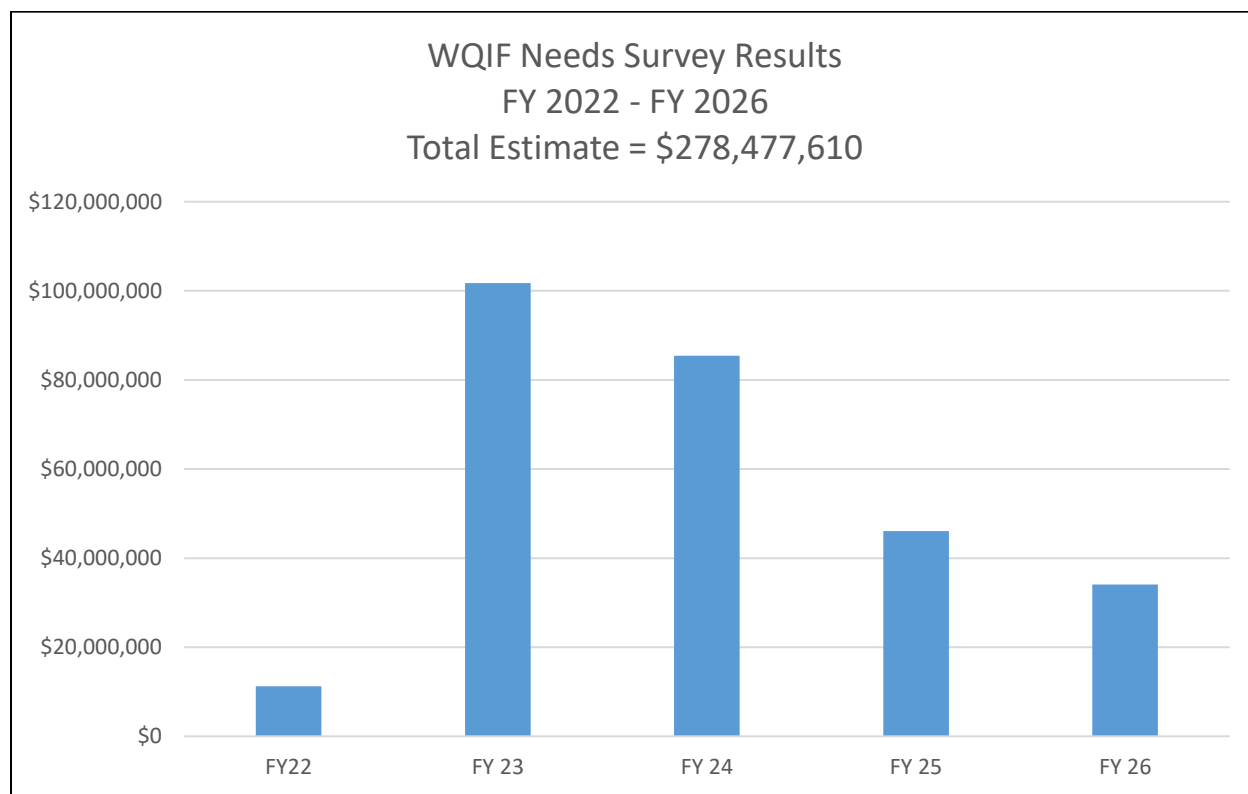


Annual Funding Needs for Water Quality Improvement Fund (WQIF) Point Source Grants

The Water Quality Improvement Fund (WQIF) is a special permanent, nonreverting fund established to provide Water Quality Improvement Grants in accordance with the provisions of the Virginia Water Quality Improvement Act of 1997. In accordance with § 10.1-2134.1 of the *Code of Virginia* the Department of Environmental Quality, in consultation with stakeholders, including representatives of the Virginia Association of Municipal Wastewater Agencies (VAMWA), local governments, and conservation organizations, is required to annually determine an estimate of the amount of Water Quality Improvement grant funding expected to be requested by local governments for projects that are related to point source pollution and are eligible for grant funding. For the fiscal years (FY) 2022 to 2026, an estimate of \$449 million may be required from state funds as well as locality financial contributions to meet water quality goals. Approximately 60% of this total (\$279 million) could be needed from the WQIF.



The methodology for estimating the amount of WQIF grant funding expected to be requested by local governments was established by DEQ in consultation with wastewater stakeholders from VAMWA. An electronic survey was created in consultation with stakeholders and distributed to significant dischargers in the Chesapeake Bay watershed. The survey requested: 1) general information, 2) programmatic information, and 3) total project cost with no time horizon. General information included facility name and contact information. Programmatic information was requested on future WQIF funding needs over a five year time horizon (FY 2022 to FY 2026). This timeframe was selected because it generally aligns with the time horizons of typical Capital Improvement Plans (CIP). Total estimated project costs were also requested with no specified time horizon. This amount is assumed to include costs needed for the entire project beyond FY 2026.

A total of 19 survey responses from seven prospective grantees were received identifying a programmatic funding need over the five year time horizon and total project costs. Programmatic funding need amounts were then multiplied by the estimated eligible grant percentage for each survey respondent to determine the WQIF eligible funding need. The grant percentage from the previous WQIF grant for each locality was utilized for the calculation. Total estimated project costs were also multiplied by the estimated eligible grant percentage for each locality to determine the total WQIF eligible funding need.

The eligible project costs for those anticipating to request WQIF funds total \$448,539,600 through FY 2026. Based on the estimated eligible grant percentage for each respondent, the amount of programmatic WQIF point source funding needed through FY 2026 is \$278,477,610. The following is a breakdown of WQIF point source funding need by fiscal year:

FY 2022 – \$11,225,100
FY 2023 – \$101,703,100
FY 2024 – \$85,450,035
FY 2025 – \$46,036,875
FY 2026 – \$34,062,500

These amounts include estimated WQIF funding needed for facilities to complete projects necessary to meet permit limits under the Enhanced Nutrient Removal Certainty (ENRC) Program established in § 62.1-44.19:14 of the *Code of Virginia* (2021 Special Session I Va. Acts Chs. 363 and 364). WQIF funding needs identified for ENRC Program projects total \$250,480,000 through FY 2026. Additionally, needs were included for upgrades that could potentially be required at publicly owned treatment works discharging in the Tidal Fresh or the Above the Fall Line portions of the James River if phosphorus waste load allocations are reduced. These funding needs identified in the survey total \$4,141,235 over the 5 year survey period.

WQIF Grants	2021 WQIF Needs Survey Results					
	2022	2023-2024 Biennium		2025-2026 Biennium		Total Need (FY22 – FY26)
	FY22	FY23	FY24	FY25	FY26	
Applicant	\$11,225,100	\$101,703,100	\$85,450,035	\$46,036,875	\$34,062,500	\$278,477,610
TOTALS	\$11,225,100	\$187,153,135		\$80,099,375		\$278,477,610

The total estimated project costs identified by survey respondents both within and beyond the FY 2022 to FY 2026 time horizon is \$2,235,448,000. Of that total, the amount of WQIF eligible project costs is estimated to be \$619,789,600. Based on the estimated eligible grant percentage for each survey respondent, the amount of WQIF point source funding needed with no specified time horizon totals \$381,040,110. The portion of WQIF point source funding needed for ENRC Program projects with no specified time horizon totals \$352,480,000.

2021 WQIF Needs Survey Results - Total Project Costs (no time horizon)		
Est Total Project Costs	WQIF Eligible Project Costs	Est Eligible Grant Amount
\$2,235,448,000	\$619,789,600	\$381,040,110

In order to improve upon the data collection methods, DEQ, with stakeholder participation, intends to re-evaluate the methodology utilized to determine the estimate of WQIF point source grant requests prior to conducting the needs assessment next year. Based on feedback received during stakeholder engagement conducted this year, the survey format will remain consistent, with updated questions relating overall need to new regulatory possibilities.