

Office of Regulatory Management
Economic Review Form

Agency name	Department of Environmental Quality
Virginia Administrative Code (VAC) Chapter citation(s)	9 VAC 25-780
VAC Chapter title(s)	Local and Regional Water Supply Planning
Action title	Amendments pursuant to Chapter 1105 of the 2020 Acts of Assembly
Date this document prepared	October 31, 2023
Regulatory Stage (including Issuance of Guidance Documents)	Final

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>• As mandated by Chapter 1105 (HB542) of the 2020 Acts of Assembly, the proposed regulation requires localities to participate in cross-jurisdictional water resources planning with other localities within their regional planning area. Each regional planning area shall submit a single regional plan. Regional planning areas are defined in the proposed regulation as state law requires. The proposed regulation allows for localities to request a change to their regional planning area designation in accordance with Chapter 331 (HB1297) of the 2022 Acts of Assembly.</p> <p>Direct Costs: No new direct fiscal costs are expected as these changes themselves do not introduce any new requirements to the water supply plan itself and the current regulation allows for regional planning. However, localities that submitted local plans, and did not previously participate in regional planning, may need to utilize additional staff time to collaborate with the regional planning unit in the development of regional water supply plans. This will vary significantly across localities as some localities already plan regionally or will be planning in geographic areas that largely overlap existing planning structures such as Planning District Commissions (PDCs). Additional costs may range from zero to an unknown amount due to staffing and contractual support.</p> <p>Indirect Costs: No indirect costs are anticipated.</p> <p>Direct Benefits: Meet the legal mandate of state law. The purpose for the statutorily mandated change is to improve planning across jurisdictions given water sources are commonly shared across multiple localities. Planning that includes coordinated evaluation of common regional water sources at the regional scale allows for improved optimization of the use of these resources and may increase water availability for future water needs such as economic development opportunities.</p> <p>Indirect Benefits: No indirect benefits are anticipated.</p> <p>• As mandated by Chapter 1105 (HB542) of the 2020 Acts of Assembly, the proposed regulation requires localities to invite stakeholder groups to participate in planning.</p> <p>Direct Costs: No direct fiscal costs are expected as a result of this statutorily mandated requirement for localities to invite stakeholder groups to participate in planning. Limited increases in staff time may result from facilitating participation of stakeholders who choose to participate.</p>
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Indirect Costs: No indirect costs are anticipated.

Direct Benefits: Meet the mandate of state law. Additionally, involving stakeholders in the planning process may save localities time and resources by identifying areas of concern that may come up during public processes for water withdrawal permit applications. As permit applications can face delays when unforeseen concerns appear late in the permit process, allowing interested stakeholders to provide input on proposed projects during plan development is likely to be a net benefit to localities, and improve likelihood that withdrawal projects necessary to meet projected growth will be successful.

Indirect Benefits: No indirect benefits are anticipated.

• As mandated by Chapter 1105 (HB542) of the 2020 Acts of Assembly, the proposed regulation requires the Department to ensure each regional water supply plan clearly identifies water supply risks, evaluates likelihood and severity of each risk identified, and proposes regional strategies to address each risk.

Direct Costs: The statutorily mandated requirement specified in the regulation that regional plans clearly identify water supply risks and propose regional strategies to address them may be consequential, to the extent that these items have not been already addressed in water supply plans. It is estimated that fulfilling this requirement would require approximately 10 to 20 additional hours of staff time for each locality during the plan development and submittal cycle (once every 10 years). There is no current estimate available for added costs to localities needing to hire consultants to complete this work, but it is anticipated that it would only be a small component of the overall plan development effort costs and is unlikely to significantly increase costs. (SOURCE: Virginia Department of Planning and Budget Economic Impact Analysis for 9VAC25-780 Dated October 27, 2022.)

Indirect Costs: No indirect costs are anticipated.

Direct Benefits: Meet the legal mandate of state law and allow localities to comply with current law. Having water supply risks and proposed regional strategies addressed in plans would improve the ability of the region, and the localities that comprise them, to avoid and address water supply problems in the future.

Indirect Benefits: No indirect benefits are anticipated.

• As mandated by Chapter 36 (HB2095) and Chapter 37 (SB1149) of the 2023 Acts of Assembly, the proposed regulation requires that

	<p>localities that use the Potomac River as a water supply source be recognized as a distinct planning area and that plans for those areas incorporate the provisions of the Metropolitan Washington Water Supply and Drought Awareness Response Plan: Potomac River System (2000).</p> <p>Direct Costs: There are no known monetized direct costs expected for local governments and partners associated with this mandate.</p> <p>Indirect Costs: There are no known monetized indirect costs expected for local governments and partners associated with this mandate.</p> <p>Direct Benefits: Meet the legal mandate of state law and allow localities to comply with current law.</p> <p>Indirect Benefits: No indirect benefits are anticipated.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Estimated range for plan development per locality of \$13,000 - \$115,000 depending on locality population.	(b) Unknown
(3) Net Monetized Benefit	Unknown	
(4) Other Costs & Benefits (Non-Monetized)	Regional planning with increased stakeholder participation includes benefits such as improved feasibility of cost-effective regional water supply projects and avoidance of common issues in permit processing that delay or complicate project development.	
(5) Information Sources	Discussions with regional planning commission, consultants who worked on previous plans, and localities.	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

Agency Note: Under the current regulation, localities can choose to develop a water supply plan independently (local plan) or may choose to plan regionally with other localities (regional plans). In total, 48 water supply plans were submitted in 2008, of which 10 were local plans and 38 were regional plans with the majority of those consisting of one county and one or more cities or incorporated towns located within the boundaries of the county.

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>The proposed amendments are mandated by state law. If the regulation is not changed, it will not meet the legal mandate of state law and localities will be unable to submit water supply plans that comply with current law.</p> <p>Direct Costs: There are no additional monetized direct costs expected for local governments and partners associated with retaining this regulation with no changes. However, there is an existing baseline cost of between \$13,000 to \$115,000 for local governments to adequately evaluate and plan for sustainable water supplies.</p> <p>Indirect Costs: There are no additional monetized costs over and above those that currently exist with the regulation as it is currently written as local governments review, revise, and resubmit their plans every 10 years as required by 9VAC25-780-50 E.</p> <p>Direct Benefits: There are no additional monetized direct benefits expected for local governments associated with retaining this regulation with no changes.</p> <p>Indirect Benefits: There are no known monetized indirect benefits expected for local governments associated with retaining this regulation with no changes.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p> <p>(a) It currently costs local governments between \$13,000 and \$79,000 if their plan is developed using in-house resources and between \$19,000 and \$115,000 if it is developed using a combination of in-house resources and external consultants.</p>	<p>Direct & Indirect Benefits</p> <p>(b) The current benefits include the provisions of adequate and safe drinking water, encouragement and protection of beneficial in-stream and off-stream uses, encouragement and promotion of alternate water sources, and promotion of conservation activities. By rationalizing state water resource use such that in-stream and off-stream benefits are balanced and by ensuring consistency in the use of water resources on a statewide basis, the current regulation encourages more efficient use of Virginia's water resources.</p>
<p>(3) Net Monetized Benefit</p>	<p>A significant portion of the benefits of local and regional water supply planning accrue from the improvement in efficiency in the use of the state's water resource as a result of having local and regional water supply plans. The economic benefits accruing from this regulation include the provision of adequate drinking water supplies and an improvement in efficiency in the use of state water resources. Estimates of these benefits are not currently available.</p>	

	The regulation likely has a positive impact on businesses and entities providing water supply planning services as localities develop, review and revise their water supply plans. An estimate of these impacts is not currently available.
(4) Other Costs & Benefits (Non-Monetized)	This regulation protects the health, safety, and welfare of citizens by requiring local and regional water supply planning and encouraging more efficient use of Virginia’s water resources. By identifying potential conflicts before they arise among localities securing adequate drinking water supplies and between in-stream and off-stream needs, the regulation ensures consistency in the use of water resources on a statewide basis.
(5) Information Sources	Discussions with a regional planning commission, consultants who worked on previous plans and localities. In addition, the Economic Impact Analysis prepared by the Virginia Department of Planning and Budget on the regulation prepared on February 18, 2005; the Office of Regulatory Management Economic Review Form prepared by DEQ on 9VAC25-780 dated September 1, 2022, and the Office of Regulatory Management Economic Review Form prepared by DEQ for the Periodic Review of 9VAC25-780 dated June 12, 2023 were also consulted.

Table 1c: Costs and Benefits under Alternative Approach(es)

NOT REQUIRED: Amendments are mandated by changes in statute. No alternative approaches are applicable.

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: N/A Indirect Costs: N/A Direct Benefits: N/A Indirect Benefits: N/A	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Refer to Table 1a.</p> <p>Indirect Costs: There may be future costs for local partners associated with this regulation as they review, revise, and resubmit plans every 10 years as required by 9VAC25-780-50 E.</p> <p>Direct Benefits: Refer to Table 1a.</p> <p>Indirect Benefits: Refer to Table 1a.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Direct Costs – Refer to Table 1a.	(b) Direct Benefits – Refer to Table 1a.
(3) Other Costs & Benefits (Non-Monetized)	Refer to Table 1a.	
(4) Assistance	Agency does not currently provide financial assistance to local partners for the development of water supply plans.	
(5) Information Sources	Information sources were pulled from a previous Economic Impact Forms posted on Town Hall on 09/12/2022 and 08/01/2023 which included discussions with regional planning commissions, consultants who worked on previous plans, and localities.	

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

AGENCY NOTE: DEQ anticipates that implementation locally of the requirement to develop a regional water supply plan will have a minimal economic impact on individual families. The statute and regulations impose the requirement on all counties, cities and incorporated towns. The regulatory change seeks to ensure the coordinated development of regional water supply plans among localities and by doing so, ensure that adequate water supply is available for Virginia families over the long term.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: There are no monetized direct costs to families associated with this regulation.</p> <p>Indirect Costs: There are no monetized indirect costs to families associated with this regulation.</p> <p>Direct Benefits: There are no monetized direct benefits to families associated with this regulation.</p> <p>Indirect Benefits: This regulatory change seeks to ensure the coordinated development of regional water supply plans among localities and by doing so, ensure that there are adequate water supplies available for Virginia families over the long term.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	Management of the resource benefits all users, including families, by ensuring adequate water supply is available over the long term.	
(4) Information Sources	Information sources were pulled from a previous Economic Impact Forms posted on Town Hall on 09/12/2022 and 08/10/2023 which included discussions with regional planning commissions, consultants who worked on previous plans and localities.	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Agency Note: The local implementation of this regulation has a minimal economic impact on small businesses. The statute and regulation impose the requirements on all counties, cities, and incorporated towns with the intent of ensuring that adequate water supply is available for drinking water and economic development over the long term. The regulatory change provides a seat at the table for local businesses in the development of regional water supply plans that was not previously required, to provide a mechanism for their water needs to be accurately accounted for in this regional planning. The regulatory change is expected to benefit small businesses by providing additional certainty that water will be available for them in the future.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: There are no direct costs to small businesses associated with this regulation.</p> <p>Indirect Costs: There are no indirect costs to small businesses associated with this regulation.</p> <p>Direct Benefits: There are no direct benefits to small businesses associated with this regulation.</p> <p>Indirect Benefits: There are no monetized indirect benefits to small businesses associated with this regulation.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	Management of the resource benefits all users, including small businesses, by ensuring adequate water supply is available over the long term.	
(4) Alternatives	None, mandated by Chapter 1105 (HB542) of the 2020 Acts of Assembly.	
(5) Information Sources	Information sources were pulled from a previous Economic Impact Forms posted on Town Hall on 09/12/2022 and 08/01/2023 which included discussions with regional planning commissions, consultants who worked on previous plans and localities.	

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Agency Note: There are **73** requirements for the regulated community in the current Chapter 780-Local and Regional Water Supply Planning Regulations, which governs the development of water supply plans. The regulatory change to Chapter 780 increases the number of total requirements for the regulated community by **35** requirements. These **35** requirements are being added to the regulation in response to Chapter 1105 (HB542) of the 2020 Acts of Assembly; Chapter 331 (HB1297) of the 2022 Acts of Assembly; Chapter 36 (HB2095) and Chapter 37 (SB1149) of the 2023 Acts of Assembly. No requirements were removed from the existing regulation, but many were clarified and placed in different sections of the regulations. In addition, some of the existing requirements were reworded to make them less burdensome based on feedback from a regulatory advisory panel. New requirements related to the identification and evaluation of water supply risks and the identification of proposed regional strategies to address those risks have been added based on statutory requirements found in Chapter 1105 (HB542) of the 2020 Virginia Acts of Assembly. A new requirement related to the preparation of drought evaluation and response plans has been added based on statutory requirements found in Chapter 36 (HB2095) and Chapter 37 (SB1149) of the 2023 Acts of Assembly.

Change in Regulatory Requirements

VAC Section(s) Involved	Authority of Change	Initial Count	Additions	Subtractions	Net Change
9VAC25-780-10	Statutory:	1	0	0	0
	Discretionary:	0	0	0	0
9VAC25-780-20	Statutory:	0	0	0	0
	Discretionary:	0	0	0	0
9VAC25-780-30	Statutory	0	0	0	0
	Discretionary	0	0	0	0
9VAC25-780-40**	Statutory:	4	0	4	-4
	Discretionary:	0	0	0	0
9VAC25-780-45	Statutory:	0	7	0	+7
	Discretionary:	0	0	0	0
9VAC25-780-50	Statutory:	7	4	0	+4
	Discretionary:	0	0	0	0
9VAC25-780-55	Statutory:	0	8	0	+8
	Discretionary:	0	0	0	0
9VAC25-780-60	Statutory:	0	0	0	0
	Discretionary:	0	0	0	0
9VAC25-780-70	Statutory:	13	5	0	+5
	Discretionary:	0	0	0	0
	Statutory:	7	2	0	+2

9VAC25-780-80	Discretionary:	0	0	0	0	
9VAC25-780-90	Statutory:	2	1	0	+1	
	Discretionary:	0	0	0	0	
9VAC25-780-100	Statutory:	10	4	0	+4	
	Discretionary:	0	0	0	0	
9VAC25-780-110	Statutory:	2	1	0	+1	
	Discretionary:	0	0	0	0	
9VAC25-780-120	Statutory:	1	4	0	+4	
	Discretionary:	0	0	0	0	
9VAC25-780-125	Statutory:	0	6	0	+6	
	Discretionary:	0	0	0	0	
9VAC25-780-130**	Statutory:	4	0	4	-4	
	Discretionary:	0	0	0	0	
9VAC25-780-140	Statutory:	12	0	0	0	
	Discretionary:	0	0	0	0	
9VAC25-780-150	Statutory:	6	0	0	0	
	Discretionary:	0	0	0	0	
9VAC25-780-160	Statutory:	3	0	0	0	
	Discretionary:	0	0	0	0	
9VAC25-780-180	Statutory:	1	1	0	+1	
	Discretionary:	0	0	0	0	
					Total Net Change of Statutory Requirements:	+35
					Total Net Change of Discretionary Requirements:	0

* Additions considered only new regulatory requirements not already included in the current regulation such as the requirement to plan regionally, identify water supply risks, propose regional strategies to address risks, and invite participation of stakeholders.

** **The requirements have been relocated to other sections and are not new requirements.**

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
9VAC25-780-125	New section added related to the identification of water supply risks and	N/A	It is estimated that fulfilling this requirement would require	This section adds additional regulant requirements related to the responsibilities of

	proposed regional strategies.		approximately 10 to 20 additional hours of staff time for each locality during the plan development and submittal cycle (once every 10 years). There is no current estimate available for added costs to localities needing to hire consultants to complete this work, but it is anticipated that it would only be a small component of the overall plan development effort costs and is unlikely to significantly increase costs.	regional planning units for inclusion of information in their water supply plans related to water supply risks and regional strategies. Costs related to the identification and inclusion of this information have not been determined at this time.
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Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
9VAC25-780-45	Section related to designation of regional planning areas added.	The addition of requirements related to the designation of regional planning areas, as required by statute, increases the regulatory burden by requiring a local government's participation in a regional planning area. The designated

		regional planning areas were created with a basis in the state’s existing drought management areas and finalized based on regulatory advisory panel discussions and in consideration of Chapter 36 (HB2095) of the 2023 Acts of Assembly. As required by statute, towns shall participate in the same regional planning area as the county they are in.
9VAC25-780-125	New section added related to the identification of water supply risks and proposed regional strategies.	This section adds requirements related to the responsibilities of regional planning units for inclusion of information in their water supply plans related to water supply risks and regional strategies.

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Length	New Length	Net Change in Length
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A