

**Interlocal Agreement Between Thurston County and the Cities of Lacey, Olympia,
Tumwater, and Tenino to Support Implementation of the 2025 “Energize Thurston”
Heat Pump Group Purchase Campaign**

THIS AGREEMENT (“Agreement”) is made and entered into as of the date of the last signature below (which is the “effective date”) by and between the City of Lacey, a Washington municipal corporation (“Lacey”); the City of Olympia, a Washington municipal corporation (“Olympia”); the City of Tumwater, a Washington municipal corporation (“Tumwater”); the City of Tenino, a Washington municipal corporation (“Tenino”); and Thurston County, a Washington municipal corporation (“County”), collectively referred to herein as “the Parties” and individually as “Party.”

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 pursuant to forms of governmental organization that will accord best with geographic, economic, populations, 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 is authorized by the governing body of each Party to the contract and sets forth its purposes, powers, rights, objectives, and responsibilities of the contracting parties; and

WHEREAS, the Thurston Climate Mitigation Collaborative (TCMC) is an ongoing partnership among Thurston County, Lacey, Olympia, and Tumwater to identify and implement actions to reduce local sources of greenhouse gas emissions that contribute to global climate change; and the TCMC was formalized through a December 2023 Interlocal Agreement; and

WHEREAS, the TCMC’s 2022 greenhouse gas emissions inventory found that residential natural gas use and associated emissions increased 31% from 2015 to 2022 in Thurston County, and that natural gas use had the largest increase of all emissions-generating activities over that time period, underscoring the importance of providing voluntary incentives to transition homes toward modern, efficient heating/cooling and water heating systems to meet regional emission reduction goals; and

WHEREAS, from 2015 to 2022 in Thurston County, residential electricity use increased 17% but emissions from residential electricity use only increased 3% as a result of growing investments in clean electricity generation, and these investments are expected to continually reduce emissions from electricity use in the future; and

WHEREAS, the TCMC executed another Interlocal Agreement in March 2024 to implement two regionally coordinated initiatives that aim to reduce emissions in residential buildings and implement Strategies B1 and B6 in the *Thurston Climate Mitigation Plan*, one of which was to design a Residential Energy Efficiency and Electrification Campaign; and

WHEREAS, the TCMC completed background research and stakeholder engagement to design the Residential Energy Efficiency and Electrification Campaign, named the campaign “Energize Thurston,” and plans to launch Energize Thurston in the first quarter of 2025; and

WHEREAS, Energize Thurston will expand on the City of Olympia’s 2023-2024 “Energize Olympia” campaign by providing discounted and streamlined installations of efficient electric heat pump space heaters and heat pump water heaters to residents throughout Thurston County, as well as subsidized installations for qualifying low- and moderate-income (LMI) residents; and

WHEREAS, the City of Tenino wishes to join the four TCMC jurisdictions in implementing Energize Thurston, and all five jurisdictions have been awarded state and/or federal grant funding to contribute to subsidized equipment installations for qualifying residents within their jurisdictions; and

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the Parties agree as follows:

I. Purpose and Goals of Agreement

The purpose of this Agreement is to establish a framework for regionally coordinated implementation of the 2025 Energize Thurston heat pump group purchase campaign. Energize Thurston aims to make it faster, easier, and more affordable for Thurston County residents to purchase and install efficient, all-electric heat pump space conditioning systems and heat pump water heaters (hereafter “heat pump equipment”). Energize Thurston will reduce upfront costs through a group purchase discount provided by competitively selected Campaign Installer(s), and application of all available rebates as a time-of-sale discount. The campaign will offer two participant pathways:

- Low- and Moderate-Income (LMI) Pathway: will provide fully subsidized equipment installations for low-income households (<80% area median income; AMI) and partially subsidized installations for moderate-income households (≥80% but <120% AMI).
- Self-Funded Pathway: will provide a group purchase discount, free educational workshops, guidance on relevant incentives and financing, streamlined installation, and customer support available to all households in Thurston County.

This Agreement defines partner roles and responsibilities to complete all tasks and deliverables detailed in the “Energize Thurston Launch and Implementation Plan” (attached as Exhibit A and incorporated herein). The Agreement also proposes a Campaign Administration Budget (attached as Exhibit B and incorporated herein) and cost share structure to cover shared costs of Energize Thurston administration, outreach, and marketing.

II. Roles

- i. **Jurisdiction Parties.** Thurston County, Lacey, Olympia, Tumwater, and Tenino each received state grant funding to support the Energize Thurston campaign. Some of the jurisdictions also expect to contribute federal grant funding as detailed in Section III below. Each Party will execute a contract with the LMI Pathway Administrator to transfer grant funds and authorize the LMI Pathway Administrator to perform its role as detailed below. Each jurisdiction will allocate staff time as needed to implement Energize Thurston.
- ii. **Lead Jurisdiction.** As Lead Jurisdiction, Thurston County will hold contract(s) with the selected Campaign Installers and a Customer Support Consultant. Staff from the Lead Jurisdiction will lead the campaign’s execution and administration with support from other jurisdictional staff and the Customer Support Consultant.
- iii. **LMI Pathway Administrator.** Each of the Parties will contract with a partner organization (TBD) that will contract with the selected Campaign Installers to provide installations of qualifying equipment for qualified LMI participants. The LMI Pathway Administrator will

verify participant income eligibility, coordinate installer site assessments and installations, review completion of work with LMI participants as well as provide installer oversight. They will also support campaign promotion, administration of grant funding for subsidized installations, participant recruitment, marketing, and outreach efforts.

- iv. **Campaign Installer(s).** Installer(s) will be selected through a competitive Request for Proposals (RFP) process evaluating qualifications, experience, pricing, alignment with campaign goals, and commitment to customer support. The RFP and resulting contract(s) with the Lead Jurisdiction will detail the Installer scope of work and specify equipment requirements for qualifying heat pump equipment. The contract(s) will set a group purchase discount rate for all participants and require that the Installer(s) apply all available rebates as a time-of-sale discount. Campaign Installers will provide information at the educational workshops, conduct free site assessments, offer streamlined access to incentives and rebates, provide information on financing if requested, and execute installations for the campaign.
- v. **Customer Support Consultant.** The Lead Jurisdiction may also contract with a Customer Support Consultant (TBD) to augment staff capacity by assisting with customer support and/or campaign outreach and education.

III. Services Provided by Thurston County

- i. County shall serve as Lead Jurisdiction for the 2025 Energize Thurston campaign as defined in Section II.
- ii. County shall serve as the contract manager and conduct all contracting responsibilities with the selected Campaign Installers, a Customer Support Consultant, and other contractors as needed, except for design and printing of marketing materials (provided by Olympia).
- iii. County's contract management responsibilities include monitoring contractor compliance with the terms of their contracts, ensuring contractors comply with the fiscal conditions of their contracts, and when necessary, implementing corrective actions.
- iv. County shall host a Community Energy Fellow through the U.S. Department of Energy's Energy Efficiency Conservation Block Grant (EECBG) Program, from August 2024 through July 2025 or longer. The Fellow will lead campaign outreach and marketing, customer service, and participant tracking for Energize Thurston.
- v. County shall allocate all or some of its awarded grant funding from the State Home Electrification and Appliance Rebates (HEAR) program and/or the EECBG program toward subsidized installations of heat pump equipment for income-qualified participants.
- vi. County shall execute a contract with the LMI Pathway Administrator to utilize the County's grant funds to provide equipment installations and associated services for income-qualified participants.

IV. Services Provided by Olympia

- i. Olympia shall serve as contract manager and conduct all contracting responsibilities for design and printing of Energize Thurston marketing materials.
- ii. Olympia's contract management responsibilities include monitoring contractor compliance with the terms of their contracts, ensuring contractors comply with the fiscal conditions of their contracts, and when necessary, implementing corrective actions.
- iii. Olympia shall allocate all or some of its awarded grant funding from the HEAR program and/or the EECBG program toward subsidized installations of heat pump equipment for income-qualified participants.

- iv. Olympia shall execute a contract with the LMI Pathway Administrator to utilize the City's grant funds to provide equipment installations and associated services for income-qualified participants.

V. Services Provided by Lacey

- i. Lacey shall allocate all or some of its awarded grant funding from the HEAR program and/or the EECBG program toward subsidized installations of heat pump equipment for income-qualified participants.
- ii. Lacey shall execute a contract with the LMI Pathway Administrator to utilize the City's grant funds to provide equipment installations and associated services for income-qualified participants.

VI. Services Provided by Tumwater

- i. Tumwater shall allocate all or some of its awarded grant funding from the HEAR program toward subsidized installations of heat pump equipment for income-qualified participants.
- ii. Tumwater shall execute a contract with the LMI Pathway Administrator to utilize the City's grant funds to provide equipment installations and associated services for income-qualified participants.

VII. Services Provided by Tenino

- i. Tenino shall allocate all or some of its awarded grant funding from the HEAR program toward subsidized installations of heat pump equipment for income-qualified participants.
- ii. Tenino shall execute a contract with the LMI Pathway Administrator to utilize the City's grant funds to provide equipment installations and associated services for income-qualified participants.

VIII. Funding and In-Kind Commitment

- i. **Funding.** The Campaign Administration Budget (Exhibit B) specifies the proposed budget of \$47,000 for Energize Thurston administration, outreach, and marketing.
 - a. County, Lacey, Olympia, and Tumwater shall each contribute an equal share of funds not to exceed \$11,750 per Party.
 - b. Tenino is exempt from the cost-share requirements of this Agreement.
 - c. County shall issue an invoice to each Party specifying each Party's share of actual expenses, excluding design and printing of outreach and marketing materials. Invoices must be paid within thirty (30) days.
 - d. Olympia shall issue an invoice to each Party specifying each Party's share of actual expenses for design and printing of outreach and marketing materials. Invoices must be paid within thirty (30) days.
 - e. The Campaign Administration Budget does not include the following:
 - 1) Costs of subsidized equipment installations, which are to be funded through jurisdictional grant awards and administered through contracts between the LMI Pathway Administrator and each individual jurisdiction.
 - 2) Costs of any social media marketing, jurisdiction-specific mailers, and/or other outreach and incentives that may be provided by individual jurisdictions.
- ii. **In-kind Commitment.** Each Party shall allocate in-kind staff time to implement this Agreement. In-kind staff support includes, but is not limited to:

- a. Staff time to manage jurisdictional grant awards, execute this Agreement, execute a contract with the LMI Pathway Administrator, select Campaign Installers, conduct outreach, and collaboratively implement the Energize Thurston campaign.
- b. Jurisdictional staff to provide oversight of participant applications and equipment installations for participants residing within their own jurisdiction.
- c. Support from jurisdictional staff with specific expertise (i.e., communications, housing, planning, permitting, etc.).

IX. Indemnification and Insurance

Each Party shall defend, indemnify, and hold the other parties, their 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 indemnifying Party's performance of this Agreement, including injuries and damages caused by the negligence of the indemnifying Party's officers, officials, and employees.

Each Party shall maintain liability insurance; this may be fulfilled by a Party's membership and coverage in Washington Cities Insurance Authority (WCIA), a self-insured municipal insurance pool, or another recognized self-insured municipal risk pool.

X. No Separate Legal Entity Created; No Real or Personal Property to be Acquired or Held

This Agreement creates no separate legal entity. No real or personal property will be acquired or held as part of carrying out this Agreement. To the extent any Party furnishes property for purposes of carrying out this Agreement, such property must be returned to that Party upon termination of this Agreement, or upon that Party's withdrawal from this Agreement.

XI. Relationship of the Parties

The employees or agents of each Party who are engaged in the performance of this Agreement continue to be employees or agents of that Party and may not be considered for any purpose to be employees or agents of the other Party. This Agreement is for the benefit of the Parties, and no third-party beneficiary relationship is intended.

XII. Duration of Agreement

This Agreement terminates on December 31, 2025, unless earlier terminated as provided in Section XIV, below.

XIII. Amendment of Agreement

This Agreement may be amended only by written agreement by all Parties and executed in accordance with chapter 39.34 RCW.

XIV. Termination of Agreement

This Agreement may be terminated upon mutual agreement of the Parties. Any party may withdraw upon thirty (30) days written notice to the other Parties.

XV. Interpretation and Venue

This Agreement is governed by the laws of the State of Washington as to interpretation and performance. Venue for enforcement of any provision of this Agreement, or for any lawsuit arising out of or relating to this Agreement, is as described in RCW 36.01.050.

XVI. Entire Agreement

This Agreement sets forth all terms and conditions agreed upon by the Parties and supersedes all prior agreements oral or otherwise with respect to the specific subject matter addressed herein.

XVII. Recording

Prior to its entry into force, Thurston County shall file this Agreement with the Thurston County Auditor's Office.

XVIII. Counterparts

This Agreement may be executed in counterparts, and all such counterparts once so executed together must be deemed to constitute one final agreement, as if one document had been signed by all Parties, and each such counterpart, upon execution and delivery, must be deemed a complete original, binding on the parties. A faxed or email copy of an original signature must be deemed to have the same force and effect as the original signature. A Party may sign by digital or electronic signature, which signature shall be effective as permitted by law.

XIX. Rights

This Agreement is between the signatory Parties only and does not create any third-party rights.

XX. Notice

Any notice required under this Agreement must be to the party at the address listed below and it becomes effective five business days following the date of deposit with the United States Postal Service.

THURSTON COUNTY

Attn: Rebecca Harvey, Climate Mitigation Senior Program Manager
Thurston County
3000 Pacific Avenue SE, Suite 200
Olympia, WA 98501

CITY OF OLYMPIA

Attn: Pamela Braff, Director of Climate Programs
City of Olympia
P.O. Box 1967
Olympia, WA 98507-1967

CITY OF LACEY

Attn: Vanessa Dolbee, Community and Economic Director
City of Lacey
420 College Street SE
Lacey, WA 98503

CITY OF TENINO

Attn: Jen Scharber, Clerk Treasurer
City of Tenino
149 Hodgen St. S./PO Box 4019

Tenino, WA 98589

CITY OF TUMWATER

Attn: Dan Smith, Water Resources & Sustainability Director
City of Tumwater
555 Israel Road SW
Tumwater, WA 98501

XXI. Waiver

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

XXII. Severability

If any provision of this Agreement or any provision of any document incorporated by reference is held invalid, such invalidity does 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.

XXIII. Records Retention and Audit

During the progress of the work and for a period not less than six years from the completion of the tasks set forth herein, the records and accounts pertaining to the work and accounting therefore are to be kept available for inspection by any Party and the Federal and State Government and copies of all records, accounts, documents, or other data pertaining to the work will be furnished upon request. If any litigation, claim, or audit is commenced, each Party shall retain the records and accounts along with supporting documentation until all litigation, claim, or audit finding has been resolved even though such litigation, claim, or audit continues past the six-year retention period.

XXIV. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND INELIGIBILITY

County, Olympia, Lacey, Tumwater, and Tenino certifies that neither it nor its principals are debarred, suspended, proposed for debarment, or voluntarily excluded from participation in transactions by any federal department or agency. County, Olympia, Lacey, Tumwater, and Tenino further certifies that they will ensure that potential subcontractors or subrecipients or any of their principals are not debarred, suspended, proposed for debarment, or voluntarily excluded from participation in covered transactions by any federal department or agency. County, Olympia, Lacey, Tumwater, and Tenino may do so by obtaining a certification statement from the potential subcontractor or subrecipient or by checking [SAM.GOV](https://sam.gov) and Washington State vendor debarment list.

[Signatures follow on next page.]

APPROVED AS TO FORM

Exhibit A

Energize Thurston Launch & Implementation Plan

(Attached Separately)

Exhibit B

Proposed Campaign Administration Budget for Energize Thurston 2025

The budget includes project tasks that are expected to be completed by third-party service providers. Project tasks not listed here will be completed in-house by jurisdictional staff.

Project Step and Task	Description	Total
Step 1: Contract with Energize Thurston Partners		
1.4 Contract with Customer Support Consultant	Thurston County may contract with a Customer Support Consultant (TBD) to augment staff capacity by assisting with customer support and/or campaign outreach and education.	\$30,000
Step 2: Develop Communications Plan and Outreach Materials		
2.1 Design and Print Energize Thurston marketing materials	City of Olympia is contracting with Kelly Design to design Energize Thurston marketing materials and will pay for the printing of all materials.	\$14,000
2.3 Design Energize Thurston workshops	Thurston County will contract for Language Interpretation Services (as needed).	\$3,000
Total Proposed Budget (not to exceed)		\$47,000
Per Partner Cost Share (not to exceed)		\$11,750