



Public Meeting Notice

from Ecology's Water Quality Program's Financial Management Section

Alternative Contracting/Service Agreement (AC/SA) Provisions for Wastewater Facilities are Reviewed for State Water Pollution Control Revolving Loan Funds

Water Quality Program to Include AC/SA Provisions as Rule is Amended

Ecology's Water Quality Program is proposing to end the "pilot" phase of the State Water Pollution Control Revolving Fund (SRF) Alternative Contracting/Service Agreement (AC/SA) rules and guidelines. The pilot rule project, which started in December 2002, allowed public bodies to use the SRF in conjunction with the AC/SA process for design and construction of wastewater facilities between 2003 and the present. The pilot rule project is proposed to be formally completed on June 30, 2007 (the end of the FY 2007 funding cycle). During the current revision process for the SRF rule, i.e., Chapter 173-98 WAC, *Uses and Limitations of the Water Pollution Control Revolving Fund*, staff will address and resolve issues identified in the pilot project. Any new AC/SA proposals will be deferred until the FY 2009 funding cycle, so staff can adequately deal with these issues.

The Water Quality Program will continue to manage existing AC/SA agreements in accordance with the pilot rule process guidelines and the SRF rule noted above. Before the FY 2009 funding cycle begins, information derived from the pilot will be incorporated into the ongoing process to revise Chapter 173-98 WAC.

A report on the pilot rule project and issues identified is proposed to be submitted to the Washington State Office of the Code Reviser, formally bringing the "pilot" to completion in accordance with RCW 34.05.313 (4) (c).

Background: At the request of several public bodies, Ecology's Water Quality Program, in 2002, proposed to experimentally amend (via the pilot rule process) and eventually formally amend Chapter 173-98 WAC to allow public bodies to use SRF loan funding in conjunction with the AC/SA concept for the design and construction of wastewater facilities. The two original pilot participants were the city of Tacoma and Spokane County through the period FY 2004-2006. Additionally, King County has been offered an SRF loan in the FY 2007 funding cycle for an AC/SA project. Lessons were learned and issues were identified during the past four (4) years, and these lessons and issues need to be reviewed and addressed before any AC/SA provisions can be incorporated formally into the SRF rule. This meeting is an opportunity to comment on Ecology's decision to end the pilot project and how Ecology uses these issues and lessons in the formal rule revision process.

These issues include, but are not limited to:

- Interest rates and AC/SA impacts on SRF "Perpetuity"
- SRF funding levels and limitations for AC/SA projects
- Priority of AC/SA projects relative to hardships and other high priority projects
- Readiness to proceed and prerequisites (facilities planning, primary design elements, etc.)
- Duration of AC/SA projects
- Cost and time projections
- Cost overrun provisions (if any)

If you have any questions, please contact Dan Filip at 360-407-6509, dfil461@ecy.wa.gov or Steve Carley at 360-407-6572, stca461@ecy.wa.gov, of the Department of Ecology Water Quality Program Financial Management Section.

Meeting will begin
at 10:00 a.m. on
July 12, 2006

Red Lion
Seattle Airport
Rainier Room
18220 Pacific Hwy S
Seattle, WA 98188

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