

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	September 1, 2022

Cost Benefit Analysis

Table 1a must be completed for all actions. Tables 1b and 1c must be completed for actions (or portions thereof) where the agency is exercising discretion, including those where some of the changes are mandated by state or federal law or regulation. Tables 1b and 1c are not needed if **all** changes are mandated, and the agency is not exercising any discretion. In that case, enter a statement to that effect.

- (1) Direct Costs & Benefits: Identify all specific, direct economic impacts (costs and/or benefits), anticipated to result from the regulatory change. (A direct impact is one that affects entities regulated by the agency and which directly results from the regulatory change itself, without any intervening steps or effects. For example, the direct impact of a regulatory fee change is the change in costs for these regulated entities.) When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo. One bullet has been provided, add additional bullets as needed.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of total (overall) direct costs described above.
 - (b) Enter estimated dollar value of total (overall) direct benefits described above.
 - (c) Enter the present value of the direct costs based on the worksheet.
 - (d) Enter the present value of the direct benefits based on the worksheet.
- (3) Benefits-Costs Ratio: Calculate d divided by c OR enter it from the worksheet.
- (4) Net Benefit: Calculate d minus c OR enter it from the worksheet.
- (5) Indirect Costs & Benefits: Identify all specific, indirect economic impacts (costs and/or benefits), anticipated to result from the regulatory change. (An indirect impact is one that results from responses to the regulatory change, but which are not directly required by the regulation. Indirect impacts of a regulatory fee change on regulated entities could include a change in the prices they charge, changes in their operating procedures or employment levels, or decisions to enter or exit the regulated profession or market. Indirect impacts also include responses by other entities that have close economic ties to the regulated entities, such as suppliers or partners.) If there are no indirect costs or benefits, include a specific statement to that effect.

- (6) Information Sources: Describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.
- (7) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

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

<p>(1) Direct Costs & Benefits</p>	<ul style="list-style-type: none"> <p>• As mandated by Chapter 1105 (HB524) 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 of the 2022 Acts of Assembly.</p> <p>Direct Costs: No new direct fiscal costs are expected. This change itself does not introduce any new requirements to the water supply plan itself and the current regulation allows for regional planning.</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>• As mandated by Chapter 1105 (HB524) 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 stakeholders groups to participate in planning. Limited increases in staff time may result from facilitating participation of stakeholders who choose to participate.</p> <p>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 before public</p>
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	<p>notice of the plan, or 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.</p> <ul style="list-style-type: none"> • As mandated by Chapter 1105 (HB524) of the 2020 Acts of Assembly, the proposed regulation requires a regional water supply plan identify water supply risks, evaluate likelihood and severity of each risk identified, and propose regional strategies to address each risk. <p>Direct Costs: No direct fiscal costs are expected due to this new requirement that is mandated by state law. This requirement will add an additional element to water supply plan development, but this requirement only requires review of existing data that in most cases is already part of plan development.</p> <p>Direct Benefits: Meet the legal mandate of state law and allow localities to comply with current law.</p>		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) No change in direct costs	(a) Estimated range for plan development per locality of \$5,000-\$40,000 depending on locality population.	
Direct Benefits	(b) No estimate of direct benefit	(d) No estimate of direct benefit	
(3) Benefits-Costs Ratio	No change in direct costs	(4) Net Benefit	No change in direct costs
(5) Indirect Costs & Benefits	<p>Regional planning may require additional facilitation that increases staff time and therefore indirectly increases costs for localities. This will vary significantly across localities as some localities already plan regionally or will be planning in planning areas largely overlapping existing planning structures such as Planning District Commissions (PDCs). New requirements mandated by law such as identifying risk and proposing regional strategies may require additional staff time or contractual costs with consultants.</p>		

	Regional planning with increased stakeholder participation may also improve feasibility of cost effective regional water supply projects and assist localities in avoiding common issues in permit processing that delay or complicate project development.
(6) Information Sources	Discussions with regional planning commission, consultants who worked on previous plans, and localities.
(7) Optional	The original regulation included grant funding for localities to develop water supply plans. While including grant funding in this statutory change was discussed, it did not ultimately make it into the bill and therefore is not available currently.

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

This table addresses current requirements and the implications of not making any changes. In other words, describe the costs and benefits of maintaining the current regulatory requirements as is.

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> The proposed amendments are mandated by state law. <p>Direct Costs: If the regulation is not changed, it will not meet the legal mandate of state law and localities will be unable to submit plans that comply with current law.</p> <p>Direct Benefits: No direct benefits to maintaining status quo.</p>		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) None	(a) None	
Direct Benefits	(b) None	(b) None	
(3) Benefits-Costs Ratio	No change	(4) Net Benefit	No change
(5) Indirect Costs & Benefits	None		
(6) Information Sources	Discussions with a regional planning commission, consultants who worked on previous plans, and localities.		

(7) Optional	
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Table 1c: Costs and Benefits under an Alternative Approach

Not Required: Amendments are mandated by changes in statute. No alternative approaches are applicable.

Impact on Local Partners

- (1) Describe the direct costs and benefits (as defined on page 1) for local partners in terms of real monetary costs and FTEs. Local partners include local or tribal governments, school divisions, or other local or regional authorities, boards, or commissions. If local partners are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of total (overall) direct costs described above.
 - (b) Enter estimated dollar value of total (overall) direct benefits described above.
- (3) Indirect Costs & Benefits: Describe any indirect benefits and costs (as defined on page 1) for local partners that are associated with all significant changes. If there are no indirect costs or benefits, include a specific statement to that effect.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.
- (5) Assistance: Identify the amount and source of assistance provided for compliance in both funding and training or other technical implementation assistance.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 2: Impact on Local Partners

(1) Direct Costs & Benefits	<p>Direct Costs: There are no direct costs expected for local partners associated with this regulatory amendment.</p> <p>Direct Benefits: These amendments will allow local partners to comply with changes in state law that are now in effect.</p>
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) None
Direct Benefits	(b) None

(3) Indirect Costs & Benefits	The proposed amendments will allow more opportunities for local partners to participate in plan development than the current regulation.
(4) Information Sources	Discussions with a regional planning commission, consultants who worked on previous plans, and localities.
(5) Assistance	None
(6) Optional	

Economic Impacts on Families

- (1) Describe the direct costs and benefits (as defined on page 1) to a typical family of three (average family size in Virginia according to the U. S. Census) arising from any proposed regulatory changes that would affect the costs of food, energy, housing, transportation, healthcare, and education. If families are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of direct costs.
 - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe any indirect costs and benefits (as defined on page 1) to a typical family of three that are most likely to result from the proposed changes.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (5) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 3: Impact on Families

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 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.

(1) Direct Costs & Benefits	<p>Direct Costs: There are no direct costs to families associated with this regulatory change.</p> <p>Direct Benefits: These regulatory amendments are necessary to conform to changes in state law that are currently in effect.</p>
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	None.
Direct Benefits	None.
(3) Indirect Costs & Benefits	No indirect costs or benefits expected for families.
(4) Information Sources	None
(5) Optional	

Impacts on Small Businesses

- (1) Describe the direct costs and benefits (as defined on page 1) for small businesses. For purposes of this analysis, “small business” means the same as that term is defined in § 2.2-4007.1. If small businesses are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of direct costs.
 - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe the indirect benefits and costs (as defined on page 1) for small businesses that are most likely to result from the proposed changes.
- (4) Alternatives: Add a qualitative discussion of any equally effective alternatives that would make the regulatory burden on small business more equitable compared to other affected business sectors, and how those alternatives were identified.
- (5) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 4: Impact on Small Businesses

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 small businesses. The statute and regulations impose the requirement on all counties, cities, and incorporated towns. The regulatory change seeks to ensure coordinated development of regional water supply plans among localities and by doing so, ensure 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.

(1) Direct Costs & Benefits	<p>Direct Costs: There are no direct costs to small businesses associated with this regulatory change.</p> <p>Direct Benefits: These regulatory amendments are being made to conform to changes in state law that are currently in effect.</p>
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) None
Direct Benefits	(b) None
(3) Indirect Costs & Benefits	The proposed amendments will allow small businesses to participate in plan development to ensure their needs are considered. Few small businesses are expected to use water at the level (> 300,000 gallons a month) requiring providing information to assist in plan development, but the requirement to do so is in the existing regulation as well.
(4) Alternatives	None, this change is required by state law.
(5) Information Sources	None
(6) Optional	

Changes to Number of Regulatory Requirements

For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements. This count should be based upon the text as written when this stage was presented for executive branch review. Five rows have been provided, add or delete rows as needed.

Table 5: Total Number of Requirements

Agency Note: There are 56 requirements for the regulated community currently contained 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 4 new requirements. These 4 additional requirements are being added to the regulation in response to Chapter 1105 (HB524) of the 2020 Acts of Assembly. No requirements were removed from the existing regulation but many were clarified and made less burdensome based on feedback from regulatory advisory panel.

	Number of Requirements			
Chapter number	Initial Count	Additions	Subtractions	Net Change
9VAC25-780	56	4*		4*

* 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.