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SENATE BILL 6177

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State of Washington

59th Legislature

2006 Regular Session

By Senators Fraser, Morton and Jacobsen; by request of Department of Natural Resources

Read first time 01/09/2006. Referred to Committee on Natural Resources, Ocean & Recreation.

1 AN ACT Relating to cost-reimbursement agreements under chapter  
2 78.52 RCW; and adding a new section to chapter 78.52 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 78.52 RCW  
5 to read as follows:

6 (1) The department may enter into a written cost-reimbursement  
7 agreement with an applicant, permit holder, or project operator to  
8 recover from the applicant, permit holder, or project operator the  
9 reasonable costs incurred by the department in carrying out the  
10 requirements of this chapter, as they relate to permit coordination,  
11 environmental review, application review, technical studies in support  
12 of permit processing, or orders issued by the oil and gas supervisor  
13 and permit compliance. Cost-reimbursement agreements are considered an  
14 interim measure until oil and gas development activities necessitate  
15 additional department staffing resources. Cost-reimbursement  
16 agreements must be initiated at the request of an applicant for the  
17 purpose of assisting the department in expediting and facilitating the  
18 permitting and compliance processes. The cost-reimbursement agreement

1 must identify the specific tasks, costs, and schedule for work to be  
2 conducted under the agreement.

3 (2) The written cost-reimbursement agreement must be negotiated  
4 with the applicant, permit holder, or project operator. Under the  
5 provisions of a cost-reimbursement agreement, funds from the applicant,  
6 permit holder, or project operator must be used by the department to  
7 contract with a third party to carry out the work covered by the  
8 cost-reimbursement agreement.

9 (3) The department shall, in developing and implementing the  
10 cost-reimbursement agreement, ensure that the department reviews and  
11 oversees the work performed by the third party, including the actual  
12 issuance of permits and reviewing reports and taking final action  
13 related to permit compliance. These actions are considered to be the  
14 work of the department, included in application fees, and not paid for  
15 by the agreement. Final decisions that involve policy matters must be  
16 made by the department and not by the consultant. The billing process  
17 must provide for accurate time and cost accounting and may include a  
18 billing cycle that provides for progress payments. The restrictions of  
19 chapter 42.52 RCW apply to any cost-reimbursement agreement, and to any  
20 person hired as a result of a cost-reimbursement agreement.

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