

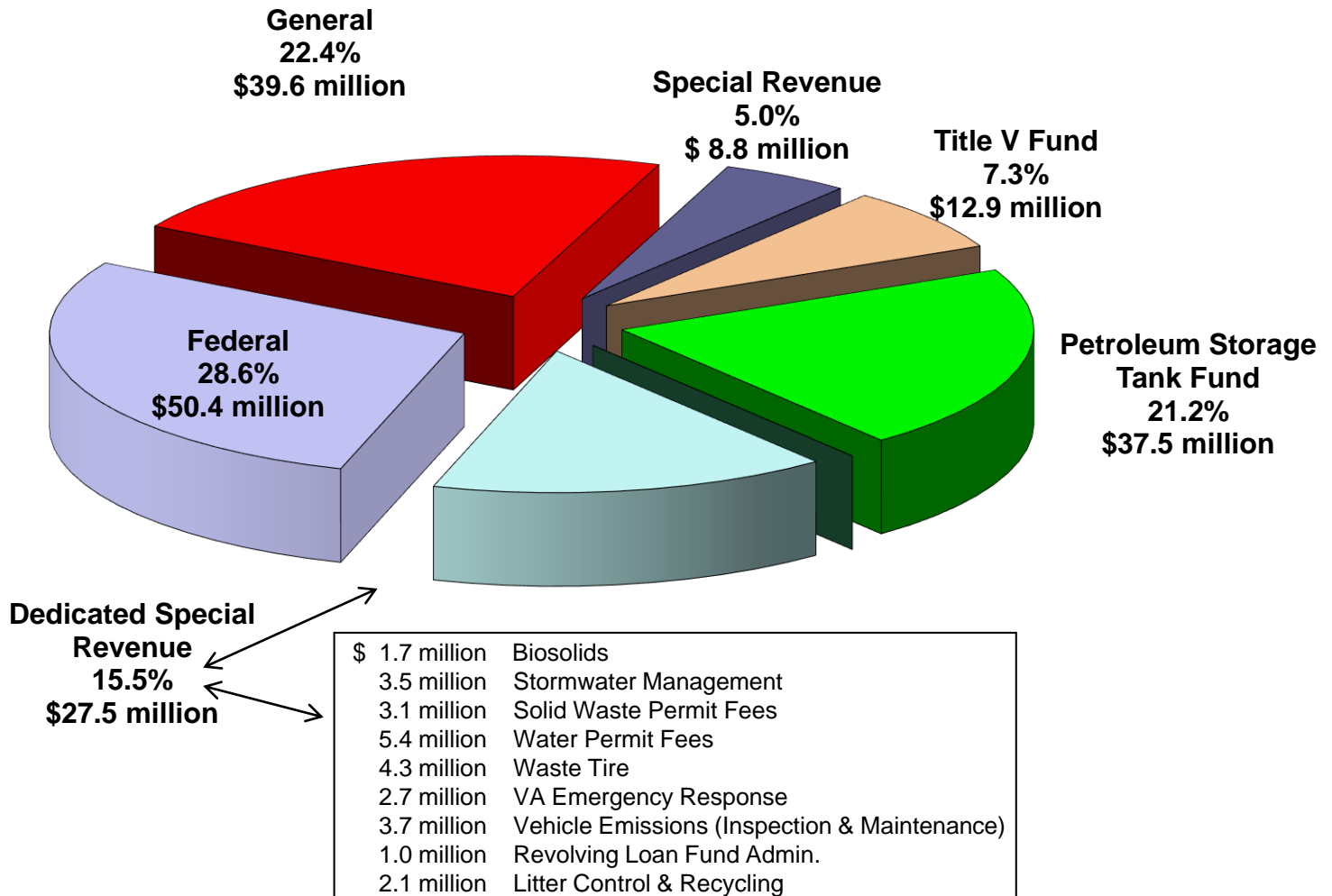
Department of Environmental Quality

**Senate Finance Committee
EDNR Subcommittee**

**David Paylor, Director
January 16, 2018**

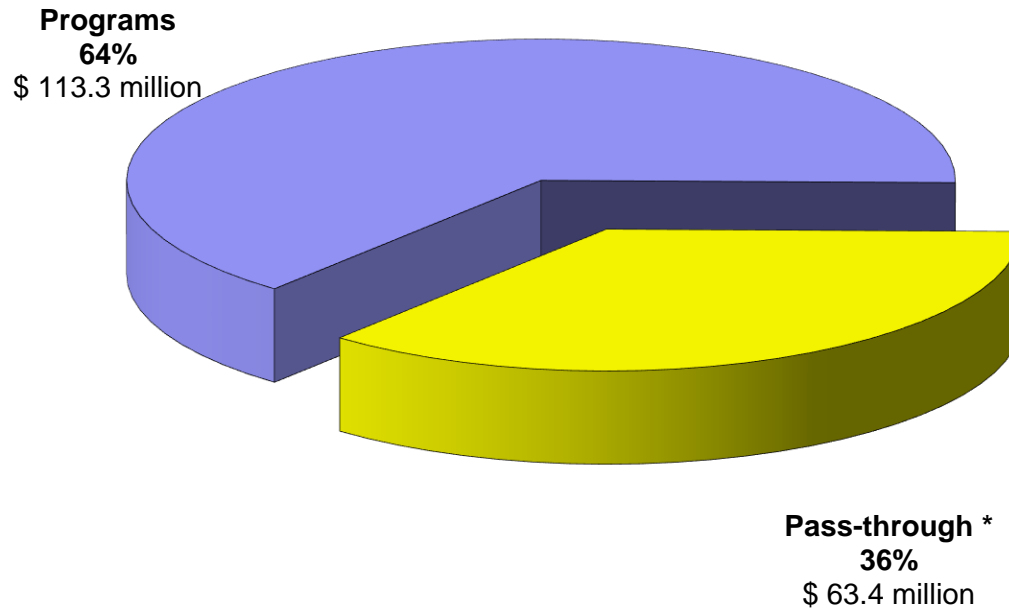
DEQ Budget by Fund Type Beginning FY 2018 Appropriation

Total funding: \$176.7 million



DEQ "Where the Money Goes" Beginning FY 2018 Appropriation

Total funding: \$ 176.7 million



* Beginning appropriation for pass-through does not include Water Quality Improvement Fund, Combined Sewer Overflow or Stormwater Local Assistance Fund payments

Budget by Source and Program

Program Area	General Fund	Fees and Other Non-General Funds	Federal Funds	Total FY 2018 Appropriation
Land Protection	\$1,189,842	\$19,227,859	\$6,428,628	\$26,846,329
Water Protection	\$19,995,968	\$13,135,101	\$7,871,902	\$41,002,971
Air Protection	\$1,333,542	\$13,051,316	\$3,962,909	\$18,347,767
Environmental Financial Assistance	\$4,403,614	\$30,246,155	\$28,713,742	\$63,363,511
Administrative and Support Services	\$12,637,124	\$11,066,410	\$3,454,025	\$27,157,559
Totals	\$39,560,090	\$86,726,841	\$50,431,206	\$176,718,137
FTEs	408.5	418.6	145.9	973.0

Pass-Through Funds Highlights

Point Source Water Quality Improvement Fund (WQIF):

- The 2016 GA included \$59 million for improvements and upgrades to local wastewater treatment systems as part of the nutrient reduction strategy to clean up the Chesapeake Bay. This \$59 million remains adequate to cover the current grant balances on the existing signed grant agreements and there are no new agreements pending at this time.

Stormwater Local Assistance Fund (SLAF):

- The 2016 GA included an additional \$20 million of bond authorization to support the Stormwater Local Assistance program. These funds are in addition to the \$60 million authorized for this program previously.
- Total grants authorized to date are \$80 million for 193 stormwater management projects in 50 localities.
- Solicitations are issued as funds are made available. Therefore, a backlog of projects is not maintained. So far, there have been four solicitations.
- VAMSA did a quick survey in August 2017. It had responses from only 14 localities, which estimated their SLAF-eligible project costs through June 2020 at \$152.6 million. At 50% cost-share, this represents a SLAF additional need of at least \$76 million to FY 2020.

General Assembly

Governor's Budget and Savings Plan

GA 2017 – Major DEQ Budget Items Included:

- Seven and one-half percent Fiscal Year 2018 and beyond Savings Plan:
 - Supplant General Funds with Vehicle Emissions Inspection Funds for \$1,000,000
 - Transfer \$500,000 cash from the Hazardous Waste Management Fund to the GF in FY 18 only
 - Supplant General Funds with Waste Tire Trust Funds for \$1.6 million in FY 2018
 - \$3.1 million total GF savings in FY 2018, which is made up of \$2.6 MM in GF supplants and \$0.5 cash transfer
- \$966,791 of non-general funds taken in FY 2017 for the repayment of deferred contributions to the Virginia Retirement System
- Strikes language authorizing DEQ to capitalize the Nutrient Offset Fund to the extent necessary to facilitate grants or contracts to support animal waste to energy projects
- Provides for utilization of alternative fund sources to support the Title V air program
- \$1.35 million to allow the Hampton Roads Sanitation District to purchase an extensometer to measure land subsidence
- An additional year for the Appomattox Regional Water Authority to determine whether it intends to utilize bonds authorized by the 2013 General Assembly (to improve drinking water supply)
- \$2.25 million for the Brownfields Restoration & Economic Development Assistance Fund

General Assembly

Governor's Budget continued

Governor's Budget, December 2017 - Major DEQ Budget Items for FY 2019 Include:

- Funding is allocated from DPB's Central Appropriations to agency budgets for:
 - the three percent state employee salary increase from last year - \$804,431 GF and \$1,026,912 NGF distributed to DEQ
 - Centrally funded health insurance costs from 2017 GA - \$757,680 GF and \$847,059 non-general funds (NGF) allocated to DEQ
 - Retirement rate changes from 2017 GA – Reduces GF by \$157,630 and reduces NGF by \$201,224
 - Agency IT costs - \$564,500 GF and \$495,050 NGF increases to reflect higher costs
- Additional GF supplant of \$500,000 to replace the GF cash transfer from 2017 GA.
 - This supplant will be taken \$250,000 from the Waste Tire Trust Fund and \$250,000 from the Hazardous Waste Management Fund.
 - The total GF supplant which began with the 2017 GA is now \$3.1 million per year.
 - The \$3.1 million supplant is made up of: \$1.0 million from the Vehicle Emissions Inspection Fund, \$1.8 million from the Waste Tire Trust Fund, and \$0.25 million from the Hazardous Waste Management Fund
- Removes appropriation for one time extensometer of \$1,350,000 that was procured in FY 2018
- Removes the prohibition from using air protection program funds to develop a Clean Power Plan.

Combined Sewer Overflow (CSO) Summary

Richmond

- Up to \$45 million in bond funding was authorized by the 2013 GA for CSO projects in Richmond
- \$5.7 million in payments have been made against the \$45 million approval as of December 2017
- The remaining funds will primarily go to improving the city's WWTP. Designs on 2 contracts are complete and construction is expected to be completed around 2021
- Long Term Control Plan (LTCP) includes 19 CSO projects – 12 of which are complete, 4 are partially finished, and 3 have not begun. The remaining are contingent on funding. The Consent Order requires that revenue is raised for implementation of the LTCP. Demonstration of that effort is provided annually in a compliance and progress report. Total projected cost \$730 million; total state grants \$69.4 million.

Lynchburg

- Up to \$30 million in bond funding was authorized by the 2013 GA for CSO projects in Lynchburg
- \$11.4 million in payments have been made against the \$30 million approval as of December 2017
- The remaining funds will primarily go to improving the city's WWTP. Design is being finalized and construction is expected to be completed around 2020
- The Final 2015 Consent Order for the Lynchburg CSO includes a schedule of compliance that outlines how available funding should be allocated and also includes a list of projects with prioritization of each of those projects. Demonstration of that effort is provided annually in a compliance and progress report. Total projected cost \$299.5 million; total state grants \$51.3 million

Alexandria

- \$20 million in bond funding was included in the Governor's Budget for CSO projects in Alexandria
- Latest cost estimates provided for CSO projects in Alexandria is \$380 million