

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

Person(s) Preparing Statement:
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Rule Title: Louisiana Standards for Water
Works Construction, Operation and
Maintenance [LAC 51:XII.101, 105, 107, 111-
123, 125-163, 165-169, 171-191, 201-209, 211-
223, 225-231, 233-255, 257-275, 277-279, 319]

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Effective Date: August 1, 2018

SUMMARY

(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. **THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.**

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Other than the publication fees associated with the proposed rule change, which is estimated to be \$20,102, it is not anticipated that the Louisiana Department of Health – Office of Public Health (LDH-OPH) will incur any other costs or savings as a result of this rule.

The proposed rule adopts standards for public water systems (PWSs) that were developed and approved by the Louisiana Standards for Water Works Construction, Operation, and Maintenance Committee and the Louisiana Department of Health (LDH). The proposed standards are applicable to the review and permitting of the design and construction of drinking water supply infrastructure projects effective August 1, 2018. Currently, the *Recommended Standards for Water Works*, 2003 Edition (commonly referred to as the Ten State Standards) is primarily used for the design basis of water supply infrastructure projects as adopted in Section 105.D of Part XII (Water Supplies) of the State Sanitary Code (LAC 51). The proposed standards will replace Ten State Standards effective August 1, 2018.

State and local agencies that own/operate a PWS undergoing new construction/renovation after August 1, 2018 will be impacted by the proposed rule. For these agencies, depending on the project scope, there may be an increase in the design/construction costs due to more stringent requirements (e.g., chlorine dioxide generator). However, there may also be a decrease in design/construction costs due to lesser requirements for other projects (e.g., chlorine gas storage). The change in implementation costs as a result of this rule change is not estimable as it would vary depending on the size and scope of the actual project being proposed.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS.

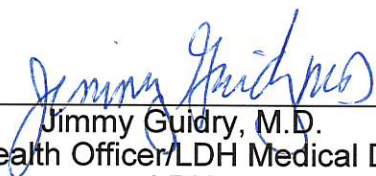
The proposed rule change does not directly affect state or local governmental revenue collections. However, revenue collections of state and local governmental units that own/operate a PWS may need to increase to cover the increased implementation costs for certain projects that have stricter rule requirements. Similar to implementation costs, the increase in revenue collections needed for such new construction/renovations is not estimable as it would vary and be dependent on the size and scope of the actual project being proposed on/after August 1, 2018.

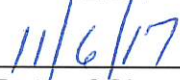
III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (Summary).

Design engineers and PWSs involved in developing plans and specifications for new drinking water infrastructure construction projects will be directly affected by the proposed rule and may incur additional costs for training to familiarize themselves with the new design regulations. These training costs will vary per person and job function based on his/her training needs. In anticipation of eventually publishing a final rule on a public website, these individuals will be able to download the final design regulations from the Office of the State Register's website free of charge.


IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary).


The proposed rule will likely cause an increase in competition to hire Louisiana Licensed Professional Engineers to design drinking water infrastructure projects that comply with the new design regulations. The rule will require them to become knowledgeable of the new design regulations in order to receive a permit for constructing drinking water infrastructure projects. The rule requires plans and specifications submitted for a permit on/after August 1, 2018 to comply with the new design regulations. Construction of drinking water infrastructure projects submitted on/after August 1, 2018 could be delayed if the project does not comply with the new regulations. Delayed projects could adversely affect employment.



Jimmy Guidry, M.D.
State Health Officer/LDH Medical Director
LDH


Date of Signature



Evan Brasser, Staff Director
Legislative Fiscal Officer
or Designee


Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberations on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).**

The purpose of the proposed rule is to adopt standards for public water systems (PWSs) that were developed and approved by the *Louisiana Standards for Water Works Construction, Operation, and Maintenance Committee* (a.k.a., "water committee"). The proposed standards are applicable to the review and permitting of the design and construction of drinking water supply infrastructure projects effective August 1, 2018. The proposed standards will assist LDH-OPH in ensuring the continued protection of the public from contaminated drinking water through enforceable standards that address the proper design, operation and maintenance of public water systems. Currently, the *Recommended Standards for Water Works*, 2003 Edition (a.k.a., Ten State Standards) is primarily used for the design basis of water supply infrastructure projects as adopted in Section 105.D of Part XII (Water Supplies) of the State Sanitary Code (LAC 51). The proposed Standards will replace Ten State Standards effective August 1, 2018.

- B. Summarize the circumstance which requires this action. If the action is required by federal regulations, attach a copy of the applicable regulations.**

The proposed amendments to Part XII are authorized under Act 292 and Act 488 of the Regular Legislative Sessions, 2013 and 2014, respectively. These Acts require LDH to adopt certain PWS standards developed and approved by both the water committee and the Louisiana Department of Health.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session:**

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.**

Yes, OPH is expected to expend \$20,102 to pay the Office of the State Register to publish the Notice of Intent and Final Rule in the *Louisiana Register*.

Except for the above rule publication costs, there are no other rule implementation costs for LDH-OPH. Agency activities/services (plans review/training) are not anticipated to change as a result of this rule.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?**

(a) _____ Yes. If yes, attach documentation.

(b) X No. If no, provide justification as to why this rule change should be published at this time.

This rule change is required per the Act 292 and Act 488 of the Regular Legislative Sessions, 2013 and 2014, respectively. Self-generated revenue from administrative fees collected by the LDH-OPH's Safe Drinking Water Program will fund this cost.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

Costs	FY 2017-2018	FY 2018-2019	FY 2019-2020
Personal Services	\$0	\$0	\$0
Operating Expenses	\$20,102	See below	See below
Professional Services	\$0	\$0	\$0
Other Charges	\$0	\$0	\$0
Equipment	\$0	\$0	\$0
TOTAL	\$20,102	See below	See below
Major Repair/Construction	\$0	\$0	\$0
POSITIONS	\$0	\$0	\$0

2. Provide a narrative explanation of the costs or savings shown in "A.1", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

The proposed rule will result in an estimated cost of **\$20,102 for fiscal year 2018** to publish the notice of intent and the final rule in the *Louisiana Register*. Self-generated revenue from administrative fees collected by the LDH-OPH's Safe Drinking Water Program will fund this cost.

State agencies that own/operate a PWS undergoing new construction/renovations after August 1, 2018 will be impacted by the proposed rule. For the proposed rule, implementation costs include the design and construction costs for water infrastructure projects proposed on/after August 1, 2018. Depending on the project scope, there may be an increase in the design/construction costs due to more stringent requirements (e.g., chlorine dioxide generator). However, there may also be a decrease in design/construction costs due to less stringent requirements applicable to some projects (e.g., chlorine gas storage). The implementation cost associated with such new construction/renovation is inestimable as it would vary and be dependent upon the size and scope of the actual project being proposed.

State agencies that own/operate a PWS will have to familiarize themselves with the amended requirements of Part XII (Water Supplies) and may incur additional costs for training staff who oversee construction projects for the public water system. These training costs will vary per person based on his/her training needs.

3. Sources of funding for implementing the proposed rule or rule change.

Source	FY 2017-2018	FY 2018-2019	FY 2019 - 2020
Agency Gen. Fund	\$0	\$0	\$0
Agency Self Gen.	\$20,102	\$0	\$0
Dedicated	\$0	\$0	\$0
Federal	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
Total	\$20,102	\$0	\$0

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

The agency currently has sufficient funds to publish the Notice of Intent and final Rule in the Louisiana Register (\$20,102). Also, the agency is using existing staff to implement the proposed action.

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

Local governmental units that own/operate a PWS undergoing new construction/renovation after August 1, 2018 will be impacted by the proposed rule. For the proposed rule, implementation costs include the design and construction costs for drinking water infrastructure projects proposed on/after August 1, 2018. Depending on the project scope, there may be an increase in the design/construction costs due to more stringent requirements (e.g., chlorine dioxide generator). However, there may also be a decrease in design/ construction costs due to less stringent requirements for other projects (e.g., chlorine gas storage). The implementation cost associated with such new construction/renovation is inestimable as it would vary and be dependent upon the size and scope of the actual project being proposed.

Local governmental units that own/operate a PWS will have to familiarize themselves with the amended requirements of Part XII (Water Supplies) and may incur additional costs for training staff who oversee construction projects for the PWS. These training costs will vary per person based his/her training on needs.

2. Indicate the sources of funding of the local governmental unit which will be affected by these costs or savings.

The source of funding for a local governmental unit to be able to operate a PWS is typically a user fee, *i.e.*, a monthly water meter charge, or sometimes, a flat rate per month which is charged to the customers of the PWS. Funding may need to increase to cover the increased implementation costs for certain projects that has stricter rule requirements (e.g., chlorine dioxide generator).

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS.

- A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/ DECREASE	FY 2017-2018	FY 2018-2019	FY 2019-2020
State General Fund	\$0	\$0	\$0
Agency Self-Gen.	\$0	See below	See below
Restricted*	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
Local Funds	\$0	See below	See below
TOTAL	\$0	See below	See below

*Specify particular fund being impacted.

- B. Provide a narrative explanation of each increase or decrease in revenues shown in "A". Describe all data, assumptions, and methods used in calculating these increases or decreases.

Revenue collections for state or local governmental units that own/operate a PWS may need to increase to cover the increased implementation costs for certain projects that have stricter rule requirements (e.g., chlorine dioxide generator). Similar to implementation costs, the increase in revenue collections needed for such new construction/renovation is inestimable as it would vary and be dependent upon the size and scope of the actual project being proposed on/after August 1, 2018.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS.

- A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.**

Design engineers and PWSs involved in developing plans and specifications for new drinking water infrastructure projects will be directly affected by the proposed rule and may incur additional costs for training to familiarize themselves with the new design regulations. These training costs will vary per person and job function based on his/her training needs. In anticipation of eventually publishing a final rule on a public website, these individuals will be able to download the final design regulations from the Office of the State Register's website free of charge.

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to their groups.**

The actual effect on receipts/income is hard to predict due to variables in the applicable requirements based upon the project type, size and complexity being proposed on/after August 1, 2018.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

The proposed rule will likely cause an increase in competition to hire Louisiana Licensed Professional Engineers to design drinking water infrastructure projects that comply with the new design regulations. The rule will require them to become knowledgeable of the new design regulations in order to receive a permit for constructing drinking water infrastructure projects. The rule requires plans and specifications submitted for a permit on/after August 1, 2018 (effective date of rule) to comply with the new design regulations. Construction of drinking water infrastructure projects submitted on/after August 1, 2018 could be delayed if the project does not comply with the new regulations. Delayed projects could adversely affect employment. Therefore, the effective date of the rule is proposed to be delayed several months from the anticipated date of the final rule publication to provide stakeholders time to become aware of and study the changes in the design standards.