



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**9 VAC 25-260 – Water Quality Standards**  
**Department of Environmental Quality**  
August 18, 2010

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### **Summary of the Proposed Amendments to Regulation**

The State Water Control Board (Board) proposes to amend the Water Quality Standards, Section 9 VAC 25-260-450, by designating as Public Water Supply (9 VAC 25-260-380.D.1) an approximately one mile segment of the Dan River in Virginia and its tributaries in Virginia near the North Carolina border.

### **Result of Analysis**

There is insufficient data to accurately compare the magnitude of the benefits versus the costs.

### **Estimated Economic Impact**

A raw water intake intended to serve Roxboro, North Carolina and the North Carolina counties of Person and Caswell has been proposed by the state of North Carolina for the Dan River near the town of Milton, NC approximately 10 miles downriver from Danville, Virginia. North Carolina water quality standards require public water supply protections to extend 10 miles upriver from the intake. The Board received a petition to designate as public water supply (PWS) a sufficient portion of the Dan River and its tributaries to complete the 10-mile run of the river as required by North Carolina water quality standards. In order to comply with North Carolina's request, the Board proposes to designate approximately a one mile segment of the Dan River in Virginia and its tributaries in Virginia near the state line as PWS.

Waters designated as PWS have more stringent effluent limits for affected dischargers. According to the Department of Environmental Quality (Department) there are two permitted facilities within the proposed PWS segment. One has an individual permit with several stormwater discharges (Goodyear) and the other has a stormwater industrial general permit (Blue

Ridge Fiberboard). The Department does not believe that the more stringent effluent limits for waters designated PWS will affect these two firms given their current type and level of discharge. Thus the proposed amendment does not produce an immediate cost. There is some potential future cost in that designating the segment as PWS would make some potential industrial uses (for firms who may consider locating within the segment in question) more expensive with the more stringent PWS discharge standards.

On the other hand, federal regulation (40 CFR 131.10(b)) states “...the State shall take into consideration the water quality standards of downstream waters and shall ensure that its water quality standards provide for the attainment and maintenance of the water quality standards of downstream waters.” Though the benefit for public drinking water quality by designating the segment as PWS would be for North Carolina in this case, complying with North Carolina’s request will likely generate goodwill and may increase the likelihood that North Carolina will comply with potential future requests from Virginia.

Since it is unknown whether any firms would in practice wish to exceed the more stringent PWS discharge standards in the future, and the amount of goodwill and the likely benefit of such goodwill cannot be easily quantified, there is insufficient information to conclusively determine whether or not the costs of the proposed amendment exceed the benefits.

### **Businesses and Entities Affected**

Currently there are two permitted facilities within the proposed PWS designation: Goodyear-Danville on Hogans Creek, which is a tributary to the Dan River, and Blue Ridge Fiberboard on the Dan River. Blue Ridge Fiberboard is a small business while Goodyear is not. These two firms and any other potential firms that may wish to locate within the proposed PWS designated area are potentially affected by the proposed amendment.

### **Localities Particularly Affected**

The proposed amendment particularly affects Pittsylvania County and the City of Danville.

### **Projected Impact on Employment**

The proposal amendment is unlikely to significantly affect employment, at least in the near term.

## **Effects on the Use and Value of Private Property**

The proposed amendments are unlikely to significantly affect current use of private property. Some potential industrial uses (for firms who may consider locating within the segment in question) would be more costly with the more stringent PWS discharge standards. This could potentially discourage some development on the approximately one mile segment of the Dan River in Virginia and its tributaries.

## **Small Businesses: Costs and Other Effects**

The proposed amendments are unlikely to significantly affect small businesses currently located within the segment. Some potential industrial uses (for firms who may consider locating within the segment in question) would be more costly with the more stringent PWS discharge standards.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

Other than denying North Carolina's request to designate the segment as PWS, there is no alternative method that would reduce adverse impact.

## **Real Estate Development Costs**

Designating the approximately one mile segment of the Dan River in Virginia and its tributaries as PWS could increase the costs of development on the segment if the potential development involved discharge in excess of the PWS criteria. This could potentially discourage some development on the approximately one mile segment of the Dan River in Virginia and its tributaries.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 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. Further, if the proposed

regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.