

Department of Environmental Quality (DEQ)

American Rescue Plan Act (ARPA) Wastewater Funds Implementation Plan

Goal

To administer ARPA wastewater funds appropriated to DEQ in accordance with 2021 Special Session II Va. Acts Ch. 1, 2022 Special Session I Va. Acts Ch. 1, 2022 Special Session I Va. Acts Ch. 2 and the United States Department of the Treasury's Final Rule for Coronavirus State and Local Fiscal Recovery Funds.

Background

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law. The United States Secretary of the Treasury issued the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Final Rule (Final Rule)¹ to implement the funds established under ARPA. The Final Rule provides much of the information referenced here. Section 9901 of ARPA amended Title VI of the Social Security Act to add section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and section 603, which establishes the Coronavirus Local Fiscal Recovery Fund.² Through these funds Congress provided State, local, and Tribal governments with significant resources to respond to the COVID-19 public health emergency and its economic impacts through four categories of eligible uses. Section 602(c)(1) provides that funds may be used:

- a. To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- b. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- c. For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- d. To make necessary investments in water, sewer, or broadband infrastructure.³

By permitting funds to be used for water and sewer infrastructure needs, Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health. Understanding that State, local, and Tribal governments have a broad range of water and sewer infrastructure needs, the Final Rule provides these governments with wide latitude to identify investments in water and sewer infrastructure that are of the highest priority for their own communities, which may include projects on privately-owned infrastructure.

On August 10, 2021, Governor Northam signed legislation passed during the Virginia General Assembly's 2021 Special Session II that appropriated certain ARPA funds received by the

¹ 87 Fed. Reg. 4338 (Jan. 27, 2022) (to be codified at 31 C.F.R. pt. 35).

² American Rescue Plan Act of 2021 (ARPA) § 9901, Pub. L. No. 117-2, codified at 42 U.S.C. § 802 *et seq.*

³ See ARPA § 602(c)(1)(D), Pub. L. No. 117-2, codified at 42 U.S.C. § 802.

Commonwealth, including appropriations for investments in wastewater infrastructure in the Commonwealth.⁴ Section k. of 2021 Special Session II Va. Acts Ch. 1, titled, “CSOs and Wastewater” outlines the following eligible uses of state ARPA wastewater funds:

1) \$5,750,000 to the Department of Health (601) to provide improvement funds for well and septic systems for homeowners at or below 200 percent of the federal poverty guidelines.

2) \$75,000,000 to the Department of Environmental Quality (440) for septic, straight pipe, and sewer collection system repair, replacement, and upgrades.

3) \$125,000,000 to the Department of Environmental Quality (440) for grants to the cities of Alexandria,⁵ Lynchburg, and Richmond to pay a portion of the costs of combined sewer overflow control projects. The City of Alexandria⁶ is to receive \$50,000,000; the City of Lynchburg is to receive \$25,000,000; and the City of Richmond is to receive \$50,000,000. In order to receive these funds, the locality must certify that it is providing a 100 percent match to the funds it will receive pursuant to this paragraph.

4) \$100,000,000 to the Department of Environmental Quality (440) to reimburse eligible entities as provided for in the Enhanced Nutrient Removal Certainty (ENRC) Program established in § [62.1-44.19:14](#), Code of Virginia, for capital costs incurred for the design and installation of nutrient removal technology, and to reimburse the Town of Pound⁷ and the City of Petersburg for capital costs incurred for infrastructure improvements that are eligible for reimbursement under the Virginia Water Facilities Revolving Fund established in §§ [62.1-225](#), Code of Virginia. Such reimbursements shall be in accordance with eligibility determinations made by the Department of Environmental Quality.⁸

Items 2, 3, and 4 in this section of 2021 Special Session II Va. Acts Ch. 1, as modified by 2022 Special Session I Va. Acts Ch. 1, will be administered by DEQ and are included in this plan.

⁴ 2021 Special Session II Va. Acts Ch. 1.

⁵ 2022 Special Session I Va. Acts Ch. 1 Item 479.20 changed the appropriation language to reference the “City of Alexandria, Virginia Sanitation Authority” rather than the “City of Alexandria.” Specifically, 2022 Special Session I Va. Acts Ch. 1 provides: “\$125,000,000 to the Department of Environmental Quality (440) for grants to the *City of Alexandria, Virginia Sanitation Authority* and the cities of Lynchburg and Richmond to pay a portion of the costs of combined sewer overflow control projects. The City of Alexandria, *Virginia Sanitation Authority* is to receive \$50,000,000; the City of Lynchburg is to receive \$25,000,000; and the City of Richmond is to receive \$50,000,000. In order to receive these funds, the locality must certify that it is providing a 100 percent match to the funds it will receive pursuant to this paragraph.”

⁶ *See id.*

⁷ 2022 Special Session I Va. Acts Ch. 1 Item 479.20 changed the appropriation language to reference the “Wise County Public Service Authority for capital costs incurred for infrastructure improvements in the Town of Pound” rather than listing the “Town of Pound” itself as an eligible recipient. Specifically, 2022 Special Session I Va. Acts Ch. 1 provides: “\$100,000,000 to the Department of Environmental Quality (440) to reimburse eligible entities as provided for in the Enhanced Nutrient Removal Certainty (ENRC) Program established in § [62.1-44.19:14](#), Code of Virginia, for capital costs incurred for the design and installation of nutrient removal technology, and to reimburse the *Wise County Public Service Authority* for capital costs incurred for infrastructure improvements in the Town of Pound and the City of Petersburg for capital costs incurred for infrastructure improvements that are eligible for reimbursement under the Virginia Water Facilities Revolving Fund established in § [62.1-225](#), Code of Virginia. Such reimbursements shall be in accordance with eligibility determinations made by the Department of Environmental Quality.”

⁸ 2021 Special Session II Va. Acts Ch. 1.

Additionally, on June 22, 2022, Governor Youngkin signed legislation passed during the Virginia General Assembly's 2022 Special Session I. This legislation, the Commonwealth's budget bill, appropriated additional ARPA funds received by the Commonwealth, including the following in Item 486 under the heading "Drinking Water, Wastewater, and CSOs":

1) \$1,600,000 in the first year and \$4,150,000 in the second year to the Department of Health (601) for the continuation of funding to provide improvement funds for well and septic systems for homeowners at or below 200 percent of the federal poverty guidelines.

2) \$165,000,000 in the first year to the Department of Environmental Quality (440) for additional grants to the City of Alexandria, Virginia Sanitation Authority and the cities of Lynchburg and Richmond to pay a portion of the costs of combined sewer overflow control projects. The City of Alexandria, Virginia Sanitation Authority is to receive \$40,000,000; the City of Lynchburg is to receive \$25,000,000; and the City of Richmond is to receive \$100,000,000.

3) \$75,900,000 in the first year to the Department of Environmental Quality (440) for grants to the City of Fredericksburg and King George County Service Authority for wastewater projects; to the Towns of Wachapreague, Accomac, Parksley, and Exmore for sewer projects; to the Town of Quantico for water and sewer improvements; and to the City of Falls Church for stormwater improvements. The City of Fredericksburg is to receive \$27,000,000; the King George County Service Authority is to receive \$16,000,000; the Town of Wachapreague is to receive \$2,400,000; the Town of Exmore is to receive \$3,500,000; the Town of Accomac is to receive \$4,500,000; the Town of Parksley is to receive \$1,500,000; the Town of Quantico is to receive \$17,000,000; and the City of Falls Church is to receive \$4,000,000.

4) \$25,000,000 in the first year and \$25,000,000 in the second year to the Department of Health (601) for the continuation of funding to support equal access to drinking water at small and disadvantaged community waterworks. These funds shall be limited in their use to qualifying municipal and private drinking water projects and shall not be used for improvements to the department's internal systems or processes.

5) \$5,700,000 in the first year to the Department of Environmental Quality (440) for grants to the Town of Colonial Beach for water and sewer improvements.

6) \$29,551,500 the first year to the Department of Environmental Quality (440) for grants to the City of Petersburg for water and wastewater upgrades at Poor Creek Pump Station.

7) \$10,000,000 in the first year to the Department of Conservation and Recreation (199) for improvements to identified high hazard water impounding structures consistent with the provisions of the Dam Safety, Flood Prevention, and Protection Assistance Fund established pursuant to § 10.1-603.17, Code of Virginia.

8) \$150,000 in the first year to the Department of Health (601) for the Town of Goshen for repairs to their water storage tank.

9) \$325,000 the first year to the Department of Environmental Quality (440) for a grant to the Town of Occoquan for outfall sediment removal projects and for stormwater dredging activities.

10) \$3,000,000 the first year to the Department of Environmental Quality (440) for a grant to the Town of Dumfries to support Municipal Separate Storm Sewer System permit activities.

11) \$3,000,000 the first year to the Department of Environmental Quality (440) for a grant to the County of Prince William to assist with the connection of Bristow Manor to the Prince William County wastewater collection system.⁹

The wastewater and stormwater portion of items 2, 3, 5, 6, 9, 10, and 11 in this section of 2022 Special Session I Va. Acts Ch. 2 will be administered by DEQ and are included in this plan.

Of particular importance, the United States Department of the Treasury's Final Rule further provides the following:

⁹ 2022 Special Session I Va. Acts Ch. 2.

- “(a) *In general*. A recipient may only use funds to cover costs incurred during the period beginning March 3, 2021, and ending December 31, 2024”¹⁰
- “(b) *Costs incurred*. A cost shall be considered to have been incurred for purposes of paragraph (a) of this section if the recipient has incurred an obligation with respect to such cost by December 31, 2024.”¹¹
- “(c) *Return of funds*. A recipient must return any funds not obligated by December 31, 2024. A recipient must also return funds obligated by December 31, 2024 but not expended by December 31, 2026.”¹²
- “A recipient must comply with all other applicable Federal statutes, regulations, and executive orders, and a recipient shall provide for compliance with the American Rescue Plan Act, this subpart, and any interpretive guidance by other parties in any agreements it enters into with other parties relating to these funds.”¹³
 - In the Final Rule’s Supplemental Information in the discussion of investments in water, sewer, and broadband infrastructure, the U.S. Department of the Treasury has noted: “Treasury cautions that, as is the case with all projects engaged in using the SLFRF funds, all projects must comply with applicable federal, state, and local law. In the case of infrastructure projects in particular, this includes environmental and permitting laws and regulations. Likewise, as with all capital expenditure projects using SLFRF funds, projects must be undertaken and completed in a manner that is technically sound, meaning that they must meet design and construction methods and use materials that are approved, codified, recognized, fall under standard or acceptable levels of practice, or otherwise are determined to be generally acceptable by the design and construction industry.”¹⁴

The U.S. Department of the Treasury has further stated in the Final Rule’s Supplemental Information:

- Regarding investments in water, sewer, and broadband infrastructure, “[t]he statute limits investments to those that are necessary.”¹⁵
 - More specifically, “[s]ections 602(c)(1)(D) and Section 603(c)(1)(D) of the Social Security Act provide that recipients may use the SLFRF funds ‘to make necessary investments in water [and] sewer infrastructure.’”¹⁶
 - Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) eligible projects are “presumed to be necessary investments under the final rule, with the exception of projects for the rehabilitation of dams and reservoirs”¹⁷
 - In addition to DWSRF and CWSRF eligible projects, which are presumed to be necessary, “Treasury considers an investment in infrastructure to be necessary if it is (1) responsive to an identified need to achieve or maintain an adequate minimum

¹⁰ 87 Fed. Reg. 4338, 4448 (Jan. 27, 2022) (to be codified at 31 C.F.R. pt. 35.5).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* at 4453 (to be codified at 31 C.F.R. pt. 35.9).

¹⁴ *Id.* at 4409.

¹⁵ *Id.* at 4408.

¹⁶ *Id.* at 4409.

¹⁷ *Id.* at 4409-4410.

level of service, . . . and (2) a cost-effective means for meeting that need, taking into account available alternatives.”¹⁸

- The U.S. Department of the Treasury has stated, “[i]n evaluating whether a project would respond to a need to achieve or maintain an adequate minimum level of service, a recipient should consider whether it would meet the needs of the population to be served and would satisfy applicable standards.”¹⁹
- The U.S. Department of the Treasury has stated, “[i]n evaluating whether a project is a cost-effective means of providing the water or sewer service, the recipient should consider the need for the project, the costs and benefits of the project compared to alternatives, and the effectiveness of the project in meeting the identified need. Recipients are not required to conduct a full cost-benefit analysis; however, they should consider and analyze relevant factors.”²⁰
- There are three general restrictions that apply to the use of State and Local Fiscal Recovery Funds:
 - 1) “[R]ecipients may not use funds for a program that undermines practices included in the CDC’s guidelines”²¹
 - 2) “[A] recipient may not use SLFRF funds in violation of the conflict of interest requirements contained in the Award Terms and Conditions or the Office of Management and Budget’s Uniform Guidance, including any self-dealing or violation of ethics rules. Recipients are required to establish policies and procedures to manage potential conflicts of interest.”²²
 - 3) “[R]ecipients are also required to comply with other federal, state, and local background laws, including environmental laws and federal civil rights and nondiscrimination requirements, which include prohibitions on discrimination on the basis of race, color, national origin, sex, (including sexual orientation and gender identity), religion, disability, or age, or familial status (having children under the age of 18).”²³

Implementation Plan

DEQ has developed an Implementation Plan to provide guidance and assistance to localities and other potential grant recipients for the administration of DEQ’s portion of the ARPA wastewater funds. For the most effective delivery of services, the funds appropriated to DEQ will be administered through five separate programs, each with its own specific plan: 1) Sewer Collection System (SCS) Program, 2) Septic Local Partner Program (SLPP), 3) Combined Sewer Overflow (CSO) Program, 4) Enhanced Nutrient Removal Certainty Program, Pound and Petersburg (ENRCPP) Program, and 5) 2022 Appropriation Program. All five plans will incorporate guidance provided in the United States Department of the Treasury’s Final Rule.

¹⁸ *Id.* at 4409.

¹⁹ *Id.* at 4010.

²⁰ *Id.*

²¹ *Id.* at 4431.

²² *Id.*.

²³ *Id.*

Sewer Collection System (SCS) Program

Overview

A total of \$75,000,000 in ARPA funds have been appropriated for septic, straight pipe, and sewer collection system repair, replacement, and upgrades. Of this total, approximately \$65,000,000 will be allocated to projects that provide sewer collection system repair, replacement and upgrades as the wastewater treatment solution. SCS Program projects can include eliminating septic systems and straight pipe discharges with connection to a new or existing sewer collection system.

Eligible Projects

Eligible project types include:

- Projects that eliminate septic systems and straight pipe discharges by connecting homes and businesses to a sewer collection system – for this type of project, costs associated with establishing a sewer collection system are considered eligible
- All other sewer collection system repair, replacement, and upgrades

Eligible Applicants

Eligible applicants for SCS Program ARPA funds include Local Governments and other entities as defined in Virginia Code § 62.1-224:

"Local government" means any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution or laws of the Commonwealth or any combination of any two or more of the foregoing. The term "local government" includes any authority, commission, district, sanitary board or governmental entity issuing bonds on behalf of an authority, commission, district or sanitary board of an adjoining state that operates a wastewater treatment facility located in Virginia.

"other entities" means owners of private wastewater treatment facilities.

Application Evaluation (see Attachment 1 for additional information)

Applications will be evaluated to ensure:

- That the requested funds are 1) for a CWSRF eligible project or a project that is otherwise eligible pursuant to the Final Rule and 2) consistent with 2021 Special Session II Va. Acts Ch. 1 and 2022 Special Session I Va. Acts Ch. 1.
- Compliance with the Final Rule's timeline for project implementation:
 - Project costs incurred prior to March 3, 2021 will not be reimbursed
 - Grant agreement must be executed by December 31, 2024
 - Project must be completed, costs expended, and reimbursements fully disbursed by December 31, 2026
- Compliance with the Final Rule's general restrictions, including compliance with all other applicable statutes, regulations, and executive orders.
- Consistent with the Commonwealth's CWRLF program, projects will be evaluated based on project type, environmental concerns, fiscal stress, and readiness to proceed.

- Other application evaluation factors may include the CWRLF affordability criteria, median household income, cost effectiveness, advancement of the Commonwealth's Wastewater Infrastructure Policy as defined in § 62.1-223.1 of the Code of Virginia, and geographic distribution of projects to ensure statewide access to funding.

Application Instructions and Timeline*

Applicants seeking SCS Program ARPA funds should submit the SCS Program ARPA application form found in Attachment 3a for sewer collection system projects and should include a completed Preliminary Engineering Report (PER) for the project, if available. Applications and supporting documentation should be emailed to cwfap@deq.virginia.gov.

Applications will be solicited electronically for projects requesting SCS Program ARPA funds from October 15, 2022 through December 15, 2022. Applications will be evaluated through January 31, 2023 and an SCS Program ARPA fund project list will be provided to the DEQ Director for review by February 15, 2023. The project list will be authorized by March 1, 2023.*

Funds will be disbursed on a reimbursement basis and disbursements can begin following an executed grant agreement.

A full list of SCS Program ARPA fund program requirements can be found in Attachment 4a.

* Application and evaluation timeline is estimated and may be adjusted if circumstances warrant.

Septic Local Partner Program (SLPP)

Overview

A total of \$75,000,000 in ARPA funds have been appropriated for septic, straight pipe, and sewer collection system repair, replacement, and upgrades. Of this total, approximately \$5,000,000 will be allocated to local partners to develop and implement a funding program for projects that provide septic system repair, replacement and upgrades as the wastewater treatment solution. SLPP projects can also include eliminating failing septic systems, pit privies and straight pipe discharges and connection to a new or existing sewer collection system.

Eligible Projects

Eligible project types include:

- Individual and community septic system repair, replacement, and upgrades
- Projects that eliminate straight pipe discharges and pit privies by installing septic systems
- Projects that eliminate septic systems, pit privies and straight pipe discharges by connecting homes and businesses to a sewer collection system

Eligible Applicants

Eligible applicants for SLPP ARPA funds include Local Governments and other entities as defined in Virginia Code § 62.1-224:

"Local government" means any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution or laws of the Commonwealth or any combination of any two or more of the foregoing. The term "local government" includes any authority, commission, district, sanitary board or governmental entity issuing bonds on behalf of an authority, commission, district or sanitary board of an adjoining state that operates a wastewater treatment facility located in Virginia.

"other entities" means owners of private wastewater treatment facilities.

Application Evaluation (see Attachment 1 for additional information)

Applications will be evaluated to ensure:

- That the requested funds are 1) for a CWSRF eligible project or a project that is otherwise eligible pursuant to the Final Rule and 2) consistent with 2021 Special Session II Va. Acts Ch. 1 and 2022 Special Session I Va. Acts Ch. 1.
- Compliance with the Final Rule's timeline for project implementation:
 - Project costs incurred prior to March 3, 2021 will not be reimbursed
 - Grant agreement must be executed by December 31, 2024
 - Project must be completed, costs expended, and reimbursements fully disbursed by December 31, 2026
- Compliance with the Final Rule's general restrictions, including compliance with all other applicable statutes, regulations, and executive orders.
- Consistent with the Commonwealth's CWRLF program, projects will be evaluated based on project type, environmental concerns, fiscal stress, and readiness to proceed.
- Other application evaluation factors may include the CWRLF affordability criteria, median household income, cost effectiveness, advancement of the Commonwealth's Wastewater Infrastructure Policy as defined in § 62.1-223.1 of the Code of Virginia, and geographic distribution of projects to ensure statewide access to funding.

Application Instructions and Timeline*

Applicants seeking SLPP ARPA funds should submit the SLPP ARPA application form found in Attachment 3b and should include all available planning documents. Applications and supporting documentation should be emailed to cwfap@deq.virginia.gov.

Applications will be solicited electronically for projects requesting SLPP ARPA funds from October 15, 2022 through December 15, 2022. Applications will be evaluated through January 31, 2023 and an SLPP ARPA fund project list will be provided to the DEQ Director for review by February 15, 2023. The project list will be authorized by March 1, 2023.*

Funds will be disbursed on a reimbursement basis and disbursements can begin following an executed grant agreement.

A full list of SLPP ARPA fund program requirements can be found in Attachment 4b.

* Application and evaluation timeline is estimated and may be adjusted if circumstances warrant.

Combined Sewer Overflow (CSO) Program

Overview

A total of \$290,000,000 in ARPA funds have been appropriated for grants to the City of Alexandria, Virginia Sanitation Authority and the cities of Lynchburg and Richmond to pay a portion of the costs of combined sewer overflow control projects. The City of Alexandria, Virginia Sanitation Authority is to receive \$90,000,000 and provide \$50,000,000 in local match funds; the City of Lynchburg is to receive \$50,000,000 and provide \$25,000,000 in local match funds; and the City of Richmond is to receive \$150,000,000 and provide \$50,000,000 in local match funds. Additional instructions for match certification can be found in Attachment 4a.

Eligible Projects

Eligible project types include:

- Projects that correct combined sewer overflow problems as defined in Virginia Code § 62.1-241.11:

"Combined sewer overflow" or "CSO" means the discharge of untreated sanitary wastes, including industrial wastes and other wastes conveyed through a sanitary sewer system, and stormwater from combined stormwater and sanitary sewers.

Eligible Applicants

The three entities eligible for CSO Program ARPA funds are the City of Alexandria, Virginia Sanitation Authority and the cities of Lynchburg and Richmond. Applications will be solicited from these entities for CSO projects in the amounts directed by 2021 Special Session II Va. Acts Ch. 1 and 2022 Special Session I Va. Acts Ch. 2:

- \$90,000,000 for the City of Alexandria, Virginia Sanitation Authority
- \$50,000,000 for the City of Lynchburg
- \$150,000,000 for the City of Richmond

Application Evaluation (see Attachment 1 for additional information)

Applications will be evaluated to ensure:

- That the requested funds are 1) for a CWSRF eligible project or a project that is otherwise eligible pursuant to the Final Rule and 2) consistent with 2021 Special Session II Va. Acts Ch. 1, including the appropriate certification of a 100% local match, 2022 Special Session I Va. Acts Ch. 1, and 2022 Special Session I Va. Acts Ch. 2.
- Compliance with the Final Rule's timeline for project implementation:
 - Project costs incurred prior to March 3, 2021 will not be reimbursed
 - Grant agreement must be executed by December 31, 2024
 - Project must be completed, costs expended, and reimbursements fully disbursed by December 31, 2026
- Compliance with the Final Rule's general restrictions, including compliance with all other applicable statutes, regulations, and executive orders.

Application Instructions and Timeline*

Applicants seeking CSO Program ARPA funds should submit the CSO Program ARPA application form found in Attachment 3c and should include a completed Preliminary Engineering Report (PER) for the project, if available. Applications and supporting documentation should be emailed to cwfap@deq.virginia.gov.

Applications will be solicited electronically for projects requesting CSO Program ARPA funds from September 1, 2022 through February 28, 2023. Applications will be evaluated and authorized by the DEQ Director on a rolling basis.*

Funds will be disbursed on a reimbursement basis and disbursements can begin following an executed grant agreement.

A full list of CSO Program ARPA fund program requirements can be found in Attachment 4a.

* Application and evaluation timeline is estimated and may be adjusted if circumstances warrant.

Enhanced Nutrient Removal Certainty Program, Pound,²⁴ Petersburg (ENRCPP) Program

Overview

A total of \$100,000,000 in ARPA funds have been appropriated to reimburse eligible entities as provided for in the Enhanced Nutrient Removal Certainty (ENRC) Program established in § [62.1-44.19:14](#), Code of Virginia, for capital costs incurred for the design and installation of nutrient removal technology, and to reimburse the Wise County Public Service Authority for capital costs incurred for infrastructure improvements in the Town of Pound and the City of Petersburg for capital costs incurred for infrastructure improvements that are eligible for reimbursement under the Virginia Water Facilities Revolving Fund established in §§ [62.1-225](#), Code of Virginia. Such reimbursements shall be in accordance with eligibility determinations made by the Department of Environmental Quality.

Eligible Projects and Applicants – ENRC Program

Eligible projects and eligible applicants for the ENRC Program portion include (***note – in accordance with the Final Rule, no costs incurred prior to March 3, 2021 for these projects will be reimbursed utilizing ARPA funds***):

- ***HRSD-Nansemond River WWTP*** – Upgrade and expand with nutrient removal technology of 4.0 mg/L total nitrogen (1/1/2026) ***and 0.30 mg/L total phosphorus (1/1/2032)****
- ***Spotsylvania Co.-Massaponax WWTF*** – Expand with nutrient removal technology of 4.0 mg/L total nitrogen and 0.30 mg/L total phosphorus to consolidate and close FMC WWTF (1/1/2026)
- ***Spotsylvania Co.-Thornburg STP*** – Upgrade with nutrient removal technology of 4.0 mg/L total nitrogen and 0.30 mg/L total phosphorus (1/1/2026)
- ***South Central Wastewater Authority WWTF*** – Upgrade with nutrient removal technology of 4.0 mg/L total nitrogen and 0.30 mg/L total phosphorus (1/1/2026)
- ***HRSD-Williamsburg WWTP*** – Upgrade with nutrient removal technology of 4.0 mg/L total nitrogen (1/1/2026) ***and 0.30 mg/L total phosphorus (1/1/2032)****

²⁴ *Supra* note 7.

- **HRSD-VIP WWTP** – Upgrade with nutrient removal technology of 4.0 mg/L total nitrogen (1/1/2026) *and 0.30 mg/L total phosphorus (1/1/2032)**
- **HRSD-James River WWTP** – Upgrade with nutrient removal technology of 4.0 mg/L total nitrogen (1/1/2026) *and 0.30 mg/L total phosphorus (1/1/2028)**
- **HRSD-Army Base WWTP** – Upgrade with nutrient removal technology of 4.0 mg/L total nitrogen (1/1/2026) *and 0.30 mg/L total phosphorus (1/1/2028)**

**Note – this portion of the project will only be eligible if it is completed in accordance with the Final Rule’s timeline.*

In addition, legislation enacted following the 2022 General Assembly session²⁵ adds the following facility to the ENRC Program effective July 1, 2022, which will make it an eligible project and applicant after July 1, 2022:

- **Fredericksburg WWTF** – Expand with nutrient removal technology of 3.0 mg/L total nitrogen and 0.22 mg/L total phosphorus (1/1/2026)

Eligible Projects and Applicants – Wise County Public Service Authority²⁶ and City of Petersburg

Eligible project types for these eligible applicants, the Wise County Public Service Authority²⁷ and the City of Petersburg, include:

- Infrastructure improvements that are eligible for reimbursement under the Virginia Water Facilities Revolving Fund as defined in Virginia Code §62.1-224:

"Cost," as applied to any project financed under the provisions of this chapter, means the total of all costs incurred as reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project. It includes, without limitation, all necessary developmental, planning and feasibility studies, surveys, plans and specifications, architectural, engineering, financial, legal or other special services, the cost of acquisition of land and any buildings and improvements thereon, including the discharge of any obligations of the sellers of such land, buildings or improvements, site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment, the reasonable costs of financing incurred in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, the funding of accounts and reserves which the Authority may require and the cost of other items which the Authority determines to be reasonable and necessary.

"Project" means any small water facility project as defined in § 62.1-229 and any wastewater treatment facility located or to be located in the Commonwealth, all or part of which facility serves the citizens of the Commonwealth. The term includes, without limitation, sewage and wastewater (including surface and ground water) collection, treatment and disposal facilities; drainage facilities and projects; related office, administrative, storage, maintenance and laboratory facilities; and interests in land related thereto.

Application Evaluation (see Attachment 1 for additional information)

Applications will be evaluated to ensure:

²⁵ 2022 Va. Acts Chs. 127 and 128.

²⁶ *Supra* note 7.

²⁷ *Id.*

- That the requested funds are 1) for a CWSRF eligible project or a project that is otherwise eligible pursuant to the Final Rule and 2) consistent with 2021 Special Session II Va. Acts Ch. 1 and 2022 Special Session I Va. Acts Ch. 1.
- Compliance with the Final Rule's timeline for project implementation:
 - Project costs incurred prior to March 3, 2021 will not be reimbursed
 - Grant agreement must be executed by December 31, 2024
 - Project must be completed, costs expended, and reimbursements fully disbursed by December 31, 2026
- Compliance with the Final Rule's general restrictions, including compliance with all other applicable statutes, regulations, and executive orders.
- Consistent with the Commonwealth's CWRLF program, projects will be evaluated based on project type, environmental concerns, fiscal stress, and readiness to proceed.
- Other application evaluation factors may include the CWRLF affordability criteria, median household income, cost effectiveness, advancement of the Commonwealth's Wastewater Infrastructure Policy as defined in § 62.1-223.1 of the Code of Virginia, and geographic distribution of projects to ensure statewide access to funding.

Application Instructions and Timeline*

Applicants seeking ENRCPP ARPA funds should submit the ENRCPP ARPA application form found in Attachment 3d and should include a completed Preliminary Engineering Report (PER) for the project, if available. Applications and supporting documentation should be emailed to cwfap@deq.virginia.gov.

Applications will be solicited electronically for projects requesting ENRCPP ARPA funds from September 1, 2022 through October 15, 2022. Applications will be evaluated through November 15, 2022 and an ENRCPP ARPA fund project list will be provided to the DEQ Director for review by November 15, 2022. The project list will be authorized by December 15, 2022.*

Funds will be disbursed on a reimbursement basis and disbursements can begin following an executed grant agreement.

A full list of ENRCPP ARPA fund program requirements can be found in Attachment 4a.

* Application and evaluation timeline is estimated and may be adjusted if circumstances warrant.

2022 Appropriation Program

Overview

A total of \$117,476,500 in ARPA funds have been appropriated for grants to specific localities for specific wastewater and stormwater projects. DEQ will be administer the following ARPA funds pursuant to 2022 Special Session I Va. Acts Ch. 2.

Eligible Projects, Applicants, and Fund Amounts

- ***City of Fredericksburg*** – \$27,000,000 – Wastewater projects
- ***King George County Service Authority*** – \$16,000,000 – Wastewater projects
- ***Town of Wachapreague*** – \$2,400,000 – Sewer projects

- **Town of Accomac** – \$4,500,000 – Sewer projects
- **Town of Parksley** – \$1,500,000 – Sewer projects
- **Town of Exmore** – \$3,500,000 – Sewer projects
- **Town of Quantico** – \$17,000,000 – Water and sewer improvements
- **City of Falls Church** – \$4,000,000 – Stormwater improvements
- **Town of Colonial Beach** – \$5,700,000 – Water and sewer improvements
- **City of Petersburg** – \$29,551,500 – Water and wastewater upgrades at Poor Creek Pump Station
- **Town of Occoquan** – \$325,000 – Outfall sediment removal projects and stormwater dredging activities
- **Town of Dumfries** – \$3,000,000 – Support Municipal Separate Storm Sewer System permit activities
- **County of Prince William** – \$3,000,000 – Assist with the connection of Bristow Manor to the Prince William County wastewater collection system

Application Evaluation (see Attachment 1 for additional information)

Applications will be evaluated to ensure:

- That the requested funds are 1) for a CWSRF eligible project or a project that is otherwise eligible pursuant to the Final Rule and 2) consistent with 2022 Special Session I Va. Acts Ch. 2.
- Compliance with the Final Rule’s timeline for project implementation:
 - Project costs incurred prior to March 3, 2021 will not be reimbursed
 - Grant agreement must be executed by December 31, 2024
 - Project must be completed, costs expended, and reimbursements fully disbursed by December 31, 2026
- Compliance with the Final Rule’s general restrictions, including compliance with all other applicable statutes, regulations, and executive orders.

Application Instructions and Timeline*

Applicants seeking 2022 Appropriation Program ARPA funds should submit the 2022 Appropriation Program ARPA application form found in Attachment 3e and should include a completed Preliminary Engineering Report (PER) for the project, if available. Applications and supporting documentation should be emailed to cwfap@deq.virginia.gov.

Applications will be solicited electronically for projects requesting 2022 Appropriation Program ARPA funds from September 1, 2022 through February 28, 2023. Applications will be evaluated and authorized by the DEQ Director on a rolling basis.*

Funds will be disbursed on a reimbursement basis and disbursements can begin following an executed grant agreement.

A full list of 2022 Appropriation Program ARPA fund program requirements can be found in Attachment 4a.

* Application and evaluation timeline is estimated and may be adjusted if circumstances warrant.