



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

9 VAC 25-260 Water Quality Standards
Department of Environmental Quality
Town Hall Action/Stage: 5670 / 9174
February 12, 2021

Summary of the Proposed Amendments to Regulation

The State Water Control Board (Board) proposes to designate four additional bodies of water as public water supply (PWS) sources.

Background

A PWS is a water source whereby a city, town, or other community draws source water into their drinking water intake facilities, which in turn is eventually piped to area businesses, schools, and homes. According to the Board, more stringent criteria are typically applied to numerous pollutant parameters in order to protect the designated use of a PWS for human consumption. The Commonwealth's surface waters are currently divided into 10 river basins; in addition, 220 bodies of water are designated as a PWS.

The Board evaluates water bodies for the PWS designation on an ongoing basis. This action would grant PWS designation to four additional water sources. These water sources are located within the Counties of Cumberland, Greene, Rockingham, and Washington; they are also located within four basins: James, Potomac, Rappahannock, and the Tennessee and Big Sandy.¹ Three of the four water intake facilities are under development, and withdrawal structures are either currently under construction or are planned to be in the immediate future. One intake

¹ Potomac River Basin: South Fork Shenandoah River and its tributaries from the City of Harrisonburg water supply intake near the confluence of Big Run to points five miles upstream;
James River Basin: Cobbs Creek (Cumberland County) and its tributaries from the public water supply intake on Cobbs Creek Reservoir to their headwaters;
Rappahannock River Basin: from the dam of Whit Run pumped storage reservoir on an unnamed tributary to White Run upstream to its tributaries;
Tennessee and Big Sandy Basins: South Fork Holston River and its tributaries from Washington County Service authority intake near the confluence of the Middle and South Fork Holston River to points five miles upstream.

facility located in Potomac River Basin is active, and all withdrawal structures and appurtenances have been constructed and are currently in use.

Estimated Benefits and Costs

The most immediate implication for designating a body of water as a PWS is that it may require more stringent effluent limits for discharges from permitted facilities within a five mile distance from the intake. However, according to DEQ, no permitted facilities are currently operating within five miles upstream from any of the proposed PWS, and DEQ is not aware of any future planned facilities that may require a permit. In addition, more stringent effluent limits do not apply to non-point pollution sources such as farms. Since no permitted facilities are within the 5-mile distance for any of the four facility intakes for which a PWS designation is proposed, no significant economic impact is expected upon promulgation of the proposed changes.

Although the proposed PWS designations may theoretically make some potential industrial uses more expensive (such as for businesses who may consider locating within the segments in question), because of the more stringent PWS discharge standards, it would be highly speculative to project any such economic impact at this time. Should an effluent discharging firm consider locating within the segments in question, however, the proposed changes would ensure that the water quality is maintained at a level appropriate for human consumption.

Businesses and Other Entities Affected

There is no known existing or planned facilities that may be subject to more stringent water quality criteria due to the proposed four PWS designations. Thus, no adverse economic impact² or disproportional impact is expected on businesses or other entities.

Small Businesses³ Affected:

The proposed amendments do not appear to adversely affect small businesses.

² Adverse impact is indicated if there is any increase in net cost or reduction in net revenue for any entity, even if the benefits exceed the costs for all entities combined.

³ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Localities⁴ Affected⁵

The four additional water sources being proposed to be designated as PWS are located in counties of Cumberland, Greene, Rockingham, and Washington. However, these PWS designations are not expected to impose costs on the localities. Consequently, no adverse economic impact on these counties is indicated.

Projected Impact on Employment

The proposed amendments do not appear to affect employment.

Effects on the Use and Value of Private Property

A PWS designation could potentially affect the value of properties within the designated segments, but given that there are no current or planned permitted discharges into the affected water bodies, projection of any such impact would be highly speculative at this time. Thus, the proposed amendments are unlikely to significantly affect the current use and value of private property upon promulgation of the proposed changes.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 14 (as amended, July 16, 2018). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a

⁴ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁵ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.

proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.