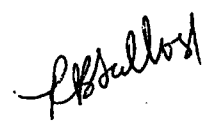


*State of Rhode Island and Providence Plantations
Department of Administration
Budget Office
Memorandum*

TO: The Honorable Steven Costantino
House Finance Committee Chair

The Honorable Stephen Alves
Senate Finance Committee Chair

FROM: Rosemary Booth Gallogly 
Executive Director/State Budget Officer

DATE: August 14, 2007

SUBJECT: Fiscal Note for Administrative Rule Change


Enclosed please find a copy of a fiscal note for the Department of Environmental Management's proposed Rules Establishing Minimum Standards Relating to Location, Design, Construction, and Maintenance of Onsite Wastewater Treatment Systems. According to the Department, these changes will generate \$185,000 of revenue receipts annually, and approximately \$138,750 during FY 2008. The Budget Office was not aware of this change at the time the budget was submitted or enacted. There will not be a fiscal impact on state expenditures, and it is not possible to determine the impact to cities and towns. Please contact Christy Healey at 222-6419 with any questions regarding the fiscal note.

Cc: Michael O'Keefe, House Fiscal Advisor
Russell Dannecker, Senate Fiscal Advisor
Alicia Good, DEM Office of Water Resources
Jonathan Zwarg, DEM Office of Water Resources

*State of Rhode Island and Providence Plantations
Department of Administration
Budget Office*

Fiscal Note for Proposed Administrative Rules (R.I.G.L. 22-12-1.1)

Name of Administrative Rule: Rules Establishing Minimum Standards Relating to Location, Design, Construction and Maintenance of Onsite Wastewater Treatment Systems

Date of Notice: To be determined; anticipated early August 2007 
Date of Hearing: To be determined; anticipated early September 2007

RIGL: Promulgated pursuant to Chapters 42-17.1, 5-56, 5-56.1, 23-19.5, and 23-24.3

FISCAL IMPACT

<i>Revenues</i>	<i>State Expenditures</i>	<i>City/Town Expenditures</i>
FY 2008	\$138,750 (.75 x 185,000)	FY 2008 \$0
	(Rules expected to be effective November through June of FY 2008)	
FY 2009	\$185,000	FY 2009 \$Indeterminate
FY 2010	\$185,000	FY 2010 \$Indeterminate

Summary of Rule:

The proposed septic system rules are the result of a multi-year effort to review and improve all aspects of the current rules for septic systems. The proposed rules update technical standards for the siting and design of septic systems, improve treatment for environmental protection and public health, increase protection of water resources, streamline the permitting process, and reformat the rules to follow the sequence of actions taken in permitting a septic system in RI. Under the proposed rules, a septic system will be referred to as an onsite wastewater treatment system (OWTS) rather than an individual sewage disposal system. A detailed summary of the rule changes is attached.

The Department conducted a series of meetings with a Stakeholder Group earlier this year to discuss proposed changes and receive comments. The Stakeholder Group included representatives from the building community, licensed septic system professionals, environmental organizations, municipal government, the University of Rhode Island, and state and federal agencies. Following these meetings the Department held four public workshops (South Kingstown, Portsmouth and 2 in Providence) in June and July, at which the changes were reviewed and discussed with the public.

Summary of State Fiscal Impact:

DEM has determined that administering the new rules within the Office of Water Resources will not require additional funds. The proposed rules raise fees for the various septic system applications to the Department. DEM has calculated that these fee increases will generate approximately an additional \$185,000 per fiscal year, and approximately \$138,750 in FY 2008. This was not part of the proposed revenue changes, as the Budget Office was not aware of the proposed regulation change. This determination was made by reviewing the application numbers and types of applications for fiscal year 2007. If a fee increase is associated with a specific activity, the increase was multiplied by the number of applications for that activity. This total additional revenue assumes the application numbers and types for fiscal year 2008

will be identical to that of fiscal year 2007. This analysis does not include the additional fees that will be generated due to the requirement for advanced treatment systems for any new, altered or repaired septic system in the south shore salt pond and Narrow River watersheds. The proposed rules specify that the fee for these advanced systems is twice that of a conventional system. There is no data readily available for the number of systems installed on an annual basis in these areas.

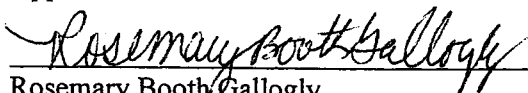
As mentioned above, advanced treatment systems will be required in the south shore salt pond and Narrow River watersheds for any new, altered or repaired septic systems. This will affect state property in these areas in Westerly, Charlestown, South Kingstown, Narragansett and North Kingstown. These advanced treatment systems, which are required to remove nitrogen from the septic system effluent in order to protect and restore the coastal waters, are as much as twice as expensive to design and construct as a conventional system. In addition, the State will incur an annual maintenance and operation cost for these systems. If the State constructs a new building requiring a septic system in one of these areas or has an existing system that must be repaired, the town will incur this additional cost. However, it is not possible to accurately estimate how much of an additional cost this may entail since each septic system is specifically designed for the particular site and building use in question. Note that properly functioning septic systems already in use are not affected by these rules. See attached list of State and town facilities using a septic system located within these areas.

Summary of City or Town Fiscal Impact:

Since these proposed rules raise fees for septic system applications to the Department, those cities and towns that construct or repair a septic system serving a town facility will incur an additional cost due to the fee increases. It is not possible to accurately estimate how much of an additional cost this may entail since each septic system is specifically designed for the particular site and building use in question, but it is not likely to be more than \$50- \$200 above the existing fees.

Also as mentioned above, advanced treatment systems will be required in the south shore salt pond and Narrow River watersheds for any new, altered or repaired septic systems. This will affect town property in these areas in Westerly, Charlestown, South Kingstown, Narragansett and North Kingstown. These advanced treatment systems, which are required to remove nitrogen from the septic system effluent in order to protect and restore the coastal waters, are as much as twice as expensive to design and construct as a conventional system. In addition, the towns will incur an annual maintenance and operation cost for these systems. If a town constructs a new building requiring a septic system in one of these areas or has an existing system that must be repaired, the town will incur this additional cost. However, it is not possible to accurately estimate how much of an additional cost this may entail since each septic system is specifically designed for the particular site and building use in question. Note that properly functioning septic systems already in use are not affected by these rules. See attached list of State and town facilities using a septic system located within these areas.

Approved:



Rosemary Booth Gallogly
Executive Director/State Budget Officer

Date

State and Town Facilities Using a Septic System in the South Shore Salt Pond and Narrow River Watersheds

Name	Town	State/Town	Address
Blue Shutters Town Beach	Charlestown	Town	
Charlestown Breachway	Charlestown	State	
Ninigret Park	Charlestown	Town	
Charlestown Facility DOT	Charlestown	State	Cross Mills Road
Dunn's Corners Fire Dept. Stn. 2	Charlestown	Town	5664 Post Road
Cross Mills Station Fire Dept.	Charlestown	Town	Matunuck School House Road
Cross Mills Public Library	Charlestown	Town	4417 Old Post Road
Charlestown Town Beach	Charlestown	Town	
South Kingstown Town Beach	South Kingstown	Town	
East Matunuck State Beach	South Kingstown	State	
Jerusalem Coastal Fisheries	South Kingstown	State	1231 Succotash Road
Union Fire Dept. Stn. 7	South Kingstown	Town	49 School House Road
Union Fire Dept. Stn. 5	South Kingstown	Town	Bliss Road
Robert Beverly Hale Library	South Kingstown	Town	2601 Commodore Perry Highway
Matunuck School	South Kingstown	Town	380 Matunuck Beach Road
Misquamicut State Beach (Note 2)	Westerly	State	
Westerly Town Beach	Westerly	Town	
Misquamicut Fire Dept.	Westerly	Town	65 Crandall Avenue
Dunns Corners School	Westerly	Town	221 Post Road
Westerly Middle School	Westerly	Town	10 Sandy Hill Road

Note 1: No state or town facilities using septic systems in the south shore salt pond and Narrow River watersheds have been identified in Narragansett or North Kingstown.

Note 2: Misquamicut State Beach has as an alternative septic system (compost toilets) that does not release nitrogen to the waters of the state. Therefore, repairs of this system with a similar system, would not be affected by the rule requiring a system to be upgraded to advanced treatment.