

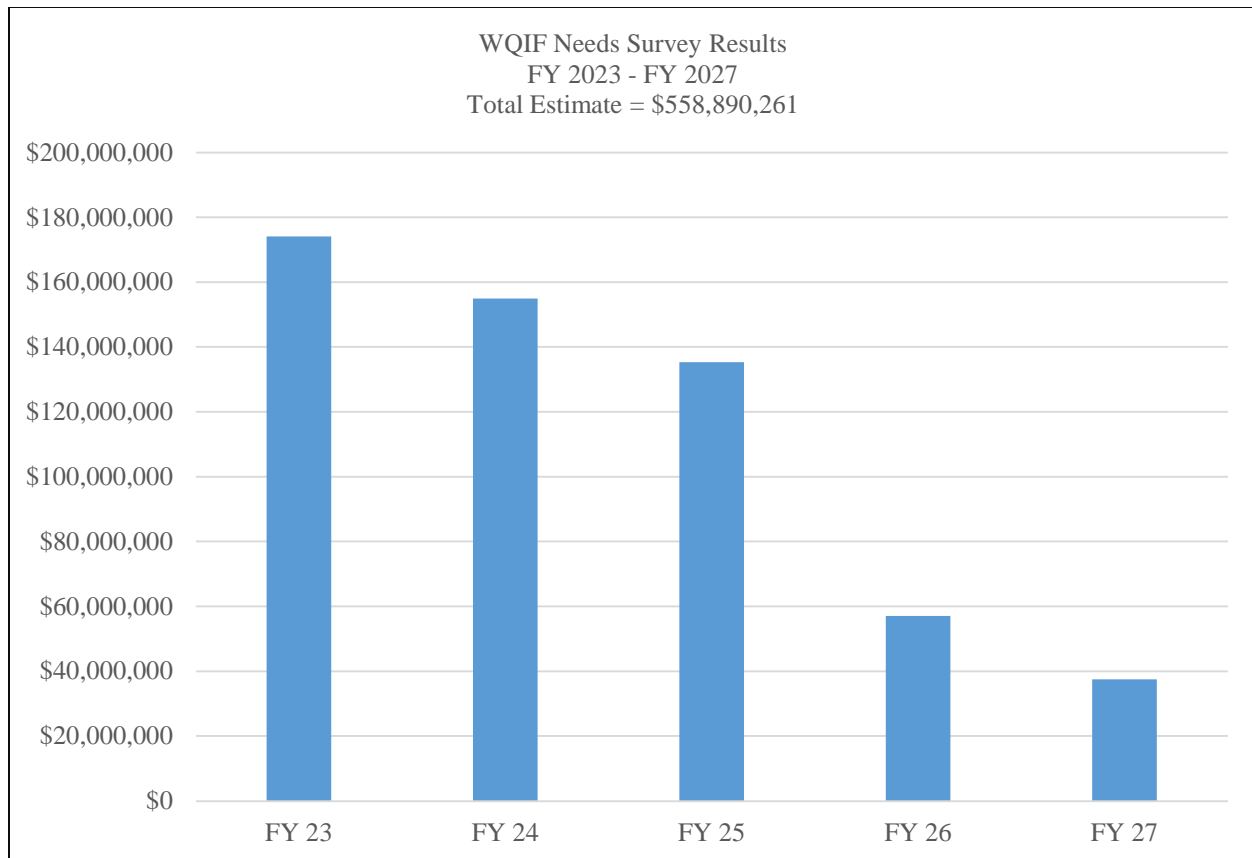
## Annual Funding Needs for Water Quality Improvement Fund (WQIF) Point Source Grants

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) 2023 to 2027, an estimate of \$896 million may be required from state funds as well as locality financial contributions to meet water quality goals. Approximately 60% of this total (\$559 million) could be needed from the WQIF.

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. The unobligated WQIF fund balance totals approximately \$63 million. There are six active grant agreements and eleven funding applications under evaluation. Based on the significant increase in infrastructure construction costs over the past year, it is estimated that an additional amount of \$108 million will be needed to fully fund the six active grant agreements. The estimated grant amount for the eleven WQIF grant applications currently under evaluation totals \$149 million.

Current WQIF Account Balance	
Unobligated WQIF balance	\$63 million
Estimated Active WQIF Grant Additional Obligations	\$108 million
Estimated WQIF Application Additional Obligations	\$149 million
<b>Current Estimated WQIF Shortfall</b>	<b>\$194 million</b>

Unless additional funds are appropriated to fund WQIF point source projects, the estimated shortfall for FY 2023 is \$194 million. Utilizing the WQIF funding needs reported in this year's needs assessment, the estimated shortfall for FY 2024 through FY 2027 totals \$385 million, bringing the combined estimated shortfall for WQIF point source projects for FY 2023 through FY2027 to \$579 million.



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 2023 to FY 2027). 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 2027. 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 23 survey responses from ten 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 \$895,847,125 through FY 2027. Based on the estimated eligible grant percentage for each respondent, the amount of programmatic WQIF point source funding needed through FY 2027 is \$558,890,261. The following is a breakdown of WQIF point source funding need by fiscal year:

FY 2023 – \$174,072,949  
 FY 2024 – \$154,947,155  
 FY 2025 – \$135,276,789  
 FY 2026 – \$57,043,451  
 FY 2027 – \$37,549,917

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 \$519,584,453 through FY 2027.

2022 WQIF Needs Survey Results					
2023-2024 Biennium		2025-2026 Biennium		2027	Total Need
FY23	FY24	FY25	FY26	FY27	2023 - 2027
\$174,072,949	\$154,947,155	\$135,276,789	\$57,043,451	\$37,549,917	\$558,890,261
<b>\$329,020,104</b>		<b>\$192,320,240</b>		<b>\$37,549,917</b>	<b>\$558,890,261</b>

The total estimated project costs identified by survey respondents both within and beyond the FY 2023 to FY 2027 time horizon total \$2,198,740,425. Of that total, the amount of WQIF eligible project costs is estimated to be \$912,959,847. 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 \$566,677,914. The portion of WQIF point source funding needed for ENRC Program projects with no specified time horizon totals \$514,219,103.

2022 WQIF Needs Survey Results		
Total Project Costs (no time horizon)		
Estimated Total Project Costs	WQIF Eligible Project Costs	Estimated Eligible Grant Amount
\$2,198,740,425	\$912,959,847	\$566,677,914