

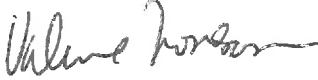
# COMMONWEALTH OF VIRGINIA

Department of Environmental Quality  
Division of Administration  
Valerie Thomson, Director

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**SUBJECT:** Guidance Memorandum No. 06-2012, Amendment #1, Addendum #1  
Review Procedures for WQIF Grant Applications and Agreement Negotiations  
for Wastewater Conveyance Infrastructure Projects

**TO:** Clean Water Financing and Assistance Program (CWFAP) Staff

**FROM:** Valerie Thomson, Director 

**DATE:** August 15, 2021

**COPIES:** Leadership Team, Division of Water Permitting Staff, Division of Water Planning Staff

**Summary:** In September 2006, DEQ issued GM 06-2012 to standardize the process and criteria used to review Water Quality Improvement Fund (WQIF) applications, and to aid in making consistent grant eligibility determinations during agreement negotiations. In December 2007, DEQ issued GM 06-2012, Amendment #1 to ensure use of a consistent and equitable decision making process in reviewing applications and prioritizing grant agreement drafting/negotiation, and to standardize methodologies used to determine the eligible scope of work and appropriate cost-share percentages for units comprising the nutrient reduction technology being designed and installed.

During the 2019 General Assembly session, section § 10.1-2131(C) of the Code of Virginia was amended to extend WQIF fund eligibility to certain wastewater conveyance infrastructure projects. Specifically, 2019 Va. Acts Ch. 533 amended § 10.1-2131(C) to add language that provides:

*Notwithstanding any other provision of this chapter, the Director may at any time authorize grants for the design and installation of wastewater conveyance infrastructure that (a) diverts wastewater from one publicly owned treatment works that is eligible for grant funding under this chapter to another publicly owned treatment works that also is eligible for such funding; (b) diverts wastewater to a receiving treatment works that is capable of achieving compliance with its nutrient reduction or ammonia control discharge requirements and results in a net reduction in total phosphorus, total nitrogen, or nitrogen-containing ammonia discharges; and (c) results in a Water Quality Improvement Grant expense being incurred by the Department that is the same as or lower than the grant expense the Department would incur in funding design and installation of eligible nutrient removal or other applicable treatment technology at such treatment works that would have treated the wastewater in the absence of the diversion project.*

As a result of this statutory change, it became necessary to provide an addendum to GM #06-2012, Amendment #1 to include guidance for administering grant applications and agreement negotiations for WQIF wastewater conveyance infrastructure projects. This guidance is supplemental to GM #06-2012, Amendment #1 and does not modify or repeal GM #06-2012, Amendment #1. Unless specifically discussed in this addendum, GM #06-2012, Amendment #1 fully applies to conveyance projects. In addition, the Secretary of Natural Resources' Virginia Water Quality Improvement Fund Guidelines, issued November 2006 and updated May 2012, fully applies to conveyance projects.

The purpose of this guidance is to:

- Standardize methodologies used to determine project eligibility, and to evaluate the eligible scope of work and appropriate eligible costs for wastewater conveyance infrastructure projects;
- Provide information on application, administration, and evaluation of wastewater conveyance infrastructure projects; and
- Ensure the use of a consistent and equitable decision making process in administration and evaluation of wastewater conveyance infrastructure projects.

**Electronic Copy:** Once effective, an electronic copy of this guidance will be available on:

- The Virginia Regulatory Town Hall under the Department of Environmental Quality (<http://www.townhall.virginia.gov/L/gdocs.cfm?agencynumber=440>);
- The Department's website at <https://www.deq.virginia.gov/water/clean-water-financing>.

**Contact Information:** Please contact Karen Doran, DEQ Clean Water Financing and Assistance Program, at (804) 698-4133 or [karen.doran@deq.virginia.gov](mailto:karen.doran@deq.virginia.gov) with any questions regarding the application of this guidance.

**Certification:**

As required by Subsection B of [§ 2.2-4002.1](#) of the APA, the agency certifies that this guidance document conforms to the definition of a guidance document in [§ 2.2-4101](#) of the Code of Virginia.

**Disclaimer:** This document is provided as guidance and, as such, sets forth standard operating procedures for the agency. However, it does not mandate or prohibit any particular action not otherwise required or prohibited by law or regulation. If alternative proposals are made, such proposals will be reviewed and accepted or denied based on their technical adequacy and compliance with appropriate laws and regulations.

## Definitions

**As used in this guidance, unless the context requires a different meaning:**

**“Eligible applicant”** means those eligible applicants as defined by the Secretary of Natural Resource’s Virginia Water Quality Improvement Guidelines issued November 2006 and updated May 2012.

**“Eligible project”** means a wastewater conveyance infrastructure project, as defined in this guidance memorandum, from one publicly-owned treatment works that diverts wastewater to another publicly-owned treatment works that is capable of achieving compliance with its nutrient reduction or ammonia control discharge requirements, results in a net reduction in total phosphorus, total nitrogen, or nitrogen-containing ammonia discharges, and results in a Water Quality Improvement Grant expense being incurred by the Department that is the same as or lower than the grant expense the Department would incur in funding design and installation of eligible nutrient removal or other applicable treatment technology at such treatment works that would have treated the wastewater in the absence of the diversion project.

**“Wastewater conveyance infrastructure project”** means the design and installation of wastewater treatment works components, including, but not limited to pipelines, conduits, interceptors, Supervisory Control and Data Acquisition (SCADA) systems, flow meters, odor control, flow pumping, power and other equipment and their appurtenances, pumping stations and force mains and all other construction, devices and appliances appurtenant thereto, from an eligible publicly-owned treatment works that diverts wastewater to another eligible publicly-owned treatment works. Professional services such as engineering, permitting, environmental review, legal and construction administration that are an integral part of the project, and purchase of land, easements, and/or rights-of-way that are an integral part of the project or are otherwise appropriate for addressing application requirements under this guidance may be considered elements of the wastewater conveyance infrastructure project.

## Eligibility Determination

In order to be considered eligible for WQIF grant funds, applicants and wastewater conveyance infrastructure projects must meet the criteria established in § 10.1-2131(C) of the Code of Virginia. Specifically, the project must:

*(a) diverts wastewater from one publicly owned treatment works that is eligible for grant funding under this chapter to another publicly owned treatment works that also is eligible for such funding; (b) diverts wastewater to a receiving treatment works that is capable of achieving compliance with its nutrient reduction or ammonia control discharge requirements and results in a net reduction in total phosphorus, total nitrogen, or nitrogen-containing ammonia discharges; and (c) results in a Water Quality Improvement Grant expense being incurred by the Department that is the same as or lower than the grant expense the Department would incur in funding design and installation of eligible nutrient*

*removal or other applicable treatment technology at such treatment works that would have treated the wastewater in the absence of the diversion project.*

In determining project eligibility the following criteria may be considered:

1. Whether both the receiving and diverting facilities are eligible for WQIF grant funding in accordance with the Virginia Water Quality Improvement Fund Guidelines dated November 2006 and updated May 2012.
2. Whether the receiving facility is capable of achieving compliance with its nutrient reduction or ammonia control discharge requirements upon receiving additional flow resulting from the wastewater conveyance infrastructure project.
3. As provided in § 10.1-2131(C) of the Code of Virginia, the project must result in a net reduction in total phosphorus, total nitrogen, or nitrogen-containing ammonia discharges.
4. As provided in § 10.1-2131(C) of the Code of Virginia, the project must result in a WQIF grant expense being incurred by the Department that is the same as or lower than the grant expense the Department would incur in funding design and installation of eligible nutrient removal or other applicable treatment technology at such treatment works that would have treated the wastewater in the absence of the diversion project.

On a case by case basis a WQIF grant may be awarded for a wastewater conveyance infrastructure project that has a project cost greater than the cost of installing nutrient removal technology if the WQIF grant amount awarded is reduced such that the WQIF grant amount awarded does not exceed the avoided WQIF grant expense that would have been incurred if the diverting facility had installed nutrient removal technology.

In a scenario where a facility receiving flow from a wastewater conveyance infrastructure project is adding hydraulic capacity (including nutrient removal technology or other applicable treatment technology) to treat flow diverted by a wastewater conveyance infrastructure project, the WQIF grant expense associated with the expansion for the diverted flow may be taken into account to determine (i.e., reduce) the WQIF grant amount awarded for the wastewater conveyance infrastructure project or the WQIF grant expense associated with the wastewater conveyance infrastructure project may be taken into account to determine (i.e., reduce) the WQIF grant amount awarded for the expansion such that the combination of the two does not exceed the avoided WQIF grant expense that would have been incurred if the diverting facility had installed nutrient removal technology.

In a scenario where a facility receiving flow from a wastewater conveyance infrastructure project is both 1) upgrading existing capacity to install nutrient removal or other applicable technology and 2) adding hydraulic capacity to treat flow diverted by a wastewater conveyance infrastructure project, the WQIF grant amount may be allocated to the existing capacity technology upgrades and the expanded capacity upgrades and the WQIF grant amount allocated to the expanded

capacity for the diverted flow may be taken into account to determine (i.e., reduce) the WQIF grant amount awarded for the wastewater conveyance infrastructure project or the WQIF grant amount allocated to the wastewater conveyance infrastructure project may be taken into account to determine (i.e., reduce) the WQIF grant amount awarded for the expanded capacity upgrades.

### **Eligible Project Costs**

The following costs associated with an eligible wastewater conveyance infrastructure project may be considered eligible for WQIF funding:

1. Pipelines, conduits, interceptors
2. Manholes
3. SCADA systems
4. Flow meters
5. Odor control
6. Flow pumping and equalization
7. Power utility installation, emergency power generators, and appurtenances
8. Pumping stations and force mains and all other construction, devices and appliances appurtenant thereto
9. Professional services such as engineering, permitting, environmental review, legal, and construction administration that are an integral part of the project or that are appropriate for addressing application requirements including the estimated cost of design and installation of nutrient removal technology at facility from which flow will be diverted
10. Purchase of land, easements, and/or rights-of-way that are an integral part of the project
11. Other design and installation expenses as determined on a case-by-case basis by the Department
12. Basic facility closure and demolition in accordance with the Sewage Collection and Treatment Regulations (9VAC25-790) when decommissioning a facility from which flow will be diverted

### **Ineligible costs**

The following costs will generally be considered ineligible for WQIF funding as a wastewater conveyance infrastructure project:

1. Residential/Commercial/Industrial connections and appurtenances to the wastewater conveyance infrastructure
2. Improvements to the receiving facility that are not integral to the wastewater conveyance project (see above for possible eligibility and non-eligibility of receiving facility nutrient removal or other treatment technology upgrades)
3. Further decommissioning or repurposing of the diverting facility beyond basic closure and demolition in accordance with 9VAC25-790

## **Application Information**

Applications will be accepted for wastewater conveyance infrastructure projects following distribution of this guidance memorandum.

Applicants should submit the following with their WQIF grant application in order to be considered for funding:

1. Completed Preliminary Engineering Report (PER) for the wastewater conveyance infrastructure project;
2. Estimated cost of design and installation of wastewater conveyance infrastructure as defined in this guidance memorandum;
3. Estimated cost of design and installation of nutrient removal technology at the facility from which flow will be diverted, including a cost breakdown by unit process as outlined in Appendix A of GM 06-2012 Amendment #1 based on a conceptual design (this does not have to be a full PER);
4. Permitting requirements and anticipated timeline for any necessary permit modifications based on pre-application coordination with DEQ's Regional Permit Manager;
5. Statement signed by the grant recipient and the owner/operator of the receiving facility certifying the following with supporting documentation which will be evaluated for approval by the Department:
  - a. capability of the receiving facility to achieve current permit limits and future permit limits with increase in flow
  - b. project will result in a statewide net reduction in total nitrogen, total phosphorus, or nitrogen-containing ammonia, as applicable;
6. For a project by two or more owners (e.g., two localities), a description of the roles and responsibilities of each owner (a fully signed and executed inter-municipal agreement providing for conveyance and treatment of the diverted flow should be provided prior to executing a WQIF grant agreement).
7. Note: General VE analysis and life cycle cost analysis (Items 6.e. and 6.f. of GM 06-2012, Amendment #1) remain applicable to treatment but are not considered applicable to wastewater conveyance infrastructure.

## **Grant percentage**

Wastewater conveyance infrastructure project costs may be considered 100 percent grant eligible. The applicant cost-share percentage will be calculated in accordance with the Virginia Water Quality Improvement Fund Guidelines.

## **Multi-jurisdictional projects**

For a WQIF wastewater conveyance infrastructure project by two or more owners (e.g., two localities), grant funds may be apportioned based on any grant funding allocation provisions set forth in any inter-municipal agreement executed by the owners.