

History of Funding for Water Quality Improvement in Virginia



SENATE OF VIRGINIA

Senate Finance Committee

Economic Development &
Natural Resources Subcommittee

May 20, 2008

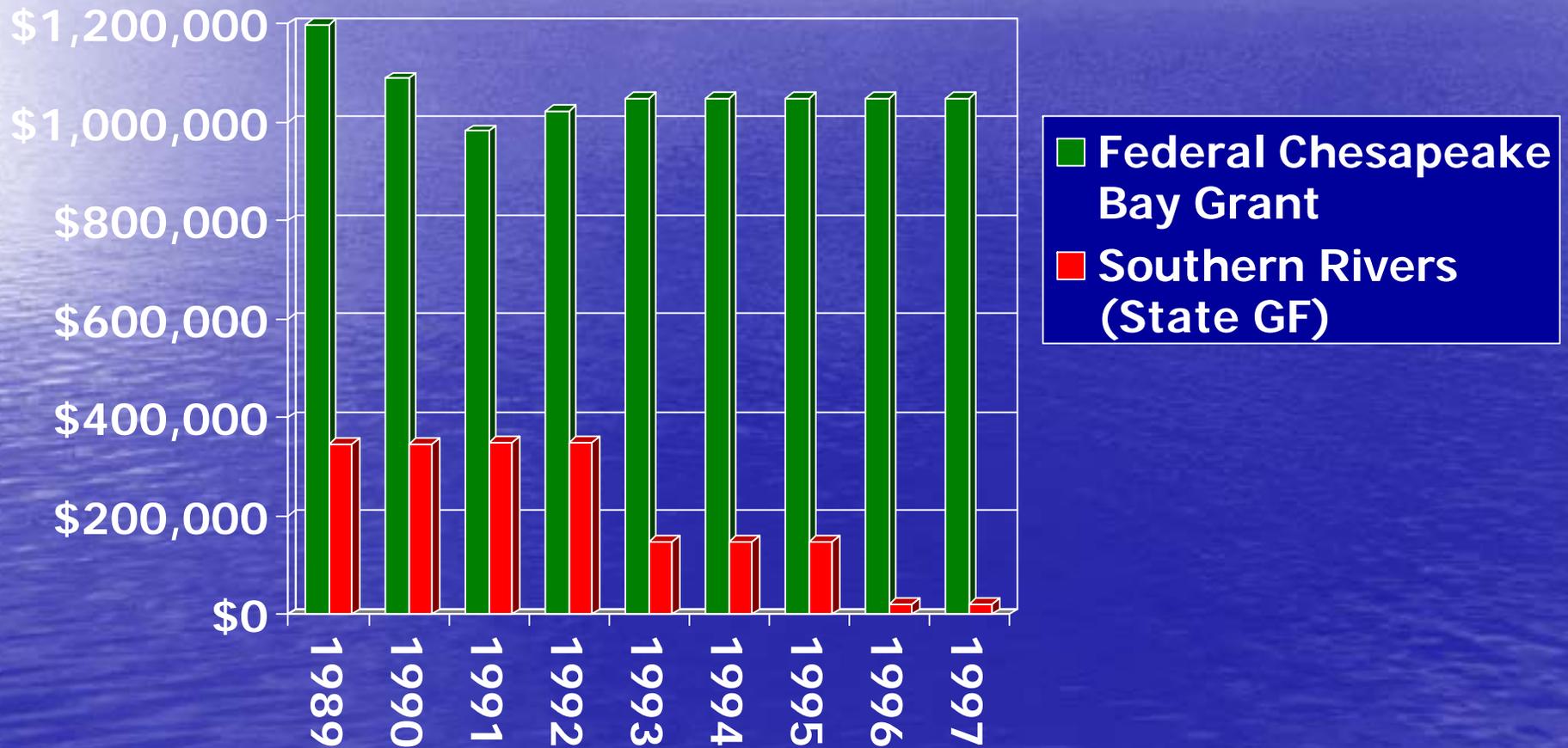
1972 Federal Clean Water Act

- First federal grants for sewage treatment plant construction
 - Continued until 1987 when replaced with Revolving Loan Fund
- Limited funding for:
 - Chlorine discharge control
 - Sewer line infiltration/inflow correction
 - Biological Nutrient Reduction (BNR) demonstration projects

Chesapeake Bay Preservation Act (1988)

- Cooperative State-Local Program:
 - Required counties, cities and towns in Tidewater to incorporate general water quality protection measures into comprehensive plans, zoning and subdivision ordinances
 - Established Chesapeake Bay Local Assistance Board and Department
 - Very little funding or financial assistance provided

Pre-WQIF Agricultural BMP Cost Share Program



Virginia Water Quality Improvement Act of 1997

- Definitions:
 - Point Source Pollution means pollution of state waters resulting from any discernible, defined or discrete conveyances (DEQ)
 - Nonpoint Source Pollution means pollution of state waters washed from the land surface in a diffuse manner and not resulting from a discernible, defined or discrete conveyance (DCR)
 - State Waters means all waters on the surface or under ground, wholly or partially within or bordering the Commonwealth

Virginia Water Quality Improvement Act of 1997 (cont.)

- Water Quality Improvement Fund (WQIF) Established:
 - 10% of GF revenue collections in excess of official estimates
 - 10% of any unreserved GF balance at the close of each fiscal year
 - Any other funds made available from any other source, public or private, including penalties or damages collected under this Act

Virginia Water Quality Improvement Act of 1997 (cont.)

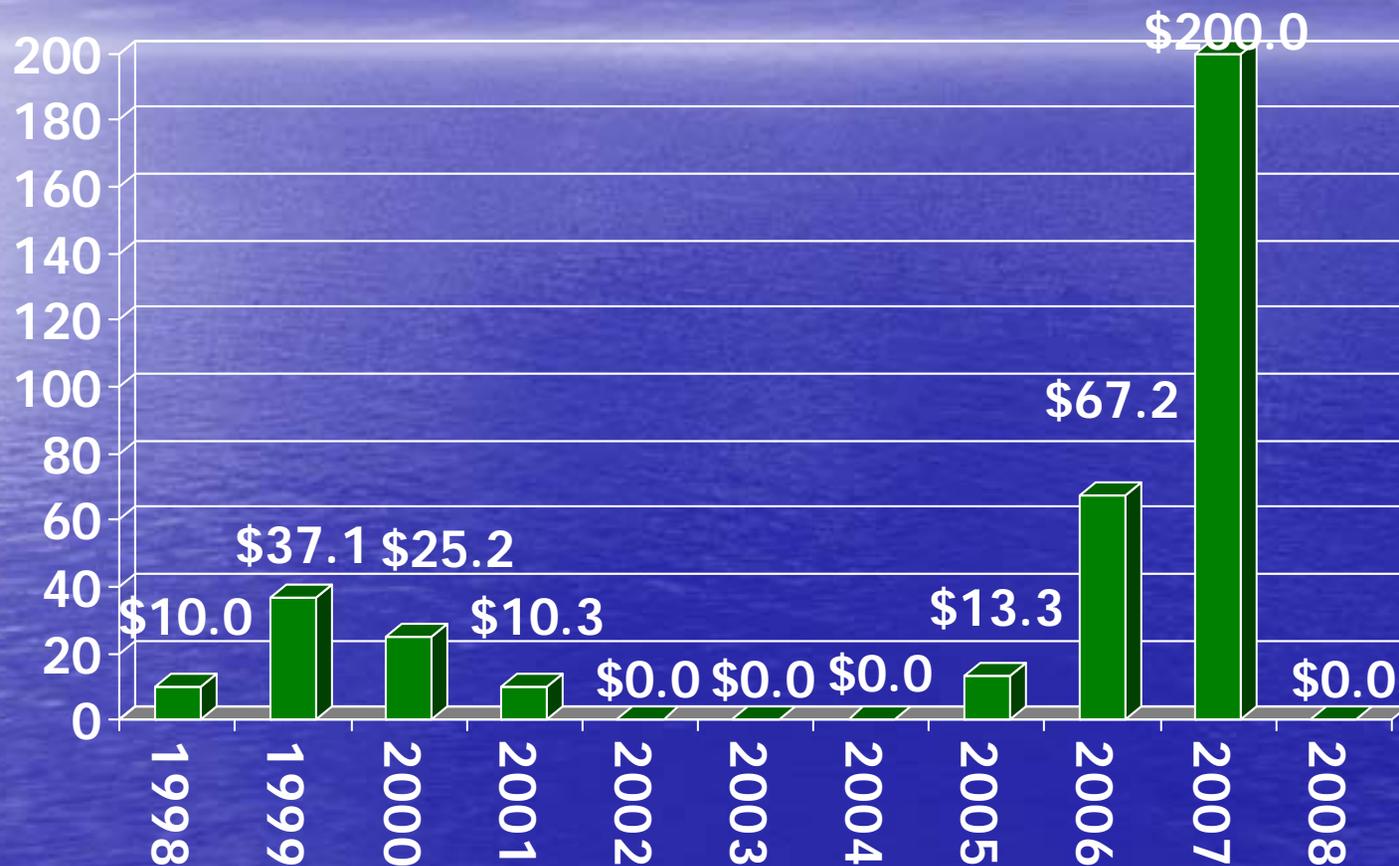
- “In keeping with the purpose for which the Fund is created, it shall be the policy of the General Assembly to provide annually its share of financial support to qualifying applicants for grants in order to fulfill the Commonwealth’s responsibilities under Article XI of the Constitution of Virginia.” (§ 10.1-2128, *COV*)

WQIF-Point Source Uses

- Until such time as all tributary strategies are developed and implemented, grants may only be used for design and installation of nutrient removal technology at publicly owned treatment works
- Grants range from 35% to 75% of costs based on financial need of the community
- Grant agreements must specify numerical limitation on nutrient discharges and enforceable provisions

WQIF-Point Source Funding

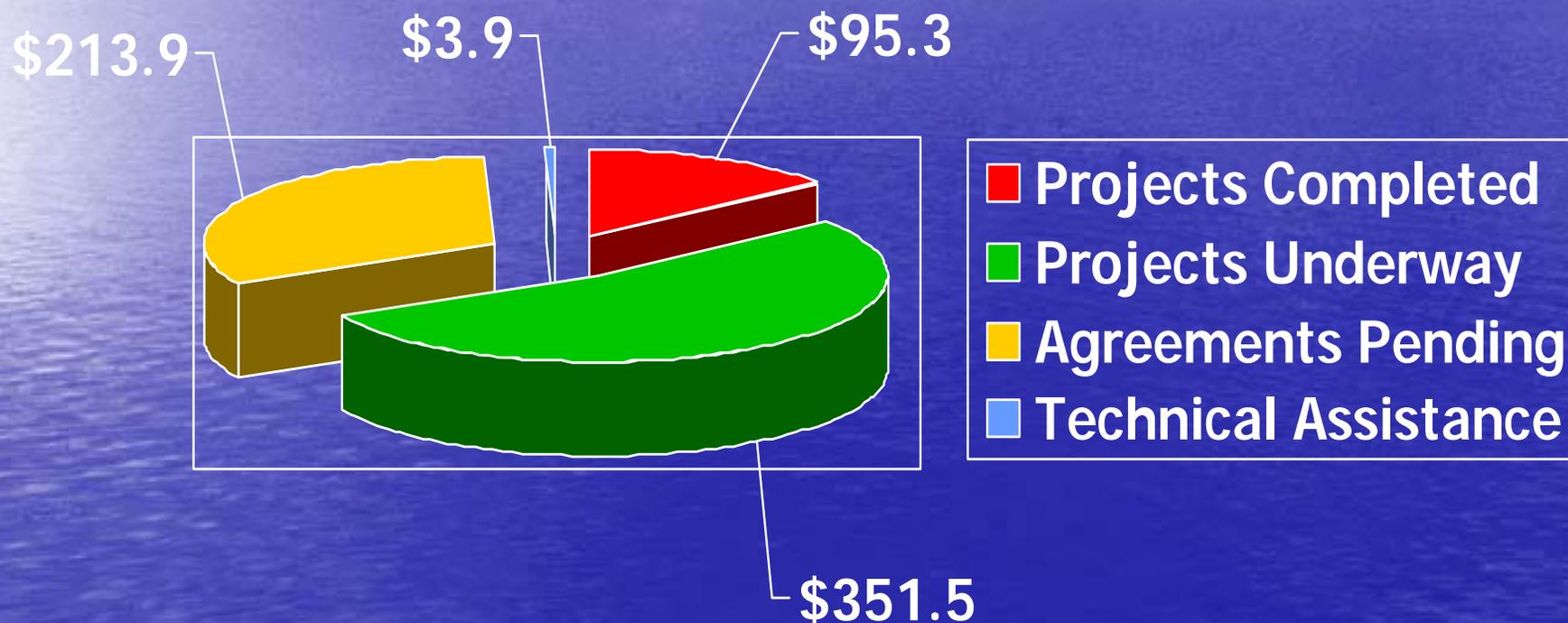
(GF \$ in Millions)



- Does not include \$250 million VPBA bonds authorized by 2007 General Assembly
- \$20.0 million deposit for FY 08 approved in 2007 was eliminated in 2008 Session

Status of Point Source WQIF Projects

(\$ in Millions)



Total = \$660.6 Million

WQIF-Nonpoint Source Uses

- Grants to local governments, soil and water conservation districts, institutions of higher education and individuals who propose specific initiatives that are clearly demonstrated as likely to achieve reductions in nonpoint source pollution:
 - Acquisition of conservation easements to protect water quality and stream buffers
 - Assistance for nutrient management plans for agricultural operations
 - Instructional education for specific pollution reduction initiatives
 - Implementation of cost-effective nutrient reduction strategies
 - Reimbursement to local governments for tax credits/relief that provides incentives to improve water quality
- Priority shall be given to agricultural practices (§ 10.1-2132, *COV*)
- Funds split 60% to Chesapeake Bay Watershed and 40% to the Southern Rivers

WQIF Nonpoint Source Funding

(GF \$ in Millions)

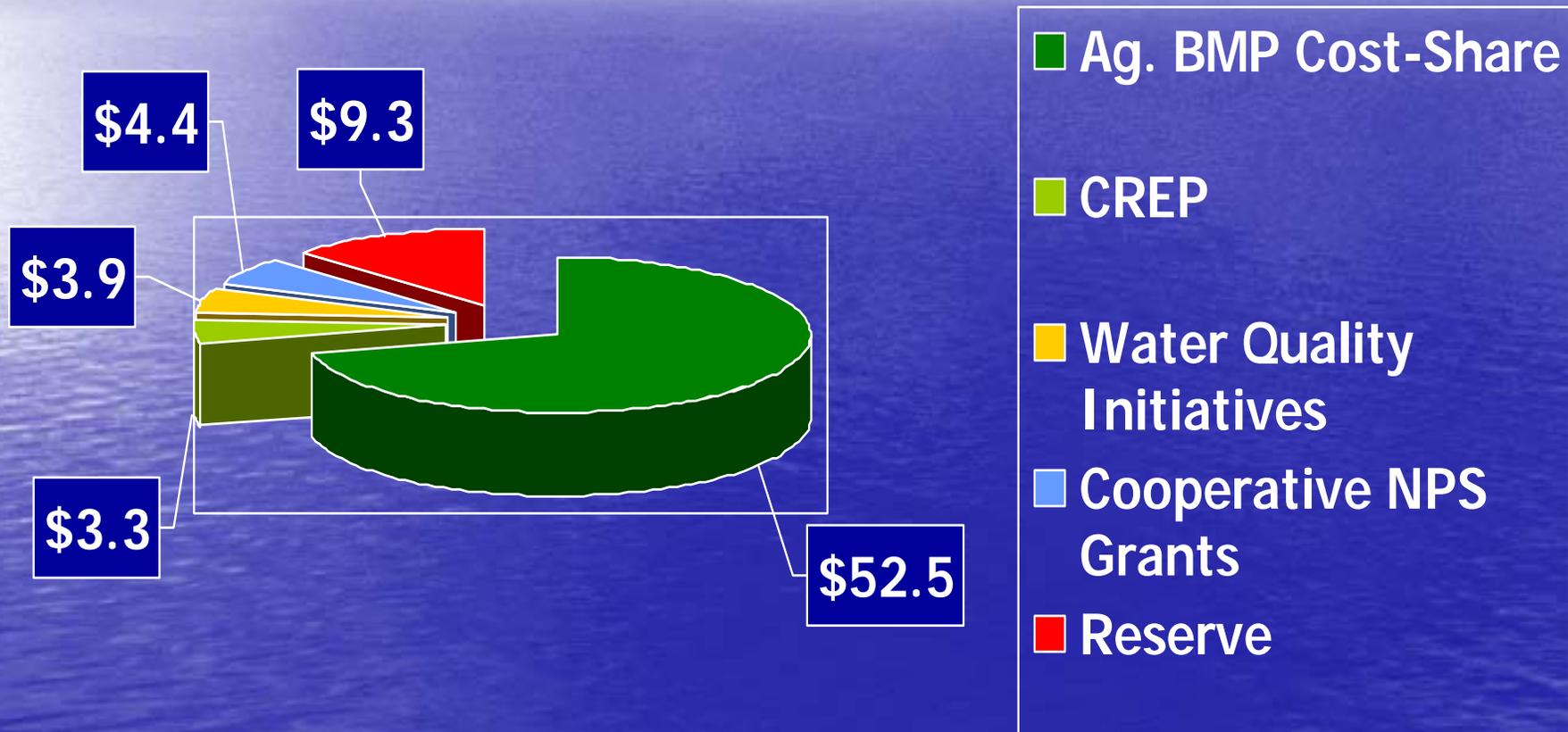


WQIF-Nonpoint Source Programs

- Agricultural BMP Cost-Share
 - Financial assistance for voluntary installation of Best Management Practices (BMPs) to improve water quality
- Conservation Reserve Enhancement Program
 - Enhancement to federal CRP to target priority agricultural resource problems
 - Chesapeake Bay CREP to install 22,000 acres of riparian buffers and 3,000 acres of wetland restoration
 - Southern Rivers CREP to install 13,500 acres of riparian buffers and 1,500 acres of wetland restoration
- Strategic Water Quality Initiatives
 - Supports new technologies, approaches and partnerships
- Cooperative Nonpoint Source Grants
 - Variety of non-agricultural projects focused on TMDL waters
 - Stormwater management
 - Stream and bank restoration
 - Wetlands restoration
 - Low impact development
 - Failing septic systems

Allocations/Expenditures of Current WQIF Funds

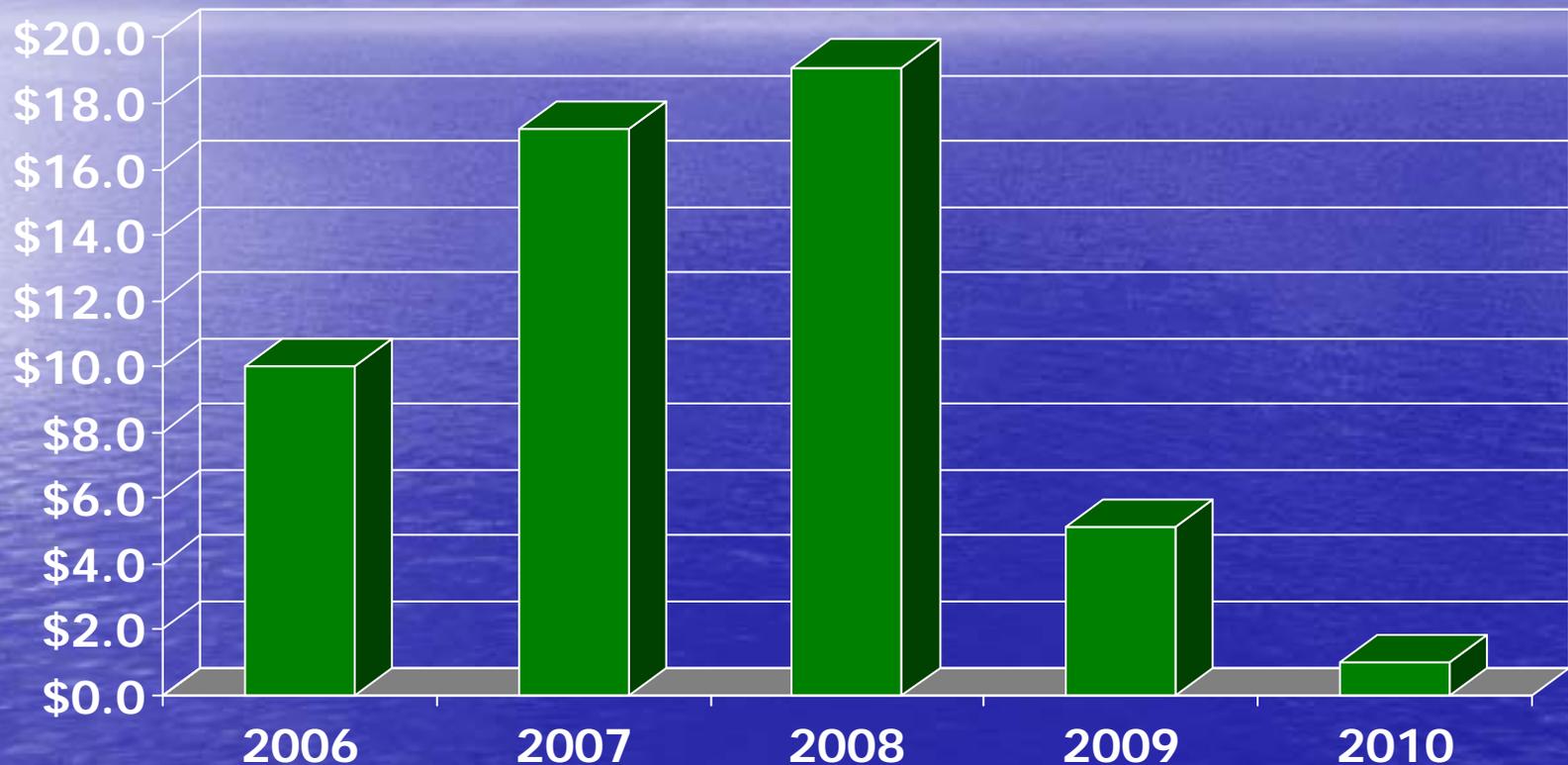
(GF \$ in Millions)



Total \$73.5 million from FY 06 and FY 07, does not include \$20.0 million NGF approved by 2008 GA, which will be added for Ag. BMPs

Agricultural BMP Cost-Share Expenditure Schedule

(GF \$ in Millions)



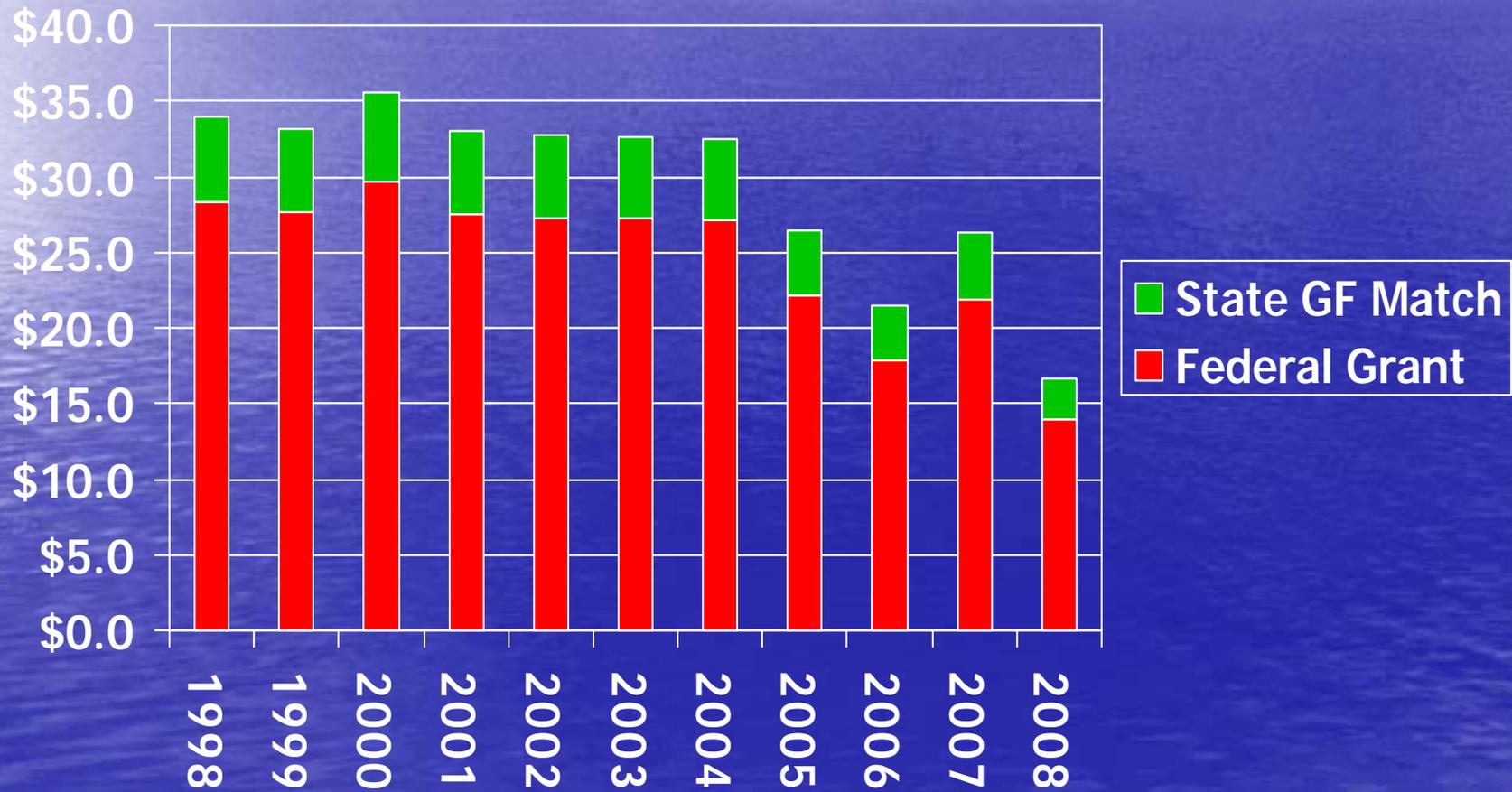
Due to lack of consistency in funding, DCR has attempted to smooth out grant funding by not awarding all available funds in any one year (does not include the \$20.0 million NGF approved by the 2008 GA).

Virginia Clean Water Revolving Loan Fund Administered by DEQ

- Federal funds with State GF Match
 - Created in 1987 to provide low-interest loans to localities for improvements to publicly owned wastewater treatment facilities
 - Later expanded to include low-interest loans for:
 - Agricultural BMPs
 - Brownfield sites to reduce groundwater contamination
 - Land Conservation to protect water quality

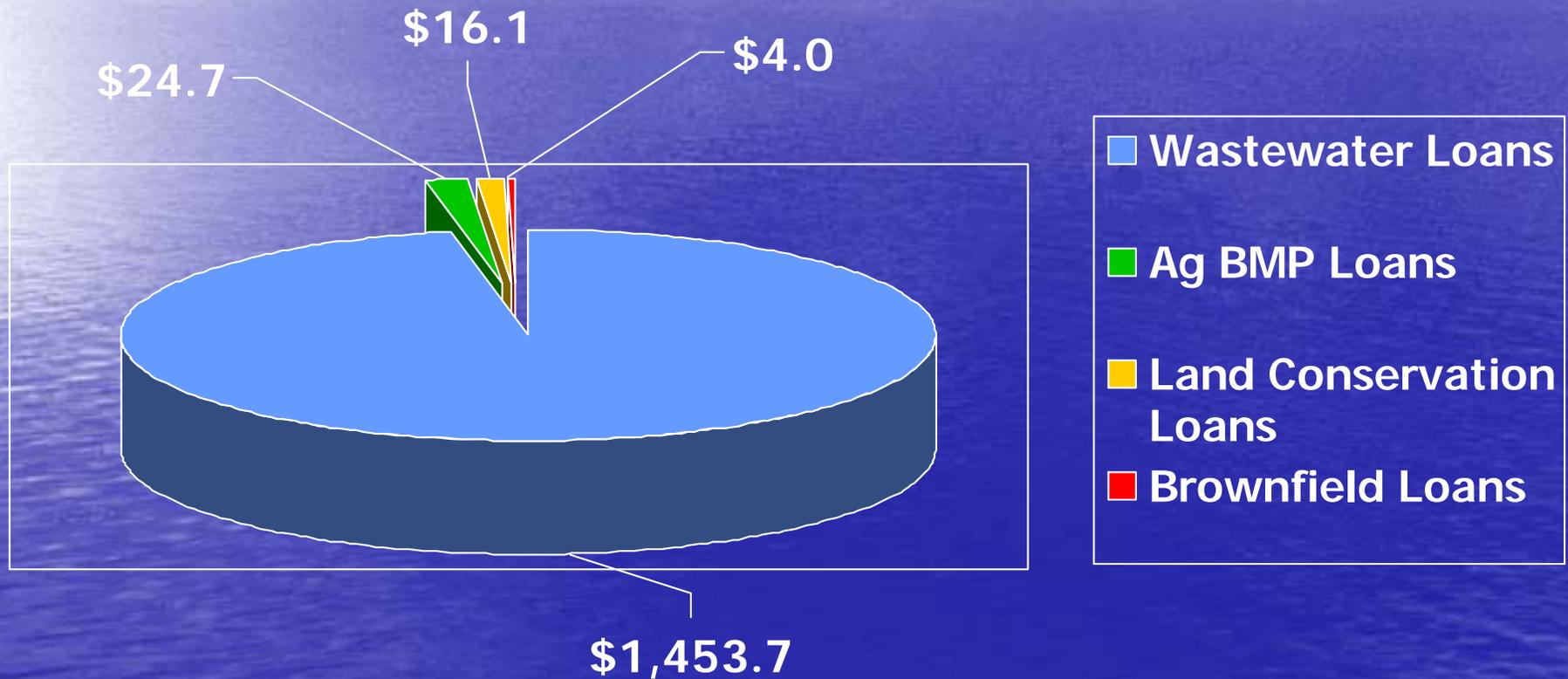
Virginia Clean Water Revolving Loan Fund History

(\$ in Millions)



Virginia Clean Water Revolving Loan Fund Uses

(\$ in Millions)



Total funding of \$270.7 million federal + \$54.1 million state = \$1,498.4 loans