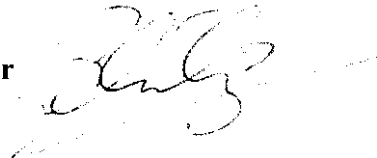


**JEFFERSON COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA REQUEST**

**TO:** Board of Commissioners

**FROM:** Philip Morley, County Administrator 

**DATE:** June 21, 2010

**RE:** 2<sup>nd</sup> Revised Interlocal Agreement for Resource Conservation Management Services

---

**STATEMENT OF ISSUE:**

Staff presents for Board of County Commissioner (BoCC) consideration and approval a 2<sup>nd</sup> revised Interlocal Agreement (ILA) for Resource Conservation Management Services. This ILA is with the City of Port Townsend, Port Townsend School District, Chimacum School District, and Fort Worden State Park. It replaces the first revised ILA authorized by the BoCC on March 15, 2010. This latest revision replaces Jefferson HealthCare with Fort Worden State Park.

**ANALYSIS:**

The BoCC first approved an Interlocal Agreement for a shared Resource Conservation Manager on February 22, 2010 for six participating public agencies. When one of the partners withdrew, a new ILA for the remaining five was authorized by the BoCC on March 15, 2010.

The new revised ILA proposed herein replaces Jefferson HealthCare with Fort Worden State Park. The program is expected to achieve net budget savings for each participating jurisdiction by reducing utility expenditures.

The ILA enables us to receive Shared Resource Conservation Manager grants from Washington State University's Energy Office, and Puget Sound Energy. The 2-year WSU grant and the 3-year PSE grant would subsidize the cost of a Resource Conservation Manager (RCM) that would be shared between the city, two school districts, Fort Worden, and the county.

The ILA has a term of three years, and would only become effective upon execution by all parties and award of both the grants. If the program is successful, the participating agencies may consider renewing the ILA to continue the program and the utility savings beyond the initial three years.

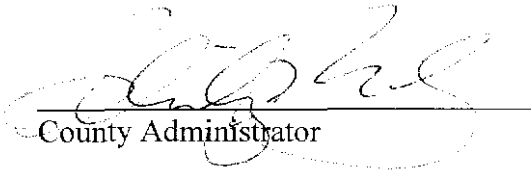
**FISCAL IMPACT:**

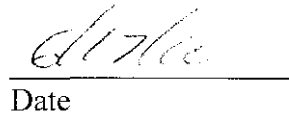
If we achieve the minimum energy saving goals of PSE and WSU, the County have cumulative 3-year net savings after costs of \$15,630. However, historically, the average achievement of other jurisdictions exceed these grant minimums. With typical conservation achievement, Jefferson County would actually expect to realize net 3-year savings of approximately \$45,000.

**RECOMMENDATION:**

Staff recommends that the Board pass a motion to authorize the Chair to sign the proposed revised Interlocal Agreement for Resource Conservation Management Services with the City of Port Townsend, Port Townsend School District, Chimacum School District, and Fort Worden State Park.

**REVIEWED BY:**

  
\_\_\_\_\_  
County Administrator

  
\_\_\_\_\_  
Date

**INTERLOCAL AGREEMENT BETWEEN *JEFFERSON COUNTY*; the *CITY OF PORT TOWNSEND*; the *PORT TOWNSEND SCHOOL DISTRICT*; the *CHIMACUM SCHOOL DISTRICT*; AND *FORT WORDEN STATE PARK*  
FOR  
RESOURCE CONSERVATION MANAGEMENT SERVICES**

This Intergovernmental Agreement is made and entered into this 14<sup>th</sup> day of June 2010, by and between *Jefferson County* Washington, a municipal corporation (hereinafter referred to as “*Jefferson County*”), the *City of Port Townsend*, Washington, a municipal corporation (hereinafter referred to as “*the City*”), the *Port Townsend School District*, Washington, a school district (hereinafter referred to as “*PTSD*”), the *Chimacum School District*, Washington, a school district (hereinafter referred to as “*CSD*”) and *Fort Worden State Park*, a state agency, (hereinafter referred to as “*the Fort*”) (hereinafter collectively referred to as “the Parties”).

**WHEREAS**, the Parties are forming a partnership for resource conservation management services in order to materially reduce operating costs through resource conservation; and

**WHEREAS**, the Parties are forming a partnership for resource conservation management services in connection with the award of a 2-year Resource Conservation Management Grant from the Washington State Department of Commerce; and

**WHEREAS**, the Parties may elect to participate in a Resource Conservation Manager services agreement with Puget Sound Energy (PSE), as set forth and under the terms and conditions of an Energy Conservation Grant for Resource Conservation Manager Services ; and

**WHEREAS**, Washington State University Extension Energy Program (WSU) will provide program and technical support to assist with the shared resource conservation manager program; and

**WHEREAS**, Jefferson County is willing to be the lead partner for administrative oversight of the grant program on behalf of the partnership formed by the six aforementioned agencies; and

**WHEREAS**, this interlocal agreement is entered into for the mutual benefit of the parties and is specifically authorized by the Interlocal Cooperation Act set forth in Chapter 39.34 of the Revised Code of Washington; now therefore,

For and in consideration of the services to be rendered, resources to be shared, and the payments to be made, the parties hereby recite, covenant and agree as follows:

1. **Resource Conservation Manager Position & Work Plan.** If the Grants are received, a Resource Conservation Manager (RCM) will be contracted or hired as a full-time equivalent (FTE) to provide RCM services to the Parties. Prior to advertising for an RCM, the Parties shall meet to prepare a Work Plan for the RCM.

RCM program services will meet the requirements for the grants and will minimally cover additional requirements and details set forth in *Attachment A: Program Requirements and Statement of Work*. At the minimum, the Work Plan shall address, and the RCM is expected to implement, the following:

- Energy Accounting (utilizing software provided under the Grant)
  - Basic utility efficiency and resource management action plan for facilities
  - Review of resource use and potential actions
  - Implementation of low-cost/no-cost measures and activities, and measurement of results
  - Assisting the Parties in securing additional grant funding and assisting in finding rebate programs that support relevant energy efficiency projects.
  - Participating in technical and software training
  - Reporting of results to all Parties' administrations
  - Reporting of results and successes to Commerce, the WSU Extension Energy Program, and to Puget Sound Energy, as appropriate
2. **Selection of RCM.** Jefferson County will take the lead in contracting with or hiring the individual or firm selected to do the work on behalf of the Parties. Jefferson County will assemble and advertise an employee recruitment or Request for Proposals, with the assistance of WSU and the Parties. The Parties shall have the option to attend interviews conducted to evaluate candidate contractors or individuals, and provide opinions to Jefferson County as to the most qualified candidate or contractor.
3. **Compensation.** Jefferson County will make payments due to the contractor under their RCM contract, or shall pay the FTE's salary if an employee is hired, and shall prepare annual billing statements for distribution to the Parties.

The County shall work with the other Parties to prepare an annual RCM Program budget. The City, PTSD, CSD, and the Fort shall be billed and shall pay Jefferson County for their share of the annual budgeted expenditures in excess to the Grant funds in proportion to their utility costs, at the percentages shown in *Attachment B*. The County will send the invoice at the beginning of each year.

Since this is a community effort, if the grant revenues are reduced, the county will invoice the Parties for the reduced funding proportional to their participation.

In no event shall a Party's proportion of contributions exceed the percentage shown on the attached RCM Funding Calculator, unless due to time the RCM spent focusing on the Party's needs in excess of that Party's proportion of costs.

4. **Allocation of RCM time.** In year one, the RCM shall allocate his or her time according to the amount each Party expends on utilities from all sources (water, sewer, electricity, oil, and natural gas, etc. as identified in the Statement of Work) in 2009 in relation to the other Parties, in the percentages shown in *Attachment B*. For example, if Jefferson County expends 26% of the sum total of utility expenses of the six Parties combined, the RCM will spend 26% of his/her time performing RCM services on behalf of Jefferson County consistent with the duties outlined in the RCM contract. Thereafter, the allocation shall be recalculated annually during the budget process based on the previous full year of each Party's utility expenditures. The RCM shall document time spent with appropriate *time records*.
5. **Status and Workspace.** The Parties specifically agree that the RCM will provide professional services for the proportional benefit of all partners. Workspace, to include a desk, chair, and access to standard office equipment and computer connections, shall be made available and provided by Jefferson County, if and as necessary.

6. **Additional Responsibilities of All Parties.** As the lead Party, Jefferson County shall have the following additional responsibilities:
- Represent all Parties in communication with the Washington State Department of Commerce (Commerce), Washington State University Extension Energy Program (WSU Energy) and Puget Sound Energy (PSE).
  - Provide WSU Energy with summarized monthly activity reports, showing activities associated with the minimal program requirements as stated above.
  - Provide WSU Energy with quarterly reports indicating resource usage and savings, resource expenditure amounts and savings.
  - Provide Commerce with reports as per the anticipated agreement between Commerce and Jefferson County, acting as lead for the Parties.
  - Provide PSE with reports as per the anticipated agreement between PSE and Jefferson County, acting as lead for the Parties.
7. **Support and Monitoring of RCM.** The Parties shall support and monitor the performance and progress of the RCM in the following ways:
- Meet at regular intervals to assess RCM progress.
  - Seek support of the Puget Sound Energy RCM Support Services program. Each Party must provide data and application materials to Jefferson County if necessary to apply for grant funds in connection with the PSE program or its renewal after three years.
  - Establish a performance evaluation process for the RCM.
  - Provide access of all owned facilities to RCM.
  - Provide access to RCM of all utility bills, statements, and data.
  - Facilitate meetings between RCM and facilities managers, and RCM and other appropriate staff.
8. **Term.** This agreement shall become effective upon the award of separate Resource Conservation Manager grants by the WSU Energy Office and Puget Sound Energy, and the execution of grant agreements with both grantors. This agreement shall continue in force and effect for the duration of the 2-year grant program from WSU and the 3-year grant program from PSE. Withdrawing from the partnership would result in unanticipated cost increases for the remaining partners. Therefore, this agreement constitutes each partner's commitment to reimburse to Jefferson County the amounts described in Section 3, *Compensation*, of this agreement. Extension of the terms of this agreement beyond the initial 3-year grant period may be effected by written agreement of the parties. (PSE currently offers the opportunity to renew its grant for an additional 3-year period.)
9. **Termination.** Any partner may terminate their receipt of RCM services at any time for any reason by providing at least sixty (60) days advance notice of termination in writing to the other partners. However, as stated in Section 8 Term, the partner requesting termination must continue their payment to Jefferson County until completion of the grant program unless all remaining Parties agree on the new payment responsibilities and amounts resulting from updated proportions.
10. **Modification.** This Agreement may only be modified or amended in writing representing the mutual acceptance by all parties of said amendment or modification.

- 11. **Hold Harmless.** Each party to this Agreement shall defend, indemnify and hold the other party, its appointed and elected officers and employees, harmless from claims, actions, injuries, damages, losses or suits including attorney fees, arising or alleged to have arisen directly or indirectly out of or in consequence of the performance of this Agreement to the extent caused by the fault or negligence of the indemnitor, its appointed or elected officials, employees, officers, agents, assigns, volunteers or representatives.
- 12. **Applicable Law and Venue.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington. In the event of a dispute, such dispute shall be litigated in the Superior Court of Jefferson County, Washington.
- 13. **Non-Discrimination.** Parties shall not discriminate in any manner related to this Agreement on the basis of race, color, national origin, sex, religion, age, marital status or disability in employment or the provision of services.
- 14. **Severability.** If any provision of the Agreement shall be held invalid, the remainder of this Agreement shall not be affected thereby if such remainder would then continue to serve the purposes and objectives of all parties.
- 15. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties. Any modifications or amendments to this Agreement shall be in writing and shall be signed by each party.
- 16. **Compliance with RCW 39.34.040.** Pursuant to RCW 39.34.040, this agreement shall be filed with the Jefferson County Auditor or alternatively, listed by subject on the public web site of the Parties hereto or on other electronically retrievable public source.

DATED this 14th day of June 2010.

COUNTY OF JEFFERSON

CITY OF PORT TOWNSEND

\_\_\_\_\_  
David Sullivan,  
Board of County Commissioners

\_\_\_\_\_  
David Timmons, City Manager

ATTEST:

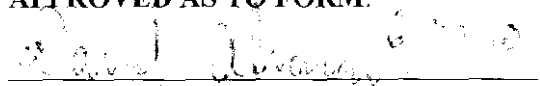
ATTEST:

\_\_\_\_\_  
Erin Lundgren, Deputy Clerk of the Board

\_\_\_\_\_  
Pamela Kolacy, MMC, City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
David Alvarez, Deputy Prosecuting Attorney

\_\_\_\_\_  
John Watts, City Attorney

**PORT TOWNSEND SCHOOL DISTRICT**

**CHIMACUM SCHOOL DISTRICT**

\_\_\_\_\_  
Tom Opstad, Superintendent

\_\_\_\_\_  
Mike Blair, Superintendent

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
Bobbie DuBois,  
Chair, PTSD School Board

\_\_\_\_\_  
Cammy Brown,  
Chair, Chimacum School Board

**FORT WORDEN STATE PARK**

\_\_\_\_\_  
Kate Burke  
Fort Worden Area Parks Manager

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Assistant Attorney General

Date: \_\_\_\_\_



**Attachment A**  
Minimal Program Requirements  
and  
Statement of Work

Minimal program requirements

At the minimum, the RCM is expected to implement the following:

- *Energy Accounting (software will be provided by the grantors)*
- *Basic energy efficiency and resource management action plan for facilities*
- *Review of resource use and potential actions*
- *Implementation of low-cost/no-cost measures and activities, and measurement of results*
- *Participation in technical and software training*
- *Reporting of results to all partner administrations*
- *Reporting of results and successes to Commerce, the WSU Extension Energy Program and Puget Sound Energy, as appropriate*

Statement of Work:

Lead Partner will:

- Represent all Parties in communication with the Washington State Department of Commerce (Commerce), Washington State University Extension Energy Program (WSU Energy), and Puget Sound Energy (PSE).
- Provide WSU Energy with summarized monthly activity reports, showing activities associated with the minimal program requirements as stated above
- Provide WSU Energy with quarterly reports indicating resource usage and savings, resource expenditure amounts and savings
- Provide Commerce with reports as per the anticipated agreement between Commerce and Jefferson County, acting as lead for the Parties
- Provide PSE with reports as per the anticipated agreement between PSE and Jefferson County, acting as lead for the Parties
- Lead the process to hire or contract with a RCM, and make payments according to contract, if the Parties decide to contract out
- Prepare billing statements to the partners for payment of RCM costs, per allocation as stated under Services To Be Provided in Interlocal Agreement
- Prepare statements and reimbursement requests to Commerce and to PSE, as appropriate
- Manage the RCM according to job description and implementation expectations

Jefferson County will:

- Provide RCM with desk, telephone, computer, etc. if needed.

All six Parties will:

- Develop a joint work plan for the RCM, including basic energy efficiency and resource management action plan for all facilities. Allocation of time spent at each of the partners facilities will be noted in the work plan.
- Meet at regular intervals to assess RCM progress
- Establish a performance evaluation process of the RCM
- Provide access of all owned facilities to RCM
- Provide access to RCM of all utility bills, statements, and data
- Facilitate meetings between RCM and facilities managers, and RCM and other appropriate staff

Payment Schedule:

- *Attachment B: Projected RCM Costs* defines the proportional share of each Party to be billed for budgeted expenses above grant amounts during the 3-year grant period based on 2009 utility costs.
- Payments to the Lead Party will be made annually as invoiced by the County for the proportionate share of budgeted expenditures above grant amounts and for any grant reduction invoice, as set forth in *Section 3. Compensation* of this Interlocal Agreement.
- Payments to the Lead Party will be billed and paid as described in *Section 3. Compensation* of this Interlocal Agreement.

**Jefferson County - Proposed RCM Program Support**

June 14, 2010

**Attachment B - Projected RCM Costs**

**Assumptions: WSU & PSE Grants Awarded - Minimum Grant Required Energy Savings Achieved**

| Description                 | Year 1    | Year 2   | Year 3    |
|-----------------------------|-----------|----------|-----------|
| Jefferson County RCM Budget | \$100,733 | \$97,889 | \$100,825 |
| WSU Grant                   | \$50,000  | \$25,000 | \$0       |
| PSE Grant                   | \$21,000  | \$21,000 | \$21,000  |

**Notes**

Utility expenses are based on year 2009 in this analysis. Partner contributions will be based on each partner's percentage of total utility costs reported for 2009 - excluding swimming pool, golf course and street lights, which are excluded from grant support. Some RCM program applicants are projecting a 2% reduction in energy costs in the first year, but in order to be conservative, we have shown no reduction in savings the first year. The Jefferson County RCM Budget estimate was provided by Philip Morley based on using a contractor.

Previous experience with RCM programs has shown that an average of 5% savings can be expected after the start-up year - and that this is a very conservative number. The "Annual Projected Benefits" column is predicated on that percentage. The "Cumulative Net Benefit" shows the project-to-date projected benefit after contributions during the grant performance period. The PSE program reduces the grant amount proportionally if the targeted 5% is not made by the group in the aggregate; it is not an all-or-nothing challenge. Thus, if the group only made a 4% reduction in the second year, the PSE award would be 80% of the full grant amount for that year.

| Based on Jefferson County RCM Budget | With WSU & PSE Participation |
|--------------------------------------|------------------------------|
| <b>Year 1</b>                        |                              |
| RCM funded by grant                  | \$ 71,000                    |
| Amount funded by partners            | \$ 29,733                    |
| <b>Year 2</b>                        |                              |
| RCM funded by grant                  | \$ 46,000                    |
| Amount funded by partners            | \$ 51,889                    |
| <b>Year 3</b>                        |                              |
| RCM funded by grant                  | \$ 21,000                    |
| Amount funded by partners            | \$ 79,825                    |

**PARTNERSHIP FUNDING SCENARIOS**

| YEAR 1--With WSU & PSE contributions. | Total Utility Expense | Percent of Total Expense | Year 1 Partner Cost | Year 1 Projected Benefit | Year 1 Net Benefit | Cumulative Net Benefit | Notes  |
|---------------------------------------|-----------------------|--------------------------|---------------------|--------------------------|--------------------|------------------------|--|
| Jefferson County (2009)               | \$ 532,660            | 22%                      | \$ 6,412            | \$0                      | \$ (6,412)         | \$ (6,412)             | In the first year, it is assumed that there are no benefits due to the start-up and training of the RCM. The grants are awarded without performance criteria other than a successful implementation in the first year. |
| City of Port Townsend (2009)          | \$ 451,283            | 18%                      | \$ 5,433            | \$0                      | \$ (5,433)         | \$ (5,433)             |  |
| PT School Dist (2009)                 | \$ 463,065            | 19%                      | \$ 5,574            | \$0                      | \$ (5,574)         | \$ (5,574)             |  |
| Chimacum School Dist (2009)           | \$ 461,457            | 19%                      | \$ 5,555            | \$0                      | \$ (5,555)         | \$ (5,555)             |  |
| Fort Worden State Park (2009)         | \$ 561,419            | 23%                      | \$ 6,758            | \$0                      | \$ (6,758)         | \$ (6,758)             |  |
| <b>Totals</b>                         | <b>\$2,469,884</b>    | <b>100%</b>              | <b>\$ 29,733</b>    | <b>\$ -</b>              | <b>\$ (29,733)</b> | <b>\$ (29,733)</b>     |  |

| YEAR 2--With WSU & PSE        | Total Utility      | Percent of  | Year 2 Partner   | Year 2           | Year 2 Net       | Cumulative       | Notes   |
|-------------------------------|--------------------|-------------|------------------|------------------|------------------|------------------|---|
| Jefferson County (2009)       | \$ 532,660         | 22%         | \$ 11,190        | \$26,633         | \$ 15,443        | \$ 9,030         | In the second year and third years, there is a performance target of 5% to get reimbursement from the PSE grant. We have used this to show that the effort is net positive if we hit the targets. |
| City of Port Townsend (2009)  | \$ 451,283         | 18%         | \$ 9,481         | \$22,564         | \$ 13,083        | \$ 7,651         |   |
| PT School Dist (2009)         | \$ 463,065         | 19%         | \$ 9,728         | \$23,153         | \$ 13,425        | \$ 7,850         |   |
| Chimacum School Dist (2009)   | \$ 461,457         | 19%         | \$ 9,695         | \$23,073         | \$ 13,378        | \$ 7,823         |   |
| Fort Worden State Park (2009) | \$ 561,419         | 23%         | \$ 11,795        | \$28,071         | \$ 16,276        | \$ 9,518         |   |
| <b>Totals</b>                 | <b>\$2,469,884</b> | <b>100%</b> | <b>\$ 51,889</b> | <b>\$123,494</b> | <b>\$ 71,605</b> | <b>\$ 41,872</b> |   |

| YEAR 3--With PSE contribution only. | Total Utility Expense | Percent of Total Expense | Year 3 Partner Cost | Year 3 Projected Benefit | Year 3 Net Benefit | Cumulative Net Benefit | Notes   |
|-------------------------------------|-----------------------|--------------------------|---------------------|--------------------------|--------------------|------------------------|---|
| Jefferson County (2009)             | \$ 532,660            | 22%                      | \$ 17,215           | \$26,633                 | \$ 9,418           | \$ 18,448              | We have used 5% as the target benefit because this is what the grant contract with PSE will be predicated on. Historically, 10%-15% numbers have been achieved by existing RCM's. |
| City of Port Townsend (2009)        | \$ 451,283            | 18%                      | \$ 14,585           | \$22,564                 | \$ 7,979           | \$ 15,630              |   |
| PT School Dist (2009)               | \$ 463,065            | 19%                      | \$ 14,966           | \$23,153                 | \$ 8,187           | \$ 16,038              |   |
| Chimacum School Dist (2009)         | \$ 461,457            | 19%                      | \$ 14,914           | \$23,073                 | \$ 8,159           | \$ 15,982              |   |
| Fort Worden State Park (2009)       | \$ 561,419            | 23%                      | \$ 18,145           | \$28,071                 | \$ 9,926           | \$ 19,444              |   |
| <b>Totals</b>                       | <b>\$2,469,884</b>    | <b>100%</b>              | <b>\$ 79,825</b>    | <b>\$123,494</b>         | <b>\$ 43,669</b>   | <b>\$ 85,541</b>       |   |