

Office of Regulatory Management
Economic Review Form

Agency name	Virginia Marine Resources Commission
Virginia Administrative Code (VAC) Chapter citation(s)	4VAC 20-1410
VAC Chapter title(s)	Pertaining to Utility Line Encroachments Beneath or Over State-Owned Subaqueous Beds
Action title	To establish a general permit to streamline the permitting process for utility crossings that do not directly impact State-owned subaqueous bottom.
Date this document prepared	September 19, 2023
Regulatory Stage (including Issuance of Guidance Documents)	Proposed Regulation for a General Permit

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>Direct Costs: Describe the direct costs of this proposed change here.</p> <ul style="list-style-type: none"> No direct cost to applicant. Cost savings will be realized. <p>Indirect Costs: Describe the indirect costs of the proposed change. none</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here.</p> <ul style="list-style-type: none"> In 2022, VMRC issued 188 subaqueous permits for utility crossings where an application fee of \$100 was collected. If passed, permit fees and encroachment royalties would continue to be collected with the General Permit. However, pursuant to Section 28.2-1206 of the Virginia Code, application fees would not be collected, which will be an approximate savings to the regulated public of approximately \$18,800 annually. Approximately 1.5 hour of time-savings per utility crossing application to process newspaper advertisements. Applicant time estimated at approximately \$47.00 per hour (\$70.5 per 1.5 hours). 188 permits * \$70.5 per permit = \$13,254 This regulation will result 21-day processing time (down from 90 days) for permitting which saves approximately \$25,000 per week for mobilized projects awaiting permitting. Approximately 10 weeks saved = up to \$250,000 monetary savings per permit. \$250,000*188= \$47,000,000 13 weeks (original processing permit time) * \$25,000 (cost of permit delays per week) *188 (number of permits) = \$61,000,000 (cost of permit processing) <p>\$47,032,054 savings from changes/ \$61,032,054 original cost= 77% annual savings to the applicant</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change.</p> <ul style="list-style-type: none"> Quicker permit processing times will result in utilities (water, sewer, electrical, natural gas, broadband, etc.) being installed and available to private and commercial sectors sooner. Each of those 188 applications required, on average 4 hours of VMRC staff time to process the subaqueous encroachment permit but would be reduced to 1 hour with the new general permit. This in turn will result in decreased permit processing times of
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	<p>approximately 3 to 21 days versus the current 45 to 90-day processing times. Staff time estimated at \$45 per hour. 188 applications * \$45 per hour * 3 hours of savings = \$25,380 in staff time.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	<ul style="list-style-type: none"> \$18,800 estimated loss of application fees to VMRC. 	<ul style="list-style-type: none"> \$25,380 in cost savings to VMRC staff time. \$47,032,054 in application fees, applicant staff time, and legal ad Fees. \$18,800 estimated savings in application fees to the applicant pool.
(3) Net Monetized Benefit	Total Savings: \$47,076,234	
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources	VMRC Permit Tracking Database, newspaper invoices and personal communication with utility companies.	

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

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of no change here.</p> <ul style="list-style-type: none"> In 2022, VMRC issued 188 subaqueous permits for utility crossings where an application fee of \$100 was collected resulting in a cost of approximately \$18,800 annually. Applicant time estimated at approximately \$47.00 per hour. 188 hours * \$47.00 per permit (1.5 hours) = \$13,254 13 weeks (processing permit time) * \$25,000 (cost of permit delays per week) * 188 (number of permits) = \$61,000,000 (cost of permitting) Total cost of status quo permitting process = \$61,032,054 (\$61,000,000+ \$18,800 (permit fees) + \$13,254 (applicant processing time)) <p>Indirect Costs: Describe the indirect costs of the proposed change. N/A</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. N/A</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. N/A</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	\$61,032,054	N/A
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources		

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

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here.</p> <ul style="list-style-type: none"> There are no alternatives to consider as the only choice is the proposed permit or status quo. <p>Indirect Costs: Describe the indirect costs of the proposed change. N/A</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. N/A</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. N/A</p>	
(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: Describe the direct costs of this proposed change here.</p> <ul style="list-style-type: none"> This does not have a determined impact on local partners, so this is not known. <p>Indirect Costs: Describe the indirect costs of the proposed change. N/A</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. N/A</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. N/A</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Assistance		
(5) Information Sources		

Impacts on Families

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

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. N/A</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. N/A</p>
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	Direct Benefits: Describe the direct benefits of this proposed change here. N/A	
	Indirect Benefits: Describe the indirect benefits of the proposed change. N/A	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Information Sources		

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.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Describe the direct costs of this proposed change here. <ul style="list-style-type: none"> As an exact percentage is unknown, an undetermined percentage would qualify as small business. Indirect Costs: Describe the indirect costs of the proposed change. N/A Direct Benefits: Describe the direct benefits of this proposed change here. N/A Indirect Benefits: Describe the indirect benefits of this proposed change here. N/A	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A

(3) Other Costs & Benefits (Non-Monetized)	
(4) Alternatives	
(5) Information Sources	

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.

Change in Regulatory Requirements

VAC Section(s) Involved	Initial Count	Additions	Subtractions	Net Change
4 VAC 20-1410	22	0	22 * 0.77 = 17	-17

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases

VAC 20-1410	Creation of a general permit that is intended to increase efficiency in the review and approval of projects involving the installation of utility lines in a manner that does not require instream construction activities upon State-owned subaqueous beds. (see table 1a for details)	\$0	\$14,000,000	-\$ 47,076,234

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
28.2-1200 of the Code of Virginia	Creates a general permit for utility crossings.	Creating a general permit reduces processing time compared to a subaqueous permit.

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			