

## MEMORANDUM

**DATE:** October 18, 2023  
**TO:** Virginia Department of Planning and Budget (DPB)  
**FROM:** Virginia Department of Health (VDH)  
**SUBJECT:** VDH Response to DPB's Economic Impact Analysis (EIA) of the Board of Health's Proposed Amendments to the Waterworks Operation Fee Regulations [12VAC5-600]

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VDH concurs with the EIA prepared by DPB on the proposed amendments to the regulations with the following clarification:

The EIA prepared by DPB says that seven community waterworks would face higher fees resulting from the technical change in the manner by which the \$160,000 waterworks operation fee cap is applied. Historically, VDH has applied the cap on a per owner basis rather than on a per waterworks basis, even though the current regulations provide for the cap to be applied on a per waterworks basis. The EIA states that making this correction and applying the cap on a per waterworks basis, by use of the waterworks' Public Water System Identification Number, will prevent an annual loss of \$177,405 to the VDH Office of Drinking Water. VDH would like to clarify that the proposed amendments do not modify how the cap is to be applied under the regulations. The change to the regulation's language is intended to clarify the agency's interpretation and planned application of VDH's existing authority. Therefore, the proposed amendments are not the cause of the additional fee burdens noted in the "Businesses and Other Entities Affected" and "Localities Affected" sections of the EIA related to changing the method by which the \$160,000 cap is applied. VDH, consistent with its current regulatory authority, may apply the cap on a per waterworks basis even if there is no amendment to the regulations. VDH anticipates to implement the per-waterworks approach to the cap beginning with the FY2025 billing cycle.