

# Commission on Local Government

## Estimate of Local Fiscal Impact

2023 General Assembly Session | 01/20/23

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

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**SB 1013: Waterworks; contaminants, PFAS chemicals, notification to customers. (Patron: Senator John S. Edwards)**

**Bill Summary: Waterworks; contaminants; PFAS chemicals; notification to customers.** Requires a waterworks owner to notify customers when a water quality analysis reveals that perfluoroalkyl and polyfluoroalkyl substances (PFAS chemicals), as defined in the bill, are present in the water supply or when a contaminant in the water supply exceeds maximum contaminant levels established in state or federal regulations, whichever is more stringent. Such notification shall be published in a newspaper of general circulation in the affected area and mailed to all customers. Such published and mailed notifications shall include information regarding the water quality analysis, the contaminant or contaminants, potential adverse health impacts, actions to reduce the level of the contaminant or contaminants, and public contact information for the waterworks.

**Local Fiscal Impact:** Net Additional Expenditure:   X   Net Reduction of Revenues:       

### Summary Analysis:

**Number of Localities Responding: 6 Cities, 4 Counties, 2 Towns, 1 Other**

Localities estimated negative fiscal impacts ranging from \$0 to \$0.8 million over the biennium.

Localities identified the bill's fiscal impacts as the net increase expenditures needed to fulfill the bill's public notice requirements if PFAS chemicals were found in their water. In this instance, these localities indicated the cost of a newspaper advertisement and mailers as the expenditure increase. Additionally, several localities indicated potential negative fiscal impacts stemming from the cost of managing PFAS in their water utilities; for example, the cost of testing for PFAS (if not done so already) and potential treatment if PFAS were found.

Localities reported recurring and/or one-time expenditures, depending upon if they anticipated repeat public notices and mailings. The frequency of these would depend upon the amount of water quality testing in their utility.

Some localities reported no fiscal impact as they were not responsible and/or operated a water utility.

**Net Increase in Expenditures: Itemized Estimates by Responding Localities**

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
City of Alexandria	City								
City of Chesapeake	City	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Harrisonburg	City	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City of Norfolk	City			\$400,000	\$400,000				
City of Richmond	City								
City of Winchester	City								
Mecklenburg County	County								
Prince George County	County								
Rappahannock County	County								
Roanoke County	County								
Northern Neck PDC	Other								
Town of Blacksburg	Town								
Town of Luray	Town	\$25,000	\$25,000	\$5,000	\$5,000				

### Net Increase in Expenditures: Itemized Estimates by Responding Localities

[illegible]

Locality	Expenditure Narrative by Responding Localities
City of Alexandria	Fiscal impact is currently unquantifiable but will include the newspaper ad (total cost depends on mandatory verbiage that needs to be run by the locality, total size of ad on page) and the number of newspapers it goes in. Mailed notification costs will include postage and staff costs.
City of Chesapeake	Costs related to mailing notification letters and advertising: ~ 70,000 customers - Post Cards - .60 cent per post card (4x6) in FY 2023 = \$336,000. - Notification Letters .60 paper/envelope in FY 2023 = \$336,000. - Total: \$672,000
City of Harrisonburg	The City does not have any PFAS in the water, but if it were to have some identified in the water supply, it would cost approximately \$1,000 - \$1,200 to notify customers, depending on how many needed to be notified.
City of Norfolk	Currently, the PFAS testing is conducted quarterly by the Department of Utilities. Enactment of this Bill at the minimum will result in four advertisements and mass mailings per year, if any PFAS contaminant in the water supply is detected in each quarterly testing. The annual cost for mass mailings is \$400,000 (\$100,000 for each mass mailing). In addition, the enactment of this Bill may result in updating City' insurance policies with language covering the protection against any harm caused to citizens by PFAS chemicals exposure.
City of Richmond	Currently the City of Richmond does not test for PFAS. If the legislation changes to a requirement to test of PFAS there will be a fiscal impact for the testing and the notification of customers.
City of Winchester	With already existing federal and state requirements for reporting to the public the results of drinking water testing, we find this may not be needed.
Mecklenburg County	Our County does not operate a water utility.
Prince George County	This bill is only requiring the notifications of the presence of PFAs. The bigger issue is the requirement to monitor for PFAs. There has not been any local sampling for PFAs to understand the cost implications of this bill. If it is present in the water, we have no current means to remove it. It is believed well sources may not have levels of PFAs but there is no information to prove it. However, if well sources do have PFAs, we would likely need to install a filtration system (similar to Reserve Osmosis) in those locations. This would be very costly. ARWA would be responsible for the central system, which would cause our rate to increase. The EPA website admits they do not know enough about PFAs. The MCL for PFAs has not been established yet. Based on the recommended MCLs by EPA (which is essentially no presence), this bill could require notifications with every sample taken. And It would likely cause an uproar from the community since we have no methods in place to remove PFAs. We are unable to estimate costs at this time (without knowing more).
Rappahannock County	

Locality	Expenditure Narrative by Responding Localities
Roanoke County	The County is part of a Water Authority so these responsibilities will be of the Authority.
Northern Neck PDC	PDCs do not operate any waterworks, so legislation would be impact-neutral to PDCs.
Town of Blacksburg	No fiscal impact on town expenditures. Town publishes Annual Water Quality Report.
Town of Luray	<p>EPA has not developed final guidance on PFAS Chemicals beyond that they is widespread use and that they are commonly found in the environment. There is no determination as to the level at which a threat is posed to human health. As such, any notice of their presence will only serve to alarm the public with no purpose. Legislation should be delayed until final guidance from EPA allows for proper information to be provided.</p> <p>General Assembly would be better served providing funding to VDH for research.</p>

\* Penny value is defined as the amount a locality would need to raise their real estate tax rate to cover the fiscal impacts of the bill, assuming no other changes to revenues or expenditures. It is represented in terms of dollars (e.g., 0.01 is a one cent increase in the real estate tax rate, etc.).