset consumption on an existing meter on the adjacent school campus; and

**WHEREAS**, Since the District is the customer for two meters on adjacent properties, both meters, can aggregate the net metering benefit; and

**WHEREAS**, The Skagit PUD will operate the InPipe energy recovery unit and the excess power will be sent through the meters located at and serving Skagit PUD facilities at 9<sup>th</sup> and Highland to PSE for the benefit of the District; and

**WHEREAS**, The District would be responsible for payment (credit) of Skagit PUD's net consumption through the meter serving Skagit PUD's facilities at 9<sup>th</sup> and Highland and electrical vehicle charging stations available for use by the District, District staff, or District students as authorized by District; and

**WHEREAS**, Having the meter located at the 9th and Highland site under the District's ownership reduces construction costs for routing power from the InPipe energy recovery unit to the school; and

**WHEREAS**, the Skagit PUD has secured full funding for the Mount Vernon High School Energy Recovery Demonstration Project, as further defined in Section 1 herein, from state and federal sources that is separate from any rates collected by the Skagit PUD; and

**WHEREAS**, Skagit PUD and the District desire to enter into this Agreement under the terms and conditions of Chapter 39.34 RCW (entitled the Interlocal Cooperation Act);

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, Skagit PUD and District agree as follows:

## **1.0 PURPOSE.**

The above recitals are incorporated herein by reference. The purpose of this Agreement is to establish a relationship between the Parties where they can combine, share, and use their respective skills and assets, thereby efficiently consuming waste energy harvested by the InPipe energy recovery unit within the Skagit PUD water distribution system, all as described more fully in the Whereas clauses. The Inpipe energy recovery system is located at the Skagit PUD's 9<sup>th</sup> and Highland Tank site adjacent to the Mount Vernon School High School and is referred to as the "Project". The cooperative efforts enabled by this Agreement are intended to promote new technologies, recover energy that is otherwise wasted and to reduce the operating cost of electric system operations for the District. The activities enabled by the provisions of this Agreement are in the public interest.

## **2.0 DECISIONS.**

Other than termination of this Agreement according to Section 5.0, all decisions under this Agreement related to the Project and that are not otherwise expressly addressed herein shall be by consensus of the Parties, subject to the financial, technical, and legal perspectives of both Parties. In the event that the Parties are unable to agree upon a means of undertaking any proposed action not otherwise expressly

addressed herein, then either Party shall have the unilateral right to reject such means, without contributing additional time or other resources to the further negotiation thereof. Failure to agree on such decisions shall not be subject to the arbitration provisions in Section 10.7.

### **3.0 GENERAL SCOPE OF PROJECT.**

Skagit PUD will be the lead on the project managing design, construction, and obtaining all funding for the Project separate from rates, levies, or city taxes. The District's part may include, but not be limited to, the following: From time to time during the term of this Agreement, the District may provide qualified staff to Skagit PUD for assistance with matters related to the school's electric power supply management and the transmission, distribution, and/or use of such power procured.

*Engineering Services:* Electric system design, plans review, equipment specifications, and operations for the Mount Vernon High School Energy Recovery Demonstration Project will be provided by Skagit PUD and compensated by grants secured by Skagit PUD.

*Construction Management Services:* Preparation of bid documents and contractor selection; supervision of contractors, sub-contractors, etc. for the Project will be provided by Skagit PUD.

*Operation & Maintenance Services:*

- Operation and maintenance of the micro-hydroelectric unit will be provided by the Skagit PUD. The Skagit PUD is under no obligation to guarantee efficient operation of the energy recovery unit as expected but will work diligently to ensure it is operating at its full potential and will be responsive to District requests related to necessary operation and maintenance.
- As many as two electric vehicle charging stations will be placed on Skagit PUD property with direct access from the Mount Vernon High School parking lot for use by authorized District employees, staff, and students. Ownership and management of the system and its access program will be vested in the Skagit PUD. Electrical consumption will be against any net metering.

*Power & Transmission Contracts:* The District will be the customer of Puget Sound Energy and will be receiving the net metering benefit for the recovered power. The District will be responsible for maintaining an account with Puget Sound Energy for the meters located at the 9<sup>th</sup> and Highland tank site. Skagit PUD will assist the District in applying for the net metering account associated with the 9<sup>th</sup> and Highland meters.

*Miscellaneous Services:* Other services related to the purposes of this Agreement, as agreed to by the Parties.

As the need arises, either Party may propose tasks to be accomplished relative to the overall purposes for which this Agreement has been executed.

### **4.0 COMPENSATION FOR SERVICES.**

Design and construction of the project is funded by third parties through grants secured by Skagit PUD. Skagit PUD will ensure full funding of the Project. Reimbursement between parties for the design and construction is not anticipated.

Skagit PUD will not be invoiced for its electrical consumption used at its property at 9<sup>th</sup> and Highland, Mount Vernon, WA, and the District will receive the balance of the power that would otherwise be wasted by Skagit PUD. This will be achieved by having the District take responsibility for the Skagit PUD meters at 9<sup>th</sup> and Highland. This arrangement meets current net metering rules that allow for only one net meter on the site where electricity is generated back into the electrical grid and allows the community a beneficial use of the electricity that would otherwise be wasted.

Any significant maintenance cost required to keep the ERU or electrical vehicle charging stations operational may be invoiced to the District, including costs to maintain or upgrade electrical vehicle charging station software and hardware. Significant costs are those efforts requiring more than \$1,000 in parts, or more than \$2,000 in contracted services annually. Skagit PUD will not undertake any such repairs for which invoicing the District is required unless authorized by District, or they address an urgent safety or vulnerability.

## **5.0 TERM.**

This Agreement shall commence as of the date of this Agreement (i.e. the 28th day of May, 2024), and shall continue until the 1st day of the month of January, year, 2044, unless either Party terminates this Agreement by providing written notice to the other Party, not less than one hundred eighty (180) days prior to the date such party desires the termination or modification to the Agreement to become effective. Either Party may require that the terms and conditions of this Agreement be re-negotiated by providing written notice to the other Party, not less than sixty (60) days prior to the date such party desires the modification to the Agreement to become effective. A notice of re-negotiation shall not be a notice of termination. However, nothing prevents either Party from delivering both a notice of re-negotiation and a notice of termination.

If the Agreement is terminated in accordance with the provisions of this section 5, then the Parties agree to negotiate in good faith to unwind the obligations entered into under this Agreement. If the Parties cannot agree to a resolution of the obligations entered into within ninety days of the termination date of this Agreement, then the Parties agree to submit to binding arbitration, as set forth in Section 10.7 below.

## **6.0 CONTACT PERSONS.**

The following persons, referred to as Contact Person(s), are responsible for the administration of this Agreement for each Party and have the authority to execute Task Orders on behalf of their Party under this Agreement:

For Mount Vernon School District :	Attn: Superintendent
For Skagit PUD:	George Sidhu, General Manager

or such other persons as may be specified from time to time in writing by either Party.

## **7.0 RELATIONSHIPS OF THE PARTIES.**

7.1 The Parties agree that they are each an independent contractor operating pursuant to the terms and conditions of this Agreement. No agent, employee, or representative of a Party shall be deemed to be an employee of any other Party for any purpose. Each Party shall be solely and entirely responsible as an independent contractor for the acts of its beneficiaries, agents, and employees, pursuant to the terms of this Agreement.

## 7.2 Release by Skagit PUD

To the extent permitted by law, Skagit PUD hereby releases District, its successors and assigns, directors, officers, employees, agents, and representatives of District (each a “District Beneficiary”) from any and all claims, losses, injuries, harm, liabilities, damages, costs, charges and expenses including all reasonable and necessary attorney’s fees incurred in connection with Skagit PUD and it’s employees’ performance under this Agreement.

## 7.3 Release by Mount Vernon School District of Skagit

To the extent permitted by law, Mount Vernon School District hereby releases Skagit PUD, its successors and assigns, Commissioners, officers, employees, agents, and representatives of Skagit PUD (each a “Skagit PUD Beneficiary”) from any and all claims, losses, injuries, harm, liabilities, damages, costs, charges and expenses including all reasonable and necessary attorney’s fees incurred in connection with District and its’ employees’ performance under this Agreement.

## 8.0 INDEMNIFICATION.

Each Party, as an indemnitor, agrees to protect, defend, hold harmless, and indemnify each other Party from and against all claims, suits, and actions arising from the intentional or negligent acts or omissions of such indemnitor, its agents, or employees in the performance of this Agreement.

## 9.0 EXTENT OF AGREEMENT AND MODIFICATIONS.

This Agreement, together with any exhibits and addendums, as may be added upon approval of the Parties, contains all of the terms and conditions agreed upon by the Parties. The Parties agree that there are no understandings, oral or otherwise, modifying or adding to this Agreement. No amendments, changes, or modification of this Agreement shall be valid or binding upon either Party unless such amendment, change, or modification be in writing and executed by both Parties.

## 10.0 MISCELLANEOUS PROVISIONS.

10.1 *No waiver.* The failure of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any right under this Agreement shall not be construed as a waiver or relinquishment to any extent of such Party’s right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect.

10.2 *Applicable Law.* This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Washington, except to the extent such laws may be preempted by the laws of the United States of America.

10.3 *Venue.* The venue of any litigation arising out of this Agreement shall be in Skagit County, State of Washington, or such other place as both Parties may agree to in writing.


- 10.4 *Standards.* The Parties and the Parties' employees and agents will adhere to applicable professional and ethical standards and will perform all work in a manner consistent with generally accepted skill and care and prudent utility practice for the type of work undertaken.
- 10.5 *Neutral Authorship.* Each of the provisions of this Agreement has been reviewed and negotiated, and represents the combined work product of the Parties. No presumption or other rules of construction, which would interpret the provisions of this Agreement in favor of or against the party preparing the same, shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement
- 10.6 *Entire Agreement.* This Agreement sets forth the entire Agreement and supersedes any and all prior Agreements of the Parties with respect to the subject matters hereof.
- 10.7 *Arbitration.* The Parties mutually agree to work cooperatively to timely resolve any dispute that may arise between the Parties concerning this Agreement. However, if the Parties cannot mutually settle a dispute, the dispute or claim shall be submitted to binding arbitration. The Parties agree that arbitration shall be governed by the rules and procedures outlined in RCW 7.04 *et.seq.* and that the Parties will jointly stipulate to an arbitrator. In the event that the Parties are unable to agree to an arbitrator, the Parties agree that the Presiding Judge of Skagit County Superior Court may appoint the arbitrator. The prevailing Party as determined by the arbitrator shall be entitled to reasonable attorneys' fees and costs.
- 10.8 *Governing Law and Venue.* The Parties agree that any dispute shall be governed by the laws of the State of Washington, and any proceeding in law or in equity shall be brought in Skagit County.
- 10.9 *Notices.* All notices, demands, requests, consents, and approvals which may, or are required to be given to any party or any other party hereunder, shall be in writing and shall be deemed to have been duly given if delivered personally, sent by facsimile, sent by a nationally recognized overnight delivery service, or if deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage paid to:

Mount Vernon School District  
Attention: Superintendent  
124 E. Lawrence Street  
Mount Vernon, WA 98273


Public Utility District No.1 of Skagit Co  
Attention: General Manager  
1415 Freeway Drive  
Mount Vernon, WA 98273

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives all as of the day and year first above written.

**MOUNT VERNON SCHOOL DISTRICT**

  
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Ismael Vivanco, Superintendent

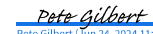
Approved as to Form:

  
\_\_\_\_\_  
Denise Stiffarm, District Attorney

**PUBLIC UTILITY DISTRICT NO.1 OF SKAGIT COUNTY**

  
\_\_\_\_\_  
George Sidhu, General Manager

Approved as to Form:

  
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Pete Gilbert, Skagit PUD Attorney