



Economic Impact Analysis Virginia Department of Planning and Budget

9VAC 25-260 –Water Quality Standards
Department of Environmental Quality
November 16, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The State Water Control Board (board) proposes to amend the Antidegradation Policy section of the state's Water Quality Standards Regulation to designate four tributaries of the Simpson Creek (Blue Such Branch, Downy Branch, Piney Mountain Branch, and North Branch Simpson Creek) for special protection as Exceptional state waters.

Estimated Economic Impact

The proposed regulation designates four tributaries of the Simpson Creek as exceptional state waters: Blue Such Branch, Downy Branch, Piney Mountain Branch, and North Branch Simpson Creek. Blue Such Branch is located in Alleghany County and Botetourt County, the other three are located in Alleghany County. Waters which display exceptional environmental settings and either exceptional aquatic communities or exceptional recreational opportunities may be designated as exceptional state waters if they meet the eligibility requirements based on

the information available at the time of preliminary evaluation.¹ An exceptional water quality designation provides extra protection against water quality degradation due to point source discharges. No new, additional, or increased point source discharge of sewage, industrial waste, or other pollution are allowed into the water once it has been designated as an exceptional state water. The only exception would be temporary, limited impact activities.

Designation of these waters as exceptional state waters will prohibit riparian landowners within the designated segment from new or expanded permanent point source discharges to the designated segment. Thus, the riparian landowners will have to seek alternatives to discharging to the designated segment and will incur additional financial expenditures associated with wastewater or storm water treatment. On the other hand, by designating these waters as exceptional state waters, the proposed regulatory change will protect these waters at their present high level of quality for the use and enjoyment of current and future generations of Virginians. As a result, the proposed change will encourage tourism in the surrounding areas and increase the number of people coming to the areas seeking recreational outdoor activities such as fishing, camping and hiking, which, in turn, will likely boost economic activity in these areas. The net impact of the proposed change will depend on whether total benefit exceeds total cost.

According to Department of Environmental Quality (DEQ), the only riparian landowner for each of these waters is a federal agency (U.S. Forest Service). Currently none of these waters contain any permitted point source discharges, nor are any anticipated by U.S. Forest Service. Therefore, the proposed regulatory change will likely not significantly change the aquatic environment in these areas and thus, will not likely have any significant negative or positive impact in the foreseeable future.

Businesses and Entities Affected

The exceptional state waters designation prohibits new or expanded point source discharges in the designated waters. Currently the U.S. Forest Service is the only riparian landowner and there are no Virginia Pollutant Discharge Elimination System (VPDES) permittees located on these waters nor are any anticipated by the U.S. Forest Service. Therefore,

¹ Guidance for Exceptional State Waters Designations in Antidegradation Policy Section of Virginia Water Quality Standards Regulation (9 VAC 25-260-30.A.3).

in the foreseeable future, the proposed regulatory change will likely not have any significant impact on businesses.

If in the future, the riparian landowners have an intent to discharge to the designated waters, they will be required to seek alternatives to discharging and incur additional costs which will reduce their profits. On the other hand, businesses located near the designated waters may experience financial benefits through an increase in eco-tourism to the area because of the exceptional nature of the water body.

Localities Particularly Affected

The proposed regulatory change will affect the county of Alleghany and Botetourt where the four designated surface waters are located.

Projected Impact on Employment

The proposed regulatory change will likely not have any significant impact on the businesses and employment in the foreseeable future. In the event that the riparian landowners have an intent to discharge to the designated waters in the future, the proposed regulatory change will likely restrict employment growth in these businesses, while at the same time encourage employment growth in industries related to tourism and outdoor recreation in the surrounding areas.

Effects on the Use and Value of Private Property

Since the U.S. forest Service is the only riparian landowner for the four waters, and currently no businesses are permitted dischargers to these waters nor are any anticipated in the future, the proposed designation of exceptional state waters will likely not cause any significant impact on the ecological environment in these areas and therefore the impact on private properties will be limited.

If in the future the riparian landowners have an intent to discharge to the designated waters, they will experience an increased cost and reduced profit which will commensurately reduce their asset values. Those related to tourism and outdoor recreation in the surrounding areas may experience increases in their profits and commensurately increased property values. In addition, improvements in water quality due to the exceptional state waters designation may have a positive impact on the value of the residential properties in the surrounding areas.

Small Businesses: Costs and Other Effects

The proposed regulatory change will likely not have any significant impact on the small businesses in the foreseeable future, since the U.S. Forest Service is the only riparian landowner and currently there are no VPDES permittees located on these waters and none are anticipated by the U.S. Forest Service.

If in the future the riparian landowners have an intent to discharge but are prohibited by the exceptional state waters designation from discharging to the designated waters, they will be required to seek alternatives to discharging and incur additional costs. On the other hand, small businesses involved in tourism and outdoor recreation in the surrounding areas may experience increase in their profits.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulatory change will likely not have any significant impact on small businesses in the foreseeable future.