

## Chapter 3 - Water Quality Improvement Fund Requests

### Estimates Report

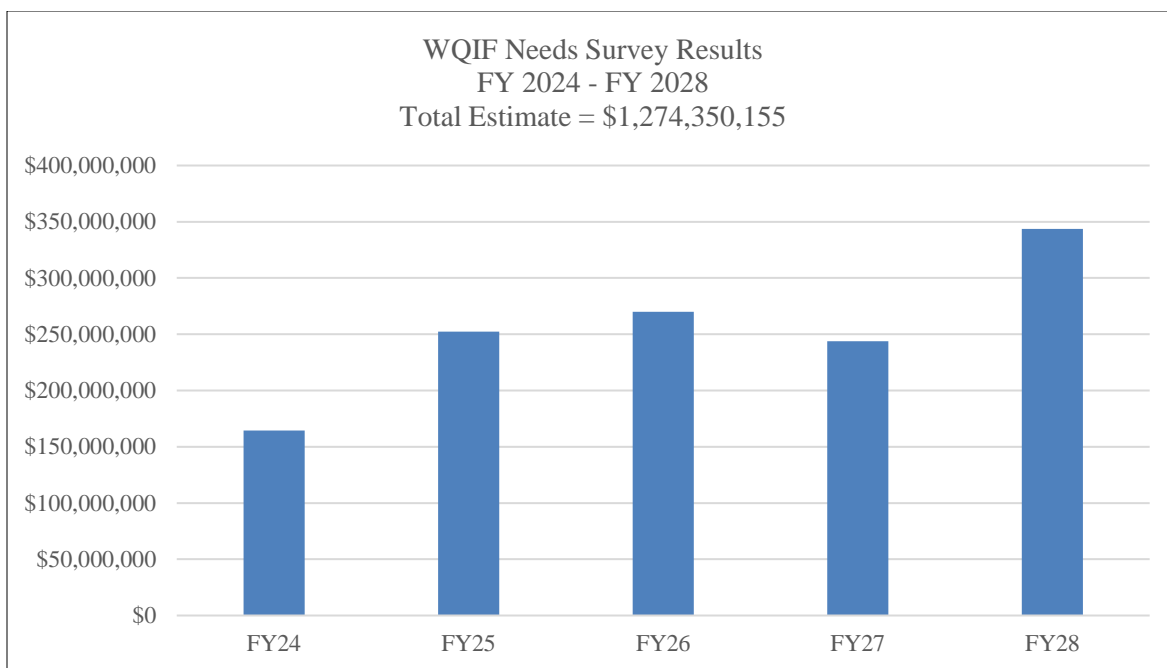
The Water Quality Improvement Fund (WQIF) is a special permanent, nonreverting fund established to provide Water Quality Improvement Grants in accordance with the provisions of the Virginia Water Quality Improvement Act of 1997. In accordance with [§ 10.1-2134.1](#) of the Code of Virginia, DEQ in consultation 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 FY 2024 to 2028, an estimate of \$3 billion may be required from state funds, as well as locality financial contributions to meet water quality goals. Approximately 42% of this total (\$1.274 billion) could be needed from the WQIF (see Figure 3.1 and Table 3.2).

In addition to the WQIF funding needs reported in this year's needs assessment, it is important to note the current state of the fund (see Table 3.1). The unobligated WQIF fund balance totals approximately \$33 million. There are ten active grant agreements and eleven funding applications under evaluation. Of the eleven applications currently under review, seven did not report to the needs survey. Their impact to the fund is listed in the table below in "WQIF Application Future Obligations."

**Table 3.1: Current WQIF Account Balance**

Unobligated WQIF balance	\$33 million
WQIF Application Future Obligations (based on estimated grant amounts in applications)	(\$74 million)
WQIF Additional Future Obligations (based on estimated grant amounts in the needs survey)	(\$1.274 billion)
<b>Current Estimated WQIF Shortfall</b>	<b>(\$1.315 billion)</b>

Utilizing the WQIF funding needs reported in this year's needs assessment and estimated grant amounts from current applications not represented in the needs assessment, the estimated shortfall for WQIF point source projects for FY 2024 through FY 2028 is \$1.315 billion (see Table 3.1).



**Figure 3.1: WQIF Needs Survey Results (FY 2024 - FY 2028)**

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 2024 to FY 2028). This timeframe was selected because it generally aligns with the time horizons of typical Capital Improvement Plans. 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 2028. The survey format will remain consistent for next year to allow for multi-year comparisons, with updated questions relating overall need to new regulatory changes.

A total of 21 survey responses from 10 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 a previous WQIF grant or current application 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 requesting WQIF funds total \$1,707,933,726 through FY 2028. Based on the estimated eligible grant percentage for each respondent, the amount of programmatic WQIF point source funding needed through FY 2028 is \$1,274,350,155 (see Figure 3.1 and Table 3.2). The following is a breakdown of WQIF point source funding need by fiscal year:

## FY 2023 CHESAPEAKE BAY AND VIRGINIA WATERS CLEAN-UP PLAN

FY 2024 – \$164,342,164

FY 2025 – \$252,379,395

FY 2026 – \$270,041,871

FY 2027 – \$243,866,943

FY 2028 – \$343,719,782

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 and amended by 2022 Session Va. Acts Chs. 127 and 128). WQIF funding needs identified for ENRC Program projects total \$1,228,290,656 through FY 2028.

**Table 3.2: 2023 WQIF Needs Survey Results**

WQIF Grants	2024	2025-2026 Biennium		2027-2028 Biennium		Total Need (2024 – 2028)
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Applicant	\$164,342,164	\$252,379,395	\$270,041,871	\$243,866,943	\$343,719,782	\$1,274,350,155
<b>TOTALS</b>	<b>\$164,342,164</b>	<b>\$522,421,266</b>		<b>\$587,586,725</b>		<b>\$1,274,350,155</b>

The total estimated project costs identified by survey respondents both within and beyond the FY 2024 to FY 2028 time horizon total \$3,014,375,279 (Table 3.3). Of that total, the amount of WQIF-eligible project costs is estimated to be \$1,711,783,735. 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 \$1,278,257,662. The portion of WQIF point source funding needed for ENRC Program projects with no specified time horizon totals \$1,235,985,663.

**Table 3.3: 2023 WQIF Needs Survey Results – Total Project Costs (no time horizon)**

Estimated Total Project Costs	WQIF-Eligible Project Costs	Estimated Eligible Grant Amount
\$3,014,375,279	\$1,711,783,735	\$1,278,257,662