



**Department of
Environmental Quality**

WQIF Briefing

David Paylor, Director

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Governor's December 2012 Budget

- DEQ will receive \$165 million additional bond authorization, made up of:
 - Up to \$ 101 million for eligible dischargers in the Chesapeake Bay watershed for capital costs incurred for the design and installation of Nutrient Removal Technologies
 - Up to \$ 59 million for the Combined Sewer Overflow Fund
 - \$ 19 million for the City of Lynchburg's Combined Sewer Overflow project
 - \$ 40 million for the City of Richmond's Combined Sewer Overflow project
 - Up to \$ 5 million for a supplemental Nutrient Removal Grant for Hopewell
- At DCR, there is \$35 million for urban storm water upgrades, \$2.3 million for local storm water programs and \$14.6 million for agricultural best management practices

Deposits to VA Water Quality Improvement Fund – Point Sources

- WQIF established in 1997 to provide grants for nutrient removal and other water quality projects
- DEQ - point sources
- DCR – non-point sources
- 2007 General Assembly authorized up to \$250 million in bonds for PS nutrient projects
- Deposit of \$3.1 MM in FY 2011 is mostly designated for James River chlorophyll study
- FY13 deposit of \$87.57 MM from budget surplus and new General Fund appropriations

Period	Funds for Bay Point Source Projects (In Millions)
FY 1998	\$10.00
FY 1999	\$37.10
FY 2000	\$27.64
FY 2001	\$10.30
FY 2005	\$12.57
FY 2006	\$80.28
FY 2007	\$197.33
Interest earned through FY2007	\$18.19
FY 2008	\$5.00
FY 2009	\$0.48
Interest earned FY08 & FY09	\$3.37
FY10 – Bond Proceeds & Interest	\$250.35
FY 2011	\$ 3.10
FY 2013	\$87.57
Total Deposits =	\$743.28

WQIF Grant Agreements

- **Phase 1 (FY1998 - 2000) – BNR Retrofits**
 - 24 Projects
 - Total Grant Funds Expended = \$95.25 million
- **Technical Assistance Grants (FY1998 - present)**
 - 39 Grant Agreements
 - Total Grant Funds Awarded = \$4.01 million
- **Phase 2 (FY2007 - present) – Retrofits to meet WLAs**
 - 58 Projects: 45 completed, 13 constructing/designing
 - Total Grant Funds Awarded = \$653.1 million

Water Quality Improvement Fund

Status for Point Sources

- \$743 million in General Funds, bond proceeds and accrued interest appropriated to the WQIF since 1998
- 58 current signed agreements for design/construction of nutrient reduction technology to meet Bay limits:
 - \$653 million in total grant commitment
 - \$563 million authorized to-date for payment
 - 45 projects completed
 - Current shortfall to fully fund existing grant commitments is \$12.0 million
- One new grant has been made with Strasburg (\$3.2 million) in the last few months. This brings us to 58 current agreements
- Estimated 10 new grants, awarding ~\$122 million, will be signed over the next two years (not in shortfall est. above)
- In the future, other facilities will likely submit applications as upgrades are needed to maintain nutrient caps (also not included in shortfall estimate above)

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Water Quality Improvement Fund Summary

As of January 2013*

Total Grant Commitment on 58 Existing Projects	\$ 653 MM
Less: Cumulative Amount Paid on Existing Projects	\$ (563) MM
<hr/> Grant Commitment Remaining on Signed Agreements	<hr/> \$ 90 MM
WQIF – Remaining Balance	\$ 78 MM
<hr/> Current Shortfall for Existing Grants	<hr/> \$ (12) MM
Estimated 10 New Grants Awarded in next 2 years	\$ (122) MM
<hr/> Total Projected Shortfall	<hr/> \$ (134) MM
Total Projected Shortfall, FY 2013 through FY 2016	\$ (101) MM
Total Projected Shortfall, FY 2017 and beyond	\$ (33) MM
<hr/> Total Projected Shortfall	<hr/> \$ (134) MM

* Some numbers change each month as payments are made and grants are made, revised or closed

Water Quality Improvement Fund Funding Process

- Application submitted by eligible discharger; documentation must include a Preliminary Engineering Report .
- Application and PER reviewed using SNR's Grant Guidelines and DEQ's Guidance Memo #06-2012, to establish eligible project scope and estimated grant amount.
- Once draft agreement is acceptable to grantee and DEQ, notice for 30-day public comment period.
- Assuming no adverse comments, grant agreement is signed.
- If grant is based on engineering estimates, agreement is modified after project has been bid.
- Monthly reimbursement requests made by grantee during course of design and construction; final 5% withheld until certification of completion from the project engineer.
- If funds remain after completion (contingency is not fully used), final modification is made and O&M period begins