

**Status of Guidelines Development for Non-Bay Watershed  
Water Quality Improvement Fund Grant Funds  
January 17, 2007**

- FY07-08 Appropriations Act provided the first appropriation – of \$17 million - for WQIF grants to localities outside Bay watershed:

*“Item 364.C.1. Out of the amounts for Environmental Financial Assistance, \$17,000,000 the first year from the Water Quality Improvement Fund shall be provided as grants to local governments that are located outside the Chesapeake Bay watershed for: 1) the design and construction of mandated water quality improvement facilities at publicly owned treatment works for projects that would otherwise result in a financial hardship for the residential users of the facilities, based on the reasonable sewer cost guidelines established by the SWCB for the Virginia Water Facilities Revolving Fund; 2) the correction of onsite sewage disposal problems; and 3) the development of comprehensive local and regional wastewater treatment plans, preliminary engineering, and environmental reviews. The DEQ shall work with the Dept. of Housing and Community Development to develop appropriate criteria and guidelines for the use of this funding.”*

- Under the Water Quality Improvement Act the Secretary of Natural Resources issues guidelines that (i) specify eligibility requirements; (ii) govern the application for and the distribution and conditions of Water Quality Improvement Grants; and (iii) list criteria for prioritizing funding requests. The guidelines developed for the WQIF apply to nutrient reduction projects within the Chesapeake Bay watershed and are not applicable to use with the \$17 million; thus, new criteria and guidelines have to be developed for these non-Bay funds.
- DEQ has begun development of criteria and guidelines for these grants, to be issued by the Secretary of Natural Resources:
  - Development of guidelines was delayed due to time needed to develop Chesapeake Bay watershed WQIF grant guidelines and begin processing of applications for Bay watershed nutrient removal design and installation projects (60 eligible proposals requesting \$609 million in grants).
  - As directed in budget item, DEQ met with DHCD staff in August 2006 to discuss:
    - eligible applicants and project locations,
    - potential set-asides for each of the 3 eligible project categories
    - planning work conducted in Non-Bay watershed with DCHD funding,
    - grant contract administration,
    - public participation in guidelines development, and
    - scheduling.

- Proposed set asides for the eligible project categories
  - o design and construction of waste water treatment plants: \$14.8 million
  - o on-site systems: \$1.7 million
  - o development of regional wastewater plans: \$0.5 million
  
- DEQ will solicit comment from the following groups on the draft guidelines:
  - o Non-Bay watershed Planning District Commissions
  - o Virginia Municipal League
  - o Virginia Association of Counties
  - o Virginia Association of Municipal Wastewater Agencies
  - o Virginia Conservation Network
  - o Virginia Dept. of Health
  - o USDA Rural Development
  - o Virginia Rural Water Association
  - o Virginia Department of Housing and Community Development
  
- Scheduling:
  - February 2007 - Draft of guidelines available for review
  
  - March 2007 - Comment period
  
  - April 2007 - Approval and issuance of guidelines by the Secretary of  
Natural Resources
  
  - May/June 2007 - Issuance of Request for Proposals