

**INTERAGENCY COOPERATION AGREEMENT  
REGARDING THE MONTEREY MICROGRID AND  
RENEWABLE ENERGY PROJECTS**

THIS INTERAGENCY COOPERATION AGREEMENT (“**ICA**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2022 by and between Monterey One Water, a joint powers agency (“**M1W**”) and the Monterey Regional Waste Management District, a California special district (“**MRWMD**”) (each individually a “**Party**” and collectively the “**Parties**”).

RECITALS

A. M1W and MRWMD, respectively, own and operate waste management and wastewater treatment systems which includes facilities to provide waste disposal and recycling services and wastewater treatment and reclaimed water to wholesale and retail customers in the Monterey Region.

B. M1W and MRWMD wish to consider the development of the Monterey Microgrid Project (“**Project**”) which is currently anticipated to include joining M1W’s regional wastewater treatment and water production facilities electrical loads (power demand) with MRWMD’s and M1W’s renewable energy generation (power supply).

C. M1W and MRWMD wish to prepare and develop a feasibility study (“**Study**”) to study microgrid alternatives and develop a Preliminary Front End Engineering Design (“**Pre-FEED**”) to the ten percent (10%) design level for the Project. The Study will further evaluate the best and highest use of all organic feedstocks (both wet and dry), biogas, biosolids, and waste byproducts and to consider other potential sources of renewable energy such as wind and solar energy installations and potential energy storage approaches to be developed which will augment the economic justification and viability of island microgrid alternatives as an optional element to the Project. These align with the resiliency, sustainability, and environmental benefit goals of the joint agency partnership.

D. M1W and MRWMD wish to execute this ICA to outline their respective roles and responsibilities in the joint development of the Study and potential future steps towards development and implementation of the Project.

TERMS

NOW, THEREFORE, the Parties, in consideration of the mutual promises set forth in this ICA, agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are true, correct, and incorporated herein.

2. Elements of the Study. The Study shall be conducted by a consultant procured as set forth in Section 5 which shall assist the Parties in determining whether and how to proceed

with the Project. The Study shall include the following elements and others as agreed to by the Parties:

2.1 Assess the development of a microgrid which will combine both the electrical generation and electrical uses of M1W's and MRWMD's public works facilities in a synchronized, integrated network of power generation sources, medium voltage power distribution infrastructure, and various power uses and provide both Parties with 'islanding' and 'black start' functionality in the event of a utility grid power outage;

2.2 Evaluate the best and highest use of all organic feedstocks (both wet and dry), biogas, biosolids, and waste byproducts;

2.3 Consider other potential sources of renewable energy for the Project such as wind and solar energy installations and potential energy storage approaches to be developed which will augment the economic justification and viability of island microgrid alternatives as an optional element to the Project;

2.4 Consider alternatives (either behind or in front of the meter) of an island microgrid system that will serve the needs of the Parties and possibly select other users;

2.5 Develop the Pre-FEED and other deliverables as determined by the Parties.

3. Process for Development of the Study. The Parties shall cooperatively develop, manage, and oversee the development of the Study subject the specific terms of this Section.

3.1 The Study shall be developed by a consultant ("**Consultant**") retained by the Parties and procured as set forth in Section 5. The Parties shall cooperatively clarify the Project's scope, goals, and constraints as needed.

3.2 The Parties shall cooperatively work in performance of the Study, including (i) scheduling and conducting project kickoff meetings, site visits and tours, (ii) providing site access for third parties as necessary, (iii) reviewing and preparing meeting agendas, meeting minutes and notes, and other relevant documents, and (iv) scheduling, preparing for, and participating in periodic Board of Directors or ad hoc committee meetings of each Party as necessary or advisable.

3.3 The Parties shall identify and provide all data needs for daily operations of their respective facilities and potential alterations to operations during emergency events related to the Project, such as critical loads needed in an outage and any additional loads expected to provide critical or emergency services.

3.4 The Parties shall reasonably assist the development of or provide existing site infrastructure information and loads: electric; natural gas; and biogas production as requested for the Study.

3.5 The Parties shall support conducting site visits to assess design constraints, assessment of monitoring, communications, and control equipment required for operations at the Project.

3.6 The Parties shall allow access to files and information contained at the other for the purposes of helping perform the Study.

3.7 Each Party shall provide necessary staff and resources to complete the Study.

4. Coordination. M1W's Director of Microgrid and Renewable Energy ("Director") shall be the primary staff person responsible for overseeing the Study and Project. The Director shall be an employee of M1W but shall coordinate all necessary decisions for the Study with each Party. The Director shall be the primary communicator to and manager for the Consultant.

5. Selection of Consultants.

5.1 Selection of Procurement Consultant. The Parties shall jointly issue the request for proposals and award any agreement with the Consultant. Selection of the Consultant shall be performed in accordance with each Party's procurement procedures. The Director shall work with each party's staff to determine what requirements will be necessary for the specific situation involved.

5.2 Form of Contracts. The form of the agreement for the Consultant shall be the standard template utilized by MRWMD with reasonable edits determined by the Parties.

6. Sharing of Costs. The Consultant's costs shall be shared equally by the Parties. The Director shall be responsible for reviewing and paying any invoices. The Director shall provide a monthly report of paid invoices to the General Managers for the Parties. MRWMD shall reimburse M1W for such costs within **XX** days of the date of the invoice. The Parties shall develop appropriate accounting and auditing procedures to track all Study costs and invoices.

7. Future Coordination of Efforts. Upon completion of the Study, the Parties shall discuss potential future necessary efforts for the Project, which shall include the potential development of a joint powers agency between the Parties.

8. Not a Commitment to Proceed with Project. Nothing in this ICA shall be construed or interpreted to constitute a commitment by any Party beyond the completion of the Study.

9. Term and Termination. This ICA shall become effective as of the date it is executed by the last of the Parties, and shall continue in full force and effect until the Study is completed or it is terminated as provided herein. Either Party may terminate this ICA by giving written notice of intent to terminate thirty (30) calendar days prior to the date of proposed termination. If either Party terminates before completion of the Study, the Parties shall each be responsible for their proportionate share of the consultant costs expended up to the date the notice of intent to terminate is received, including such future costs as cannot be reasonably canceled upon receipt of the notice of intent to terminate. Termination by either Party shall not terminate the Party's right to access

any consultant work product or records provided through the date of termination, or the defense and indemnification obligations set forth in Section 10.

10. Mutual Indemnification. Each Party hereby agrees to indemnify, defend, assume all liability for, and hold harmless the other Party and their officers, employees, agents, and representatives, to the maximum extent allowed by law, from all actions, claims, suits, penalties, obligations, liabilities, damages to property, costs, and expenses (including without limitation any fines, penalties, judgments, actual litigation expenses, and attorneys' fees), and/or personal injuries or death to any persons (collectively, "**Claims**"), arising out of or in any way connected to the willful misconduct or the proportionate share of negligence of that Party or its officers, agents, or employees in connection with or arising from any of the activities under this ICA. This section incorporates a comparative negligence standard.

11. No Waiver. The waiver by any Party of any breach or violation of any requirement of this ICA shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this ICA.

12. Notices. Any notice or other communication ("**Notice**") which any Party may desire to give to the other Party under this ICA must be in writing and may be given by any commercially acceptable means, including via first class certified mail, personal delivery, or overnight courier, to the Party to whom the Notice is directed, at the address of the Party as set forth below, or at any other address as that Party may later designate by Notice. Any Notice shall be deemed received immediately if delivered by hand, on the third day from the date it is postmarked if delivered by first-class mail, certified and postage prepaid, return receipt requested, and on the next business day if sent via nationally recognized overnight courier.

M1W [insert])

MRWMD: [insert]

13. Interpretation; Venue.

13.1 Interpretation. The headings used herein are for reference only. The terms of the ICA are set out in the text under the headings. This ICA shall be governed by the laws of the State of California without regard to the choice of law or conflicts.

13.2 Venue. This ICA is made in Monterey County, California. The venue for any legal action in state court filed by any Party to this ICA for the purpose of interpreting or enforcing any provision of this ICA shall be in the Superior Court of California, County of Monterey. The venue for any legal action in federal court filed by any Party to this ICA for the purpose of interpreting or enforcing any provision of this ICA lying within the jurisdiction of the federal courts shall be the Northern District of California.

14. Oversight of Director. M1W will satisfy all employment-related obligations arising out of its employment relationship with Director, including the payment of wages, withholding and payment of all applicable taxes, and the provision of benefits (both pursuant to M1W policy and as required by applicable law).

15. Third-Party Beneficiaries. Nothing contained in this ICA shall be construed to create any rights in third parties and the Parties do not intend to create such rights.

16. Severability. If any provision of this ICA, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this ICA.

17. Amendment of ICA. This ICA may be amended at any time by mutual agreement of the Parties. Any amendment shall be in writing and signed by all Parties.

18. Entirety of Contract. This ICA constitutes the entire agreement between the Parties relating to the subject of this ICA and supersedes all previous agreements, promises, representations, understandings and negotiations, whether written or oral, among the Parties with respect to the subject matter hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this ICA was executed by the parties hereto as of the date first above written.

MONTEREY ONE WATER

By: \_\_\_\_\_  
General Manager

MONTEREY REGIONAL WASTE  
MANAGEMENT DISTRICT

By: \_\_\_\_\_  
General Manager

DRAFT