

**Department of Environmental Protection
Statement of Estimated Regulatory Costs (SERC)**

Division: Water Resource Management
Rule Number: Chapter 62-600, F.A.C.
Rule Description: Domestic Wastewater Facilities
Contact Person: Maurice Barker

**Please remember to analyze the impact of the rule, NOT the statute, when
completing this form.**

A. Is the rule likely to, **directly or indirectly**, have an adverse impact on economic growth, private-sector job creation or employment, or private-sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of the rule?

- | | | |
|--|------------------------------|--|
| 1. Is the rule likely to reduce personal income? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 2. Is the rule likely to reduce total non-farm employment? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 3. Is the rule likely to reduce private housing starts? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 4. Is the rule likely to reduce visitors to Florida? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 5. Is the rule likely to reduce wages or salaries? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 6. Is the rule likely to reduce property income? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Explanation:

The key direct and indirect costs of the revised rule primarily affect utilities and no significant adverse impacts are expected related to questions A.1. – A.6.

If any of these questions are answered “Yes,” presume that there is a likely and adverse impact in excess of \$1 million, and the rule must be submitted to the legislature for ratification.

B. Is the rule likely to, **directly or indirectly**, have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, productivity, or innovation in excess of \$1 million in the aggregate within 5 years after the implementation of the rule?

1. Is the rule likely to raise the price of goods or services provided by Florida business?
- Yes No

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2. Is the rule likely to add regulation that is not present in other states or markets?
 Yes No
3. Is the rule likely to reduce the quantity of goods or services Florida businesses are able to produce, i.e. will goods or services become too expensive to produce?
 Yes No
4. Is the rule likely to cause Florida businesses to reduce workforces?
 Yes No
5. Is the rule likely to increase regulatory costs to the extent that Florida businesses will be unable to invest in product development or other innovation?
 Yes No
6. Is the rule likely to make illegal any product or service that is currently legal?
 Yes No

Explanation:

The key direct and indirect costs of the revised rule primarily affect utilities and no significant adverse impacts are expected related to questions B.1. – B.6.

If any of these questions are answered “Yes,” presume that there is a likely and adverse impact in excess of \$1 million, and the rule must be submitted to the legislature for ratification.

C. Is the rule likely, **directly or indirectly**, to increase regulatory costs, including any transactional costs (see F below for examples of transactional costs), in excess of \$1 million in the aggregate within 5 years after the implementation of this rule?

1. Current one-time costs	\$0 to Unknown
2. New one-time costs	\$93 million
3. Subtract 1 from 2	\$93 million
4. Current recurring costs	\$0
5. New recurring costs	\$47 million
6. Subtract 4 from 5	\$47 million
7. Number of times costs will recur in 5 years	5
8. Multiply 6 times 7	\$235 million

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9. Add 3 to 8 **\$328 million**

If 9. is greater than \$1 million, there is likely an increase of regulatory costs in excess of \$1 million, and the rule must be submitted to the legislature for ratification.

D. Good faith estimates (numbers/types):

1. The number of individuals and entities likely to be required to comply with the rule.
(Please provide a reasonable explanation for the estimate used for the number of individuals and methodology used for deriving the estimate).

There are approximately 1647 domestic wastewater facilities that will likely be required to comply with the rule.

- **Approximately 357 domestic wastewater facilities are Type I facilities (i.e. permitted capacity of 500,000 gallons per day or greater)**
- **Approximately 160 domestic wastewater facilities are Type II facilities (i.e. permitted capacity of 100,000 gallons per day or greater but less than 500,000 gallons per day)**
- **Approximately 1130 domestic wastewater facilities are Type III facilities (i.e. permitted capacity of less than 100,000 gallons per day)**

2. A general description of the types of individuals likely to be affected by the rule.

The provisions in Chapter 2020-150, Laws of Florida, being implemented in this rule regulate facilities and the collection systems that are connected to the facility. Domestic wastewater facilities treat the wastewater from about 70 percent of Florida's population as well as wastewater from many businesses and industry. This includes the largest municipal wastewater treatment facilities serving Florida's largest communities, facilities in small rural towns, and even very small privately-owned wastewater treatment facilities that serve a mobile home park or similar business.

E. Good faith estimates (costs):

1. Cost to the department of implementing the proposed rule:

None. The department intends to implement the proposed rule within its current workload, with existing staff.

Minimal. *(Provide a brief explanation).*

Other. (Please provide a reasonable explanation for the estimate used and methodology used for deriving the estimate).

2. Cost to any other state and local government entities of implementing the proposed rule:

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- None. This proposed rule will only affect the department.
- Minimal. *(Provide a brief explanation).*
- Other. *(Please provide a reasonable explanation for the estimate used and methodology used for deriving the estimate).*

The majority of large domestic wastewater treatment facilities are owned and operated by local government entities. Therefore, estimates for one-time capital costs and recurring costs for Type I facilities given later in this document will cover local governments entities.

3. Cost to the department of enforcing the proposed rule:

- None. The department intends to enforce the proposed rule within its current workload with existing staff.
- Minimal. *(Provide a brief explanation).*
- Other. *(Please provide a reasonable explanation for the estimate used and methodology used for deriving the estimate).*

4. Cost to any other state and local government of enforcing the proposed rule:

- None. This proposed rule will only affect the department.
- Minimal. *(Provide a brief explanation).*

Four county programs are delegated to permit domestic wastewater facilities and regulate approximately 135 domestic wastewater treatment facilities. Almost all these facilities are small, Type III facilities and the required plans and reports resulting from the new regulations should be relatively simple, requiring minimal additional work by the delegated programs.

- Other. *(Please provide a reasonable explanation for the estimate used and methodology used for deriving the estimate).*

F. Good faith estimates (transactional costs) likely to be incurred by individuals and entities, including local government entities, required to comply with the requirements of the proposed rule. *(Includes filing fees, cost of obtaining a license, cost of equipment required to be installed or used, cost of implementing processes and procedures, cost of modifying existing processes and procedures, additional operating costs incurred, cost of monitoring, and cost of reporting, or any other costs necessary to comply with the rule).*

- None. This proposed rule will only affect the department.

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- Minimal. *(Provide a brief explanation).*
- Other. *(Please provide a reasonable explanation for the estimate used and methodology used for deriving the estimate).*

The following are the key costs related to the primary rule revisions:

- 1. Cost to prepare and submit an annual report for pollution mitigation;**
- 2. Cost to prepare a power outage contingency plan;**
- 3. Cost to develop the initial collection system action plan with an asset management plan for the collection system;**
- 4. Cost to implement and manage a collection system action plan;**
- 5. Cost to prepare and submit annual report(s) for collection system action plan; and,**
- 6. Cost for large facilities to update the facility emergency response plan to address cybersecurity.**

The department believes that the cost of items 1 and 2 are the direct result of statutory requirements and costs for items 1 and 2 are not included in this SERC. For items 3 through 5, the statutes provide the basic requirements for a collection system action plan and annual report but not the details or procedures which the department developed to implement the requirements. It is difficult to separate what costs may be statutory in nature from those resulting from proposed rule requirements. For the purposes of this SERC, all costs for items 3 through 5 will be assumed to result from the proposed rule requirements.

Item 6 is challenging because it has been mentioned to the department by industry sources that the majority of larger, Type I wastewater facilities are likely to already have cybersecurity incorporated into their emergency response plans since this has been part of industry guidance for several years. For this SERC, the department has chosen to assume that cybersecurity needs to be added to the plan or at least updated, including conducting a vulnerability assessment, for all Type I facilities. If this assumption is conservative in nature, then it may be offset if the estimated time involved to address cybersecurity is lower than actual values.

For the costs of items 3 through 6, the department has very little information on the amount of time and effort required to meet each requirement. However, to provide a good faith estimate for the costs it was decided to base the estimates on general facility size categories, use a general average cost per hour for labor, and use very general estimates on the amount of hours it might take for each facility category to meet the requirement. A cost of \$100 per hour for labor is being used as it appears

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reasonable based on information that civil engineers cost an estimated \$65 to \$200 per hour.

Although these estimates may vary widely by facility, especially for extremely large facilities, it is believed that the estimates provide an acceptable approximation of the expected costs when averaged over all facilities. In the event the estimates may be low, it has been expressed to the department that many larger facilities already have maintenance plans, information, and programs for their collection systems that contain much of the required information and these plans would only need to be revised to meet the new rule requirements. Also, some utilities may automate the collection and compiling of much of the information used to prepare the annual report, which would reduce the time and cost to prepare the annual report.

Estimated costs to develop an initial collection system action plan with an asset management plan for the collection system (one-time cost):

Facility Type	Estimated Hours (Labor)	Number of Facilities	Estimated Cost
Type III	40	1130	\$4,520,000
Type II	160	160	\$2,569,000
Type I	2080	357	\$74,256,000

Estimated costs to implement and manage a collection system action plan (annual cost):

Facility Type	Estimated Hours (Labor)	Number of Facilities	Estimated Cost
Type III	52	1130	\$5,876,000
Type II	160	160	\$2,560,000
Type I	480	357	\$17,136,000

Estimated costs to prepare the annual report(s) for the collection system action plan (annual cost):

Facility Type	Estimated Hours (Labor)	Number of Facilities	Estimated Cost
Type III	16	1130	\$1,808,000
Type II	160	160	\$2,560,000
Type I	480	357	\$17,136,000

Estimated costs to update the facility emergency response plan for large Type I domestic wastewater facilities to address cybersecurity including

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incorporation into the emergency response plan and conducting a vulnerability assessment (one-time cost for Type I facilities):

Facility Type	Estimated Hours (Labor)	Number of Facilities	Estimated Cost
Type I	320	357	\$11,424,000

Note, local governments may experience revenue issues related to the pandemic that may impact their ability to comply with the proposed requirements in the near future.

G. An analysis of the impact on small business as defined by s. 288.703, F.S., and an analysis of the impact on small counties and small cities as defined by s. 120.52, F.S. *(Includes:*

- *Why the regulation is needed [e.g., How will the regulation make the regulatory process more efficient? Required to meet changes in federal law? Required to meet changes in state law?];*
These regulatory revisions are needed to reduce the frequency and size of sanitary sewer overflows and leaks that impact public health and the environment, as well as guard against cyber-related attacks on wastewater systems. Impacts to Florida’s waters include degradation of water quality resulting in algae blooms as well as beach closures which can impact tourism and recreational activities. Although the implementation of the rule will adversely affect certain small counties, it will also serve to protect the other interests of small businesses and small counties.
- *The type of small businesses that would be subject to the rule;*
The typical small businesses affected are mobile home parks and recreational vehicle (RV) parks that have their own wastewater treatment plant.
- *The probable impact on affected small businesses [e.g., increased reporting requirements; increased staffing; increased legal or accounting fees?];*
The statutory requirements apply to all wastewater treatment facilities – all facilities are required to have a collection system action plan. This will require the preparation of at least a basic plan for these small facilities as well as submittal of a brief annual report.
- *The likely per-firm regulatory cost increase, if any).*
The cost will vary by the size of the wastewater treatment facility. Most small wastewater treatment plants are privately-owned and these facilities have a very small collection system. Therefore, the cost for small facilities should be minimal – estimated to be \$4000 for the preparation of a plan and \$1600 cost for the annual report. There are a few larger facilities that are privately owned, but these are similar to small municipality or small county facilities. The initial plan for these facilities may cost \$50,000 - \$100,000 to prepare a plan, an estimated \$10,000 to track and implement the plan, and another \$5,000 to prepare the annual report.

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A small business is defined in Section 288.703, F.S., as "...an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As applicable to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments."

A small county is defined in Section 120.52(19), F.S., as "any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census." And, a small city is defined in Section 120.52(18), F.S., as "any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census."

The estimated number of small businesses that would be subject to the rule:

- 1-99 100-499 500-999
 1,000-4,999 More than 5,000
 Unknown, please explain:

Analysis of the impact on small business:

Small businesses would likely include approximately 970 – 999 businesses such as mobile home parks that own a small wastewater treatment facility. These facilities typically have a permitted capacity of 10,000 gallons per day or less, although some are larger. These facilities will need to prepare a collection system action plan, implement the plan, and submit annual reports. However, these systems only have a very small collection system internal to the property and any plan and report should be relatively simple.

There is no small county or small city that will be impacted by this proposed rule.

A small county or small city will be impacted. Analysis:

The majority of small counties and small cities own at least a small wastewater treatment facility serving a portion of their community. These facilities typically range in size from 100,000 to 5 million gallons per day in permitted capacity.

The facilities for smaller cities or counties are unlikely to have an engineer on staff to prepare a collection system action plan and will likely need to hire a consultant. Implementing the plan and preparing the annual report will present an administrative burden for these facilities as well. In general, the cost to prepare an initial collection system action plan is estimated to range from \$50,000 - \$100,000. The cost to implement the plan would likely range from approximately \$10,000 to \$20,000 with the cost to prepare the annual report ranging from \$5,000 to \$20,000.

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Because labor costs for a civil engineer may range from \$60 per hour to \$200 per hour, an estimate of \$100 per hour will be used for estimates. For small Type I facilities, it is estimated to take less than the 2080 hours for the Type I facility category and might be around 500 - 1000 hours.

Note, small counties and small cities may experience revenue issues in the short-term related to the pandemic that may impact their ability to comply with the proposed requirements.

Lower impact alternatives were not implemented? Describe the alternatives and the basis for not implementing them.

H. Any additional information that the agency determines may be useful.

None.

Additional.

The rule revisions implement the legislative requirements from Chapter 2020-150, Laws of Florida, which do not give consideration for small cities and counties.

I. A description of any good faith written proposal for a lower cost regulatory alternative to the proposed rule which substantially accomplishes the objectives of the law being implemented and either a statement adopting the alternative or a statement of the reasons rejecting the alternative in favor of the proposed rule.

No good faith written proposals for a lower cost regulatory alternative to the proposed rule were received.

See attachment "A".

Adopted in entirety.

Adopted / rejected in part. *(Provide a description of the parts adopted or rejected, and provide a brief statement of the reasons adopting or rejecting this alternative in part).*

Rejected in entirety. *(Provide a brief statement of the reasons rejecting this alternative).*

See attachment "B".

Adopted in entirety.

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Adopted / rejected in part. *(Provide a description of the parts adopted or rejected, and provide a brief statement of the reasons adopting or rejecting this alternative in part).*

Rejected in entirety. *(Provide a brief statement of the reasons rejecting this alternative).*

See attachment "C".

Adopted in entirety.

Adopted / rejected in part. *(Provide a description of the parts adopted or rejected, and provide a brief statement of the reasons adopting or rejecting this alternative in part).*

Rejected in entirety. *(Provide a brief statement of the reasons rejecting this alternative).*

See attachment "D".

Adopted in entirety.

Adopted / rejected in part. *(Provide a description of the parts adopted or rejected, and provide a brief statement of the reasons adopting or rejecting this alternative in part).*

Rejected in entirety. *(Provide a brief statement of the reasons rejecting this alternative).*

See attachment "E".

Adopted in entirety.

Adopted / rejected in part. *(Provide a description of the parts adopted or rejected, and provide a brief statement of the reasons adopting or rejecting this alternative in part).*

Rejected in entirety. *(Provide a brief statement of the reasons rejecting this alternative).*

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