

# **Department of Environmental Quality**

## **Budget Briefing for Senate Finance Committee *Subcommittee on Economic Development and Natural Resources***

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**January 20, 2015**

# General Assembly 2014

## Major DEQ Impacts

- The 2014 GA included an additional \$20 million of bond authorization in FY 2015 to support the Stormwater Local Assistance program. These funds are in addition to the \$35 million authorized for this program by the 2013 GA.
- \$7.6 million in FY 2015 was provided to the WQIF at DEQ, made up of:
  - \$1.0 million for deposit to the WQIF Reserve Fund
  - \$6.6 million for stormwater and nonpoint source water quality projects, including municipal separate stormwater sewer systems and grants to local governments. Funding for statewide digital orthography is to be taken from this item.
- DEQ will continue to have WQIF bond authorization, consisting of:
  - Up to \$101 million for eligible dischargers in the Chesapeake Bay watershed for capital costs incurred for nutrient removal technologies
  - Up to \$75 million for the Combined Sewer Overflow Fund, consisting of up to \$30 million for the City of Lynchburg and up to \$45 million for the City of Richmond
  - Up to \$5 million for a supplemental nutrient removal grant for Hopewell
  - Up to \$5 million for the Appomattox River Water Authority

# Governor's Budget December 2014

## Major DEQ Impacts

- The 2014 Governor's Budget includes 5% general fund savings for FY 2015, totaling \$1.9 million, including:
  - \$ 300,000 cash transfer from the Air Mobile Source Inspection Fund to the general fund
  - \$ 997,630 cash transfer from the Waste Tire Trust Fund to the general fund
  - \$ 300,000 cash transfer from the Hazardous Waste Fund to the general fund
  - \$ 300,000 from the emission inspection program from the use of a program coordinator
- The 2014 Governor's Budget also includes \$1.7 million of cash balance reductions in FY 2015, including:
  - \$ 1,000,000 from the Air Mobile Source Inspection Fund
  - \$ 500,000 from the Hazardous Waste Permit Fund
  - \$ 70,395 from Proceeds of surplus sales
  - \$ 51,639 from Fish Kill Recoveries
  - \$ 36,364 from Environmental Covenants Fund

## Governor's Budget December 2014

### Major DEQ Impacts

- The 2014 Governor's Budget also includes 7% general fund savings for FY 2016, totaling \$2.7 million, including:
  - \$ 1,251,545 savings by increasing the deductible for home heating oil tank reimbursements
  - \$ 1,115,668 savings due to the new heating oil risk-based guidance
  - \$ 300,000 from the emission inspection program from the use of a program coordinator
- Establishes an additional fee related to biosolids. Currently, the department charges a \$7.50 fee per dry ton of Class B biosolids land-applied. Producers of Class A biosolids do not currently pay a fee. This amendment requires producers of Class A biosolids to pay a \$3.75 fee beginning October 1, 2015. This is a language-only amendment.

# Deposits to VA Water Quality Improvement Fund – DEQ

- WQIF established in 1997 to provide grants for nutrient removal and other water quality projects
- FY 2014 bond authorization of \$106 MM for nutrient removal, including \$5 million for Hopewell

| 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                                           |
| Monetary Assessments FY 2011-14 | \$0.13                                            |
| FY 2014                         | \$106.00                                          |
| <b>Total Deposits =</b>         | <b>\$849.41</b>                                   |

# Department of Environmental Quality

## Water Quality Improvement Fund

### Grant Summary\*

|                                                          |               |
|----------------------------------------------------------|---------------|
| Total Grant Commitment on 64 Projects                    | \$ 771.6 MM   |
| Less: Cumulative Amount Paid on Projects                 | \$ (625.1) MM |
| Grant Commitment Remaining on 14 Signed Agreements       | \$ 146.5 MM   |
| Plus: Projected New Agreements for Fairfax and Loudoun   | \$ 39.4 MM    |
| Equals: Total Estimated Need on Grants                   | \$ 185.9 MM   |
| <br>                                                     |               |
| Less: Total Available Funds including bond authorization | \$ 118.5 MM   |
| <br>                                                     |               |
| Total Anticipated Deficit                                | \$ (67.4) MM  |
| <br>                                                     |               |
| Note: Potential Cash Flow Shortfall through June 2016    | \$ (13.4) MM  |

\* This exhibit is an estimate based on the latest full analysis of all projects done in the Fall of 2014

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## Stormwater Local Assistance Fund

### Summary as of December 2014

|                                                            |    |         |
|------------------------------------------------------------|----|---------|
| Total Bond Authorization by 2013 GA for FY 2014            | \$ | 35.0 MM |
| Add: Total Bond Authorization by 2014 GA for FY 2015       | \$ | 20.0 MM |
| Total Bond Authorization                                   | \$ | 55.0 MM |
|                                                            |    |         |
| FY 2014: 71 projects to 31 localities authorized Dec. 2013 | \$ | 22.9 MM |
| FY 2015: 65 projects to 25 localities authorized Dec. 2014 | \$ | 21.5 MM |
| Total Projects Authorized *                                | \$ | 44.4 MM |
|                                                            |    |         |
| Total Bond Authorization Remaining                         | \$ | 10.6 MM |

\* As of December 15, 2014, 4 grants have been awarded, totaling \$3.2 million. No funds have yet been requested for reimbursement.