

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** HB 2551

House of Origin     X  Introduced        \_\_\_ Substitute        \_\_\_ Engrossed  
 Second House        \_\_\_ In Committee    \_\_\_ Substitute        \_\_\_ Enrolled

**2. Patron:** Orrock

**3. Committee:** Health, Welfare and Institutions

**4. Title:**        **Onsite treatment works; designs by engineers**

**5. Summary:** Provides specific requirements for onsite treatment works designed by professional engineers. Allows such designs either to meet the specifications of current requirements for other onsite treatment works or to adhere to the new standards set out in the bill.

**6. Fiscal Impact Estimates:**

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2008-2009	\$0	\$0	0.0
2009-2010	\$42,329	\$0	0.5
2010-2011	\$84,658	\$0	1.0
2011-2012	\$84,658	\$0	1.0
2012-2013	\$84,658	\$0	1.0
2013-2014	\$84,658	\$0	1.0
2014-2015	\$84,658	\$0	1.0

**7. Budget Amendment Necessary:** Yes, Item 299.

**8. Fiscal Implications:** The bill makes a number of changes, including requiring the applicant to list all variances from the Board of Health’s regulations and the professional engineer’s justification for each. The proposal must state any known limitations of the design. The proposal must contain an abatement plan if the system is later deemed non-compliant. These requirements will increase the amount of time required to review proposals. The Virginia Department of Health (VDH) estimates that it will take an additional 30 minutes per application to evaluate whether the applicant identified all appropriate variances and correctly specified known limitations and an abatement plan.

The legislation further requires the owner to have the system inspected and monitored through performance sampling of effluent or groundwater in a manner and frequency determined by VDH that is sufficient to demonstrate that the system is functioning as designed, that public health and the environment are protected, and there is no resulting pollution of the groundwater. This change requires VDH to set monitoring frequencies, locations, methods, etc. for each permit issued. Presumably, it will also require VDH to

receive monitoring reports and to interpret, store, and otherwise administer those reports. In addition, it imposes a burden on the agency to assure that the monitoring program is sufficient to demonstrate that public health and the environment are protected and that there is no pollution of groundwater. These are all new requirements that go beyond the existing requirements in the statute. Depending on the engineer's deviation(s) from the regulations, the complexity of this task could be relatively minor to many hours. VDH estimates that the proposed legislation will add, on average, about one hour per application to implement these specific requirements.

To implement the bill, VDH will expend about 1.5 hours of additional service time per application for subdivision lot, certification letter, and construction permit. The additional work and time would consist of the following tasks: (1) reviewing variances, and (2) reviewing abatement plans, operations and maintenance (O&M) manuals, and developing strategies to monitor the systems. In certain situations, more or less than 1.5 hours of additional resource time would be necessary to implement the bill.

VDH received 148 proposals under the law out of a total number of 6,161 applications (2.4 percent) from July 1, 2008 through January 22, 2009. Based on the data for one calendar year (July 1, 2008 through June 30, 2009), VDH can expect to receive a total of 13,598 applications for subdivision lots, certification letters, and construction permits. Assuming that the percent of applications under this code section continues at 2.4 percent, then VDH would expect to see a total of 326 proposals if the law were effective for one complete year. Therefore, VDH estimates the legislation would require the agency to incur an additional 489 hours of work associated with the anticipated number of additional proposals. That estimate is based upon multiplying the number of applications by the 90 additional minutes per application. That additional time represents approximately 25 percent of an FTE based on the average number of hours (2,080) per year. Therefore, the direct fiscal impact of reviewing the applications would be less than 0.3 FTE in the current economic environment. VDH expects an additional cost of providing programmatic support equivalent to 0.2 FTE. The programmatic support would include time to develop agency policies to administer the new provisions. VDH estimates that it will take about 400 man hours to develop the associated policies that are needed to cause consistent and meaningful review as contemplated by the Code. The combination of these responsibilities would equal approximately 0.5 FTE.

In FY 2010, VDH would expect to hire 0.5 FTE (Pay Band 5C) to draft policy and procedures to implement the bill and to oversee the program's implementation thereafter, including the review of applications. The position would develop the parameters of the program, collaborate with stakeholders, and assure implementation of the bill. Using the midpoint of salary of \$66,660 plus 27 percent in benefits, the expected cost of one 5C FTE is \$84,658. In FY 2010, the expected cost to the agency would be \$42,329. Thereafter, the anticipated cost would be \$84,658.

There is no fiscal impact for the Virginia Department of Environmental Quality.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Health and Virginia Department of Environmental Quality

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** VDH believes that as the economy improves, the number of applications for subdivision, certification letter, and construction permit will increase. Applications are down about 40 percent from the previous two years. As such, VDH expects that 1.0 FTE may be needed in future years to implement the legislation as the number of applications increases.

This legislation is identical to SB 1468.

**Date:** 2/4/2009 lrj

**Document:** G:\VDH\GA\Legislation\FIS\FY 2009\HB2551.doc

cc: Secretary of Health and Human Resources  
Secretary of Natural Resources