

**REPORT OF THE
DEPARTMENT OF CONSERVATION
AND RECREATION**

**ANNUAL REPORT ON THE
VIRGINIA WATER QUALITY
IMPROVEMENT FUND NONPOINT
SOURCE PROGRAM**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 21

**COMMONWEALTH OF VIRGINIA
RICHMOND
1998**

George Allen
Governor

Becky Norton Dunlop
Secretary of Natural
Resources



Kathleen W. Lawrence
Director

COMMONWEALTH of VIRGINIA
DEPARTMENT OF CONSERVATION AND RECREATION

203 Governor Street, Suite 302

TDD (804) 786-2121 Richmond, Virginia 23219-2010 (804) 786-6124 FAX (804) 786-6141

December 31, 1998

The Honorable George Allen, Governor
Commonwealth of Virginia
Capital Square
Richmond, VA 23219

Members of the 1998 General Assembly
Commonwealth of Virginia
General Assembly Bldg., Capital Square
Richmond, VA 23219

Dear Governor Allen and Members of the General Assembly,

Enclosed for your review is the first Annual Report on the Virginia Water Quality Improvement Fund Nonpoint Source Program as required by the 1997 Acts of Assembly.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen W. Lawrence".

Kathleen W. Lawrence
Director

**ANNUAL REPORT
ON THE
VIRGINIA WATER QUALITY IMPROVEMENT FUND
NONPOINT SOURCE PROGRAM**

**1998 Report by
Kathleen W. Lawrence
Director of the
Virginia Department of Conservation and Recreation
to the**

**Governor
Commonwealth of Virginia
and the
Virginia General Assembly**

JANUARY 1998

Table of Contents

	Page
I. Introduction.....	1
II. Virginia Water Quality Improvement Act of 1997.....	1
Background.....	1
Nonpoint Source Program.....	1
III. Program Activities.....	2
Development of Guidelines for Fiscal Year 1998.....	2
Issuance of Request for Proposals.....	3
Applications Submitted and Selected.....	3
Development of an Enforceable Grant Agreement.....	8
Development of Project Management Guidance.....	8
Development of an Inter-agency Memorandum of Agreement.....	8
Measurable Environmental Results.....	10
IV. Future Funding Needs.....	10

Appendices

- A Virginia Water Quality Improvement Act of 1997*
- B Virginia Water Quality Improvement Fund Guidelines for 1998*
- C Application Package, Water Quality Improvement Fund Nonpoint Source Projects*
- D Grant Agreement*
- E Interim Guidance to Project Managers*
- F Inter-Agency Memorandum of Agreement*

1998 Annual Report on the Virginia WQIA Fund

I. INTRODUCTION

This report fulfills the legislative requirement under Section 10.1-2134 of the *Virginia Water Quality Improvement Act of 1997* (Act, WQIA), Chapter 21.1 of Title 10.1 of the Code of Virginia, for an annual report to the Governor and the General Assembly of the Commonwealth of Virginia on the implementation of the Virginia Water Quality Improvement Fund. The report describes the nonpoint source program activities undertaken by the Department of Conservation and Recreation (DCR) and other cooperating agencies during 1997 to begin implementation of the Act, including development of grant guidelines as required by the Act, issuance of a request for proposals, and review and selection of the grant applications received.

As required by Section 10.1-2134 of the Act, this report also lists the selected projects, the approved funding levels for Fiscal Year 1998, an estimate of nutrient reductions expected as a result of these projects and projections for the amount of future funding needs.

II. VIRGINIA WATER QUALITY IMPROVEMENT ACT OF 1997

Background

The *Shenandoah and Potomac River Basins Tributary Nutrient Reduction Strategy* (Strategy) was completed in December, 1996 to comply with commitments made by several Virginia Governors under the auspices of the Chesapeake Bay Program. The Strategy was the culmination of three years of cooperative effort among several of the Commonwealth's Natural Resource agencies, local government officials and interested citizens. The Strategy outlines the actions needed to achieve the Chesapeake Bay Program 40% nutrient reduction goal for the Shenandoah-Potomac River Basin and estimates the total cost of implementing the needed actions. Similar strategies are being developed for Virginia's remaining Chesapeake Bay tributary basins, including the James, Rappahannock, and York Rivers, as well as the small coastal basins.

Recognizing the need to provide supplemental funding to implement the Strategy, Governor Allen introduced a bill during the 1997 legislative session of the Virginia General Assembly to aid the financing of the Tributary Strategies program. During the course of the legislative session the funding approach was revised to accommodate funding of water quality improvements in areas of the Commonwealth that are outside the Chesapeake Bay drainage as well as areas with Tributary Strategies. The final result of the legislative process was the *Virginia Water Quality Improvement Act of 1997* which Governor Allen signed into law on March 20, 1997. The Act established the Water Quality Improvement Fund (Fund) to provide grants for pollution reduction program and projects. A copy of the Act is included in **Appendix A**.

Nonpoint Source Program

The Act identifies DCR as the lead agency for providing technical and financial assistance

1998 Annual Report on the Virginia WQIA Fund

to local governments, soil and water conservation districts (SWCDs) and individuals with respect to the WQIA nonpoint source pollution control activities. Given the wide range of issues affecting nonpoint source pollution control, DCR will require assistance and support from other state agencies in order to provide the necessary expertise and resources for implementing the nonpoint source elements of the Act.

Since the intention of the Act is to reduce the flow of excess nutrients into the Chesapeake Bay through implementation of the Tributary Strategies, the nonpoint source funds are to be spent only in those areas of the Chesapeake Bay drainage with completed Tributary Strategies plans and in the area of Virginia outside the Chesapeake Bay drainage area. To date, Virginia has completed one Tributary Strategy, the *Shenandoah and Potomac River Basins Tributary Nutrient Reduction Strategy*. During the first year of the Fund, half of the nonpoint source funds must be spent in the Shenandoah and Potomac basins and half in the areas of Virginia outside the Chesapeake Bay drainage.

In the 1997 Amendments to the Commonwealth's biennial budget, the General Assembly appropriated \$15 million for the first year of the Fund, July 1, 1997 through June 30, 1998. Of this, \$10 million was earmarked for point source projects and \$5 million for nonpoint source projects. Since the fund is non-reverting, money not spent in the first year remains in the Fund for future use.

III. PROGRAM ACTIVITIES

Development of Guidelines for Fiscal Year 1998

The Secretary of Natural Resources was charged, in the Act, with developing written guidelines for the distribution and conditions of Water Quality Improvement Grants and criteria for prioritizing funding requests. Following consultation with agency heads and Board chairmen listed in the Act, the Secretary issued draft guidelines on May 20, 1997 for public review and comment. Over 2,000 Virginians received the draft guidelines for their review. In addition, four public meetings were held to solicit comments. Staff of DCR participated in the public meetings. Following public comment, the draft guidelines were revised. Final guidelines were issued July 18, 1997. **Appendix B** includes a copy of the *Virginia Water Quality Improvement Fund Guidelines for FY 1998*.

The final guidelines provided clarification on the statewide and programmatic division of funds and specified that one-half of the funds allocated for nonpoint source control would be allocated to fund the existing Cost-Share Program on a statewide basis. The remaining half of the funds would to be allocated to other nonpoint source projects. Furthermore, during the first year of the Fund, half of the nonpoint source funds must be spent in the Shenandoah and Potomac basins and half in the areas of Virginia outside the Chesapeake Bay drainage. The lower Bay tributary area, however, has been provided additional Agricultural Best Management Practice

1998 Annual Report on the Virginia WQIA Fund

Cost-Share Program (Cost-Share Program) funds through the re-direction of federal cost-share funds that were previously allocated to the Shenandoah-Potomac Basin.

Finally, the final guidelines identified state agencies to assist DCR in reviewing grant applications and also provided guidance on the assignment of approved projects to assisting state agencies for implementation.

Issuance of Request for Proposals

A request for proposals, *Application Package, Water Quality Improvement Fund Nonpoint Source Projects*, was sent out on July 25, 1997 with an application submittal deadline of September 19, 1997. The package provided background information on the WQIA, a definition of eligible applicants, instructions on how to complete the application, an explanation of match requirements, and a sample grant agreement. A detailed discussion of the application scoring criteria was also included. The scoring criteria addressed four general areas: is a proposed project located in an area with a clearly defined water quality problem or threat; does a proposed project scope address the defined water quality problem effectively; is there adequate public-private coordination and commitment; and what are the measurable environmental results? Appendix C includes a copy of the *Application Package, Water Quality Improvement Fund Nonpoint Source Projects*.

Applications Submitted and Selected

DCR received 92 applications for nonpoint source pollution grants under the Water Quality Improvement Fund. Of these, 36 were from SWCDs for Cost-Share Program funds and 56 were for other water quality projects. Table 1 describes the number, kind and amount of applications received.

As specified in the Guidelines, the Grant Review Committee (GRC) included staff from the Chesapeake Bay Local Assistance Department, the Virginia Department of Agriculture and Consumer Services, The Virginia Department of Environmental Quality, the Virginia Department of Forestry, the Virginia Department of Health, and the Virginia Marine Resources Commission in addition to DCR staff. The GRC met on September 26, 1997 to receive the grant applications and to discuss consistent proposal review procedures. Each GRC member evaluated and scored each application based on the 22 criteria contained in the request for proposals. During the review period, the GRC met a second time, October 3, 1997, to resolve questions regarding proposal review. The scores for each proposal were then submitted by each reviewer to DCR and tallied to reach a cumulative ranking of the projects within each basin. The Grant Review Committee met again and discussed the ranked proposals and prepared a list for submission to the Director of DCR for funding approval. The group also discussed ways to enhance the application process in the future, and recommended an agency to manage each project.

1998 Annual Report on the Virginia WQIA Fund

Table 1: 1998 WQIA Fund NPS Applications

Type of Application	No. Received	Amount
Agricultural BMP Cost-Share Program:		
Shenandoah-Potomac River Basin	10	\$1,863,150
Areas of Virginia Outside the Chesapeake Bay Basin	16	\$1,464,760
Cost-Share Program Total	26	\$3,327,910
Nonpoint Source Implementation Projects:		
Shenandoah-Potomac River Basin	31	\$2,564,686
Areas of Virginia Outside the Chesapeake Bay Basin	25	\$2,431,693
NPS Project Total	56	4,996,379
TOTAL All Applications	92	\$8,324,289

The Act requires that a list of projects approved for funding be made available for public review and comment for at least 30 days prior to executing grant agreements. The notice of proposed grant awards was mailed, with a cover memorandum from the Director of DCR dated November 5, 1997, to the recipients of the request for proposals as well as the grant applicants. The list was published in the Virginia Register on November 24, 1997. The Secretary of Natural Resources assigned a management agency for each approved project and DCR continued coordination with the other named management agencies.

Tables 2 A and B list the selected nonpoint source projects, the project sponsor and the grant amount. Figure A shows the distribution of the selected nonpoint sources within the eligible funding areas. Of the 56 proposals, 32 were selected for funding based on consistency with the scoring criteria. Selected proposals emphasized implementation activities in areas with high priority water quality needs and anticipated documentable nutrient reductions. Final work plans and grant amounts for the nonpoint source projects will be completed by the end of January, 1998. As indicated in Table 2 B, the total proposed funding requests for the selected projects exceeds the \$2.5 million allocated by the FY 98 Guidelines for the Fund by \$65,433. Cost savings in that amount are expected to result as the final work plans are refined for the grant agreements.

1998 Annual Report on the Virginia WQIA Fund

Table 2A:

**1997 Water Quality Improvement Fund - Projects Recommended for Funding
Chesapeake Bay Basin (Shenandoah/Potomac)**

Name	Sponsor	Requested Funds	Match Funds	Recommended Funding
Headwaters Riparian Partners Project	Valley Conservation Council	\$150,000	\$155,000	\$150,000
Homeowner Septic Tank Pump Out Cost-Share Project	Loudoun SWCD	\$79,000	\$79,000	\$79,000
Improving WQ in Potomac Shenandoah River Basin w/year round Controlled Grazing	Va Forage & Grassland Council	\$40,000	\$75,000	\$40,000
Kingstowne Stream Restoration Project	Northern Virginia SWCD	\$103,100	\$229,000	\$103,100
Lake Montclair Water Protection Program	Montclair Property Owners Assoc.	\$55,000	\$55,000	\$55,000
On-Site Wastewater Improvement	Northern Neck PDC	\$100,000	\$100,000	\$100,000
Phosphorus Reduction from Using Phytase & Enhanced Available Phos.Sources Part I	Faraway Farms/Sharfield	\$24,548	\$24,548	\$24,548
Prince William Co. WQ Restoration Project	Prince William County	\$45,000	\$45,000	\$45,000
Private BMP Maintenance Enhancement Project	Northern Virginia PDC	\$15,069	\$15,069	\$15,069
Reduction NPS Pollution in Accotink Creek Watershed	Virginia Tech & VCE	\$15,000	\$15,182	\$15,000
Riverview Park/South River Project	City of Waynesboro	\$31,500	\$31,500	\$31,500
Rocco Feeds NPS Project 27 HU's	Rocco Feeds, Inc.	\$155,225	\$155,225	\$155,225
Site Specific Nutrient Management Enhancement Program - 27 HU's	County of Rockingham	\$38,084	\$63,280	\$38,084
Tyson NPS Project	Tyson Foods, Inc.	\$84,722	\$169,444	\$84,722
Urban Nutrient Management Implementation & Measurement	Virginia Tech & VCE	\$47,400	\$47,574	\$47,400
Wetland and Stream Restoration in the Potomac Tributaries	Ducks Unlimited	\$53,810	\$59,188	\$53,810
Chesapeake Bay Subtotals:		\$1,037,458	\$1,319,010	\$1,037,458

1998 Annual Report on the Virginia WQIA Fund

Table 2B:

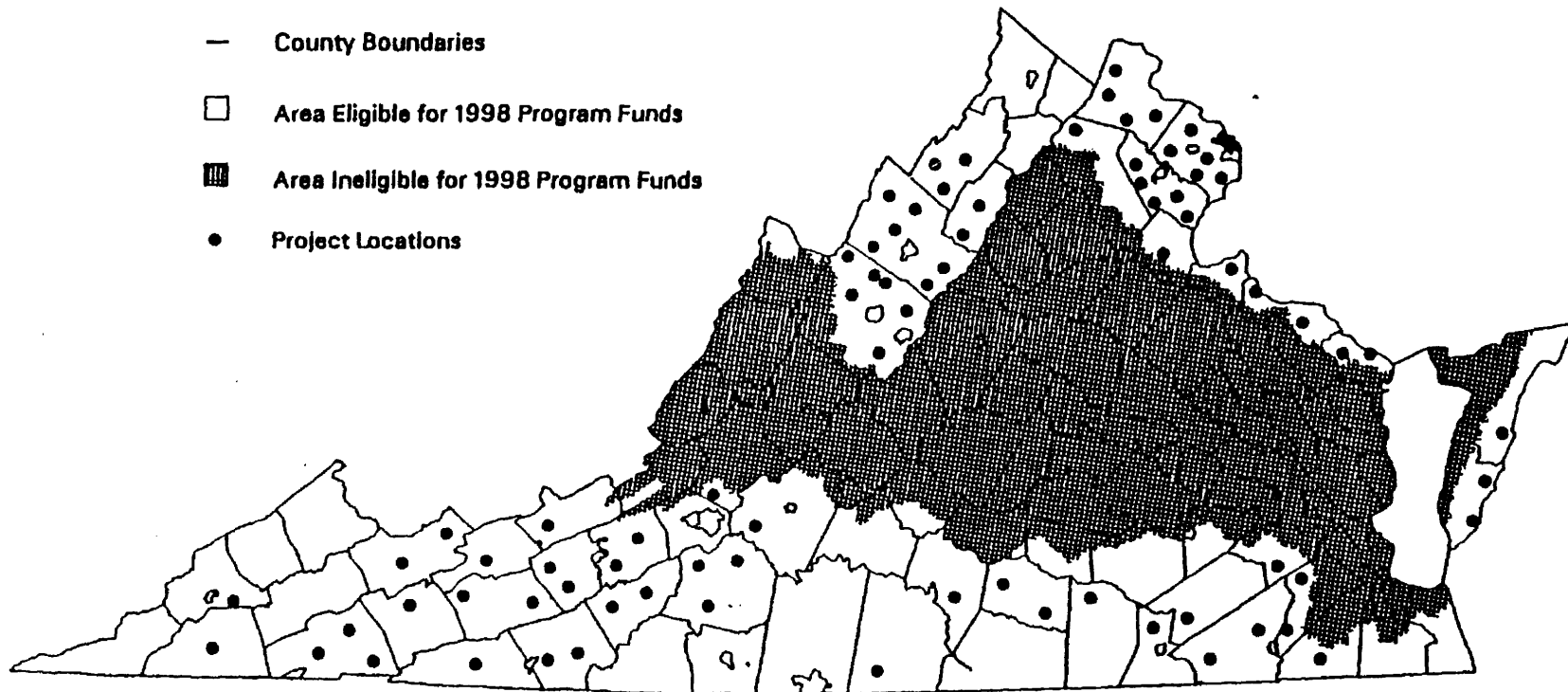
**1997 Water Quality Improvement Fund - Projects Recommended for Funding
Non Chesapeake Bay Basins**

Name	Sponsor	Requested Funds	Match Funds	Recommended Funding
Animal Waste Project	Skyline SWCD	\$67,500	\$67,500	\$67,500
Blackwater River Riparian NPS Pollution Control Project	Ferrum College	\$296,162	\$296,162	\$215,000
Crooked Creek Streambank Erosion Control Project	New River-Highlands RC&D	\$5,320	\$5,320	\$5,320
Disposal of Hazardous Waste Materials	Natural Tunnel SWCD	\$2,500	\$2,500	\$2,500
Environmentally & Economically Sustainable Agriculture Buffer Strategy for WQ Protection	The Nature Conservancy	\$37,200	\$39,184	\$20,000
Greenfield Water Quality Management Project	Botetourt County	\$598,675	\$598,675	\$200,000
Guest River Watershed Restoration Project	Lonesome Pine SWCD	\$226,762	\$287,500	\$226,762
Improving WQ in Southwest Virginia With Year Round Controlled Grazing	Va Forage & Grassland Council	\$40,000	\$75,000	\$40,000
New River Watershed Controlled Grazing Project	New River-Highlands RC&D	\$304,450	\$305,000	\$304,450
North Fork Holston River Pastureland & Riparian Area Protection	Evergreen SWCD	\$93,040	\$94,140	\$93,040
Nutrient Management Plan Development & Implementation	Eastern Shore SWCD	\$14,000	\$14,000	\$14,000
Phosphorus Reduction From NPS Using Phytase Part II	Green Valley/Brickland Breeders	\$32,785	\$32,785	\$32,785
Post Pelleting Spray Application System for Application of Phytase Enzyme to Boiler Feed	Perdue Farms, Inc.	\$50,000	\$50,000	\$50,000
Reduction of Inorganic Phosphorus in Swine Food 14 HU's	Carroll's Foods of Va, Inc.	\$116,638	\$117,838	\$116,638
Rhea Valley/Bethel Karst Project	Holston River SWCD	\$47,500	\$47,500	\$47,500
Septic Tank Maintenance for Smith Mountain Lake	Peaks of Otter SWCD	\$24,000	\$24,000	\$24,000
Tazewell SWCD No-Till Drill	Tazewell SWCD	\$13,500	\$4,500	\$13,500
Upper Reed Creek Watershed Project	Big Walker SWCD	\$54,980	\$54,980	\$54,980
	Non Chesapeake Bay Subtotals:	\$2,025,012	\$2,116,584	\$1,527,975
	Totals for Nonpoint Source WQIF Projects:	\$3,062,470	\$3,435,594	\$2,565,433¹

¹ Total funding is not expected to exceed \$2.5 million based on final work plans and grant agreements.

Figure A

1998 WATER QUALITY IMPROVEMENT ACT NPS PROJECT LOCATIONS



1998 Annual Report on the Virginia WQIA Fund

Table 3 lists the SWCDs receiving Cost-Share Program funding with final grant amounts. All proposals for Cost-Share Program funds were selected for funding based on the Cost-Share Program's emphasis on implementation and measurable results.

Development of an Enforceable Grant Agreement

At the time the *Application Package, Water Quality Improvement Fund Nonpoint Source Projects* was prepared, a committee of representatives from DCR and the Chesapeake Bay Local Assistance Department was assembled to develop a sample grant agreement for inclusion in the *Application Package*. Once the list of approved projects was made public, the sample grant agreement from the *Application Package* was revisited to assure that the appropriate contract conditions needed were included in the language. Minor additions and adjustments were made to the grant agreement and the language was deemed legally binding and enforceable by the Commonwealth of Virginia Office of Attorney General. In general, the grant agreement includes reporting requirements, operation and maintenance requirements, compensation, enforcement language for breach of contract or failure to maintain facilities funded through the Fund, matching contributions, nonpoint source pollution reduction tracking and deliverables. **Appendix D** includes a copy of the grant agreement language.

Development of Project Management Guidance

In order to ensure that the 70 selected projects for funding are managed by both DCR and cooperating state agency staff with consistency, DCR developed and provided written guidance materials and project management training. DCR expects to provide additional project management guidance materials and training through the first half of 1998. **Appendix E** includes a copy of the interim guidance to project managers.

Development of Interagency Memoranda of Agreement

In order to formalize the cooperative efforts of other state agencies providing project management and other technical assistance resources to implement the Act, DCR worked with the assisting agencies to develop an inter-agency memorandum of agreement (MOA). The final MOA language summarizes both DCR's and the assisting agency's responsibilities and roles. The MOA was reviewed and approved by the Commonwealth of Virginia Office of Attorney General. DCR expects to have signed inter-agency MOA's by January 15, 1998. **Appendix F** includes a copy of the MOA language.

Table 3: Soil & Water Conservation Districts 1997 WQIF Applications for Cost-Share Funds: Chesapeake Bay Basin
Anticipated Reductions (lbs/yr)

<u>District Name</u>	<u>Initial Request</u>	<u>Final Funding</u>	<u>Nitrogen</u>	<u>Phosphorus</u>
Headwaters SWCD	\$465,950	\$388,100	10,405	1,965
John Marshall SWCD	\$108,869	\$85,700	1,753	129
Lord Fairfax SWCD	\$338,000	\$262,600	4,431	790
Loudoun SWCD	\$125,000	\$103,400	7,867	1,577
Northern Neck SWCD	\$34,948	\$27,900	833	66
Mountain SWCD	\$37,500	\$25,300	2,259	414
Prince William SWCD	\$114,066	\$93,700	2,460	356
Shenandoah Valley SWCD	\$602,417	\$484,300	7,823	1,509
Northern Virginia SWCD	\$18,400	\$15,700	1,907	359
Tri-County/City SWCD	\$18,000	\$13,300	654	79
Chesapeake Bay Subtotals:	\$1,863,150	\$1,500,000	40,392	7,243
Non Chesapeake Bay Basins				
<u>District Name</u>	<u>Initial Request</u>	<u>Final Funding</u>	<u>Nitrogen</u>	<u>Phosphorus</u>
Appomattox River SWCD	\$42,250	\$25,900	3,794	258
Big Walker SWCD	\$81,750	\$56,000	4,295	407
Blue Ridge SWCD	\$42,602	\$31,300	2,200	198
Clinch Valley SWCD	\$100,000	\$74,000	1,843	141
Daniel Boone SWCD	\$30,000	\$22,000	1,683	81
Eastern Shore SWCD	\$64,000	\$48,600	4,235	333
Evergreen SWCD	\$78,245	\$52,800	4,826	298
Halifax SWCD	\$39,450	\$25,600	3,291	294
Holston River SWCD	\$60,000	\$44,100	1,020	73
James River SWCD	\$5,000	\$5,000	6,352	1,302
J. R. Horsley SWCD	\$85,410	\$61,900	12,516	762
Lake Country SWCD	\$105,800	\$68,700	8,114	674
Lonesome Pine SWCD	\$31,924	\$23,800	1,428	117
Mountain Castles SWCD	\$5,160	\$5,000	347	19
Natural Tunnel SWCD	\$40,000	\$28,800	68	6
New River SWCD	\$81,500	\$56,200	4,844	407
Patrick County SWCD	\$23,585	\$15,300	1,321	92
Peaks of Otter SWCD	\$19,380	\$11,200	1,762	130
Peanut SWCD	\$32,415	\$20,500	3,023	134
Piedmont SWCD	\$71,550	\$52,200	693	53
Pittsylvania SWCD	\$77,773	\$55,600	3,265	413
Robert E. Lee SWCD	\$63,780	\$34,400	1,920	327
Skyline SWCD	\$87,700	\$64,900	1,549	101
Southside SWCD	\$65,888	\$45,400	5,061	456
Tazewell SWCD	\$45,000	\$27,400	4,733	266
Virginia Dare SWCD	\$58,675	\$43,400	3,180	210
Non Chesapeake Bay Subtotals:	\$1,438,836	\$1,000,000	87,360	7,552
Totals for Cost-Share Projects:	\$3,301,985	\$2,500,000	127,752	14,795

1998 Annual Report on the Virginia WQIA Fund

Measurable Environmental Results

A critical element of each project proposal is the anticipated measurable environmental results to be accomplished through the project. Each proposal was required to define the expected results in terms of pollutant reductions with the understanding that cost effective nutrient and other pollutant reductions are the primary goal of the Act. Tables 3, 4 A and 4 B list the anticipated nutrient reductions for each selected project.

Each selected project will provide, as part of quarterly reporting, actual, project-specific and appropriate data regarding nonpoint source implementation accomplishments to DCR. DCR will then calculate the resulting nutrient and other pollutant reductions in a manner consistent with the Chesapeake Bay Program and other state reporting formats. A copy of the reporting and BMP tracking guidance can be found in Appendix E.

IV. FUTURE FUNDING NEEDS

The Governor is committed to meeting the Chesapeake Bay Program goal of reducing nutrients by 40% in the Shenandoah/Potomac River Basin by the year 2000. To accomplish that goal, there will be accelerated implementation of point source and nonpoint source programs. The cost of the nonpoint source components for the Shenandoah-Potomac River Basin is expected to be \$14,400,000 over the next biennium, 1998-2000. Funds will be allocated to both agricultural and urban NPS control strategies, with the majority being directed to SWCDs as part of the Cost-Share Program.

For the remainder of the Commonwealth, the anticipated need for the biennium is \$10,000,000; \$5,000,000 for the Rappahannock, York and James River Basins and \$5,000,000 for the area outside the Chesapeake Bay watershed. This funding level will allow the Commonwealth to intensify the nonpoint source efforts outside the Chesapeake Bay drainage area, while continuing development of Tributary Strategies in the Rappahannock, York and James Rivers. Eventually, the Tributary Strategies approach should be expanded to each of the basins outside the Chesapeake Bay drainage, the southern portion of the state, to provide a consistent nonpoint source pollution reduction approach to all Virginia.

1998 Annual Report on the Virginia WQIA Fund

Table 4A:

**Anticipated Nutrient Reductions for 1997 Water Quality Improvement Fund Projects
Chesapeake Bay Basin (Shenandoah/Potomac)**

Name	Sponsor	Nutrient Reduction (lbs/yr)	
		Nitrogen	Phosphorus
Headwaters Riparian Partners Project	Valley Conservation Council	3,193	454
Homowner Septic Tank Pump Out Cost-Share Project	Loudoun SWCD	960	0
Improving WQ in Potomac Shenandoah River Basin w/year round Controlled Grazing	Va Forage & Grassland Council	8,483	994
Kingstowne Stream Restoration Project	Northern Virginia SWCD	637	250
Lake Montclair Water Protection Program	Montclair Property Owners Assoc.	1,880	206
On-Site Wastewater Improvement	Northern Neck PDC	600	0
Phosphorus Reduction from Using Phytase & Enhanced Available Phos.Sources Part I	Faraway Farms/Sharfield	0	20,800
Prince William Co. WQ Restoration Project	Prince William County	705	77
Private BMP Maintenance Enhancement Project	Northern Virginia PDC	0	0
Reduction NPS Pollution in Accotink Creek Watershed	Virginia Tech & VCE	140	17
Riverview Park/South River Project	City of Waynesboro	126	44
Rocco Feeds NPS Project 27 IIU's	Rocco Feeds, Inc.	0	73,016
Site Specific Nutrient Management Enhancement Program - 27 IIU's	County of Rockingham	75,770	10,565
Tyson NPS Project	Tyson Foods, Inc.	0	29,120
Urban Nutrient Management Implementation & Measurement	Virginia Tech & VCE	93	8
Wetland and Stream Restoration in the Potomac Tributaries	Ducks Unlimited	1,300	268
	Chesapeake Bay Subtotals:	93,885	135,819

1998 Annual Report on the Virginia WQIA Fund

Table 4B:

**Anticipated Nutrient Reductions for 1997 Water Quality Improvement Fund Projects
Non Chesapeake Bay Basins**

Name	Sponsor	Nutrient Reduction (lbs/yr)	
		Nitrogen	Phosphorus
Animal Waste Project	Skyline SWCD	5,399	414
Blackwater River Riparian NPS Pollution Control Project	Ferrum College	3,382	291
Crooked Creek Streambank Erosion Control Project	New River-Highlands RC&D	197	78
Disposal of Hazardous Waste Materials	Natural Tunnel SWCD	0	0
Environmentally & Economically Sustainable Agriculture Buffer Strategy for WQ Protection	The Nature Conservancy	27	2
Greenfield Water Quality Management Project	Botetourt County	4,302	676
Guest River Watershed Restoration Project	Lonesome Pine SWCD	11,122	4,599
Improving WQ in Southwest Virginia With Year Round Controlled Grazing	Va Forage & Grassland Council	8,745	566
New River Watershed Controlled Grazing Project	New River-Highlands RC&D	12,683	2,566
North Fork Holston River Pastureland & Riparian Area Protection	Evergreen SWCD	6,221	645
Nutrient Management Plan Development & Implementation	Eastern Shore SWCD	9,860	400
Phosphorus Reduction From NPS Using Phytase Part II	Green Valley/Brickland Breeders	0	16,000
Post Pelleting Spray Application System for Application of Phytase Enzyme to Feed	Perdue Farms, Inc.	0	24,000
Reduction of Inorganic Phosphorus in Swine Food 14 HUs	Carroll's Foods of Va, Inc.	0	46,800
Rhea Valley/Bethel Karst Project	Holston River SWCD	1,838	169
Septic Tank Maintenance for Smith Mountain Lake	Peaks of Otter SWCD	192	0
Tazewell SWCD No-Till Drill	Tazewell SWCD	714	108
Upper Reed Creek Watershed Project	Big Walker SWCD	5,462	850
	Non Chesapeake Bay Subtotals:	70,143	98,164
	Totals for Nonpoint Source WQIF Projects:	164,028	233,983

APPENDIX A

Virginia Water Quality Improvement Act of 1997

CHAPTER 625

An Act to amend the Code of Virginia by adding in Title 10.1 a chapter numbered 21.1, containing articles numbered 1 through 4, consisting of sections numbered 10.1-2117 through 10.1-2134, relating to the Virginia Water Quality Improvement Act of 1997.

[S 1100]

Approved March 20, 1997

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 10.1 a chapter numbered 21.1, containing articles numbered 1 through 4, consisting of sections numbered 10.1-2117 through 10.1-2134, as follows:

CHAPTER 21.1.

VIRGINIA WATER QUALITY IMPROVEMENT ACT OF 1997.

Article 1.

General Provisions.

§10.1-2117. Definitions.

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

"Fund" means the Virginia Water Quality Improvement Fund established by Article 4 (§10.1-2128 et seq.) of this chapter.

"Individual" means any corporation, foundation, association or partnership or one or more natural persons.

"Local government" means any county, city, town, municipal corporation, authority, district, commission or political subdivision of the Commonwealth.

"Nonpoint source pollution" means pollution of state waters washed from the land surface in a diffuse manner and not resulting from a discernible, defined or discrete conveyance.

"Point source pollution" means pollution of state waters resulting from any discernible, defined or discrete conveyances.

"State waters" means all waters on the surface or under the ground, wholly or partially within or bordering the Commonwealth or within its jurisdictions.

"Water Quality Improvement Grants" means grants available from the Fund for projects of local governments and individuals (i) to achieve nutrient reduction goals in tributary plans developed pursuant to Article 2 (§ 2.1-51.12:1 et seq.) of Chapter 5.1 of Title 2.1 or (ii) to achieve other water quality restoration, protection or enhancement benefits.

§10.1-2118. Cooperative program established.

It shall be the policy of the Commonwealth, and it is the purpose of this chapter, to restore and improve the quality of state waters and to protect them from impairment and destruction for the benefit of current and future citizens of the Commonwealth. The General Assembly further

determines and finds that the quality of state waters is subject to potential pollution and degradation, including excess nutrients, from both point and nonpoint source pollution and that the purposes of the State Water Control Law (§62.1-41.2 et seq.) and all other laws related to the restoration, protection and improvement of the quality of state waters will be enhanced by the implementation of the provisions of this chapter. The General Assembly further determines and finds that the restoration, protection and improvement of the quality of state waters is a shared responsibility among state and local governments and individuals and to that end this chapter establishes cooperative programs related to nutrient reduction and other point and nonpoint sources of pollution.

§10.1-2119. *Effect of chapter on other governmental authority.*

The authorities and powers granted by the provisions of this chapter are supplemental to other state and local governmental authority and do not limit in any way other water quality restoration, protection and enhancement authority of any agency or local government of the Commonwealth. All counties, cities and towns are authorized to exercise their police and zoning powers to protect the quality of state waters from nonpoint source pollution as provided in this Code.

Article 2.

Cooperative Point Source Pollution Program.

§10.1-2120. *Definitions.*

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

"Department" means the Department of Environmental Quality.

"Director" means the Director of the Department of Environmental Quality.

§10.1-2121. *Cooperative point source pollution program.*

In order to restore, protect and improve the quality of the bays, lakes, rivers, streams, creeks, and other state waters, and to achieve the pollution reduction goals, including those related to nutrient reduction, established in commitments made by the Commonwealth to water quality restoration, protection and improvement, including but not limited to the Chesapeake Bay Agreement, as amended, the Department shall assist local governments and individuals in the control of point source pollution, including nutrient reductions, through technical and financial assistance made available through grants provided from the Fund. In providing this technical and financial assistance the Department shall give initial priority to local government capital construction projects designed to achieve nutrient reduction goals, as provided in §10.1-2131, consistent with those established in the Chesapeake Bay Agreement, as amended, and thereafter to efforts consistent with other commitments made by the Commonwealth. In pursuing implementation of this cooperative program, it is the intent of the Commonwealth to annually seek and provide funding necessary to meet its commitments under any fully executed grant agreement pursuant to the provisions of §§10.1-2130 and 10.1-2131.

§10.1-2122. *Additional powers and duties of the Director.*

In furtherance of the purposes of this article, the Director is authorized to utilize the Fund for the purpose of providing Water Quality Improvement Grants as prescribed in Article 4 (§10.1-2128 et seq.) of this chapter.

*Article 3.
Cooperative Nonpoint Source Pollution Program.*

§10.1-2123. *Definitions.*

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

"Board" means the Board of Conservation and Recreation.

"Department" means the Department of Conservation and Recreation.

"Director" means the Director of the Department of Conservation and Recreation.

§10.1-2124. *Cooperative nonpoint source pollution program.*

A. The state has the responsibility under Article XI of the Constitution of Virginia to protect the bays, lakes, rivers, streams, creeks, and other state waters of the Commonwealth from pollution and impairment. Commercial and residential development of land as well as agricultural and other land uses may cause the impairment of state waters through nonpoint source pollution. In the exercise of their authority to control land use and development, it is the responsibility of counties, cities and towns to consider the protection of all bays, lakes, rivers, streams, creeks, and other state waters from nonpoint source pollution. The exercise of environmental stewardship by individuals is necessary to protect state waters from nonpoint source pollution. To promote achievement of the directives of Article XI of the Constitution of Virginia and to implement the cooperative programs established by this chapter, the state shall assist local governments, soil and water conservation districts and individuals in restoring, protecting and improving water quality through grants provided from the Fund.

B. In order to restore, protect and improve the quality of all bays, lakes, rivers, streams, creeks, and other state waters, and to achieve the pollution reduction goals, including nutrient reduction goals, established in commitments made by the Commonwealth to water quality restoration, protection and enhancement, including but not limited to the Chesapeake Bay Agreement, as amended, the Department shall assist local governments, soil and water conservation districts and individuals in the control of nonpoint source pollution, including nutrient reduction, through technical and financial assistance made available through grants provided from the Fund as provided in §10.1-2132.

§10.1-2125. *Powers and duties of the Board.*

The Board, in meeting its responsibilities under the cooperative program established by this article, after consultation with other appropriate agencies, is authorized and has the duty to:

1. Encourage and promote nonpoint source pollution control and prevention, including nutrient control and prevention, for the: (i) protection of public drinking water supplies; (ii) promotion of water resource conservation; (iii) protection of existing high quality state waters and restoration of all other state waters to a condition or quality that will permit all reasonable beneficial uses and will support the propagation and growth of all aquatic life, including finfish and shellfish, which might reasonably be expected to inhabit them; (iv) protection of all state waters from nonpoint source pollution; (v) prevention of any increase in nonpoint source pollution; (vi) reduction of existing nonpoint source pollution; (vii) attainment and maintenance of water quality standards

established under subdivisions (3a) and (3b) of § 62.1-44.15; and (viii) attainment of commitments made by the Commonwealth to water quality restoration, protection and enhancement including the goals of the Chesapeake Bay Agreement, as amended, all in order to provide for the health, safety and welfare of the present and future citizens of the Commonwealth.

2. Provide technical assistance and advice to local governments and individuals concerning aspects of water quality restoration, protection and improvement relevant to nonpoint source pollution.

3. Apply for, and accept, federal funds and funds from any other source, public or private, that may become available and to transmit such funds to the Fund for the purpose of providing Water Quality Improvement Grants as prescribed in Article 4 (§10.1-2128 et seq.) of this chapter.

4. Enter into contracts necessary and convenient to carry out the provisions of this article.

5. Seek the assistance of other state agencies and entities including but not limited to the Chesapeake Bay Local Assistance Department, the Department of Forestry and the Virginia Soil and Water Conservation Board as appropriate in carrying out its responsibilities under this chapter.

§10.1-2126. Additional powers and duties of Director.

A. In furtherance of the purposes of this article, the Director is authorized to utilize the Fund for the purpose of providing Water Quality Improvement Grants as prescribed in Article 4 (§10.1-2128 et seq.) of this chapter.

B. The Director shall be vested with the authority of the Board when the Board is not in session, subject to such limitations as may be prescribed by the Board. In no event shall the Director have the authority to promulgate any final regulation pursuant to the provisions of this chapter.

§10.1-2127. Nonpoint source pollution water quality assessment.

A. By July 1, 1998, and biennially thereafter, the Department, in conjunction with other state agencies, shall evaluate and report on the impacts of nonpoint source pollution on water quality and water quality improvement to the Governor and the General Assembly. The evaluation shall at a minimum include considerations of water quality standards, fishing bans, shellfish contamination, aquatic life monitoring, sediment sampling, fish tissue sampling and human health standards. The report shall, at a minimum, include an assessment of the geographic regions where water quality is demonstrated to be impaired or degraded as the result of nonpoint source pollution and an evaluation of the basis or cause for such impairment or degradation.

B. The Department and a county, city or town or any combination of counties, cities and towns comprising all or part of any geographic region identified pursuant to subsection A as contributing to the impairment or degradation of state waters may develop a cooperative program to address identified nonpoint source pollution impairment or degradation, including excess nutrients. The program may include, in addition to other elements, a delineation of state and local government responsibilities and duties and may provide for the implementation of initiatives to address the causes of nonpoint source pollution, including those related to excess nutrients. These initiatives may include the modification, if necessary, of local government land use control ordinances. All state agencies shall cooperate and provide assistance in developing and implementing such programs.

C. The Department and a county, city or town or any combination of counties, cities and towns

comprising all or part of any geographic region not identified pursuant to subsection A as contributing to the impairment or degradation of state waters may develop a cooperative program to prevent nonpoint source pollution impairment or degradation. The program may include, in addition to other elements, a delineation of state and local government responsibilities and duties and may provide for the implementation of initiatives to address the nonpoint source pollution causes, including the modification, if necessary, of local government land use control ordinances. All state agencies shall cooperate and provide assistance in developing and implementing such programs.

D. The Department shall, on or before January 1 of each year, report to the Governor and the General Assembly on whether cooperative nonpoint source pollution programs, including nutrient reduction programs, developed pursuant to this section are being effectively implemented to meet the objectives of this article.

Article 4.

Virginia Water Quality Improvement Fund.

§10.1-2128. Virginia Water Quality Improvement Fund established; purposes.

A. There is hereby established in the state treasury a special permanent, nonreverting fund, to be known as the "Virginia Water Quality Improvement Fund." The Fund shall be established on the books of the Comptroller. The Fund shall consist of sums appropriated to it by the General Assembly which shall include, unless otherwise provided in the general appropriation act, ten percent of the annual general fund revenue collections that are in excess of the official estimates in the general appropriation act and ten percent of any unreserved general fund balance at the close of each fiscal year whose reappropriation is not required in the general appropriation act. The Fund shall also consist of such other sums as may be made available to it from any other source, public or private, and shall include any penalties or damages collected under this article, federal grants solicited and received for the specific purposes of the Fund, and all interest and income from investment of the Fund. Any sums remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. All moneys designated for the Fund shall be paid into the state treasury and credited to the Fund. Moneys in the Fund shall be used solely for Water Quality Improvement Grants. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon the written request of the Director of the Department of Environmental Quality or the Director of the Department of Conservation and Recreation as provided in this chapter.

B. The purpose of the Fund is to provide Water Quality Improvement Grants to local governments, soil and water conservation districts and individuals for point and nonpoint source pollution prevention, reduction and control programs and efforts undertaken in accordance with the provisions of this chapter. The Fund shall not be used for agency operating expenses or for purposes of replacing or otherwise reducing any general, nongeneral, or special funds allocated or appropriated to any state agency.

§10.1-2129. Agency coordination; conditions of grants.

A. Except as may otherwise be specified in the general appropriation act, the Secretary of Natural Resources, in consultation with the State Forester and the Directors of the Departments of Environmental Quality and Conservation and Recreation and of the Chesapeake Bay Local Assistance Department and with the advice and guidance of the Board of Conservation and

Recreation, the Virginia Soil and Water Conservation Board, the State Water Control Board, and the Chesapeake Bay Local Assistance Board, shall (i) allocate moneys in the Fund between point and nonpoint source pollution and (ii) develop written guidelines for the distribution and conditions of Water Quality Improvement Grants and criteria for prioritizing funding requests. In developing the guidelines the Secretary shall evaluate and consider, in addition to such other factors as may be appropriate: (i) specific practices and programs proposed in any tributary plan required by Article 2 (§2.1-51.12-1 et seq.) of Chapter 5.1 of Title 2.1, and the associated effectiveness and cost per pound of nutrients removed; (ii) water quality impairment or degradation caused by different types of nutrients released in different locations from different sources; and (iii) environmental benchmarks and indicators for achieving improved water quality. The guidelines shall include procedures for soliciting applications for funding and shall ensure that both point and nonpoint source pollution are equitably addressed and funded in each year.

B. In addition to those the Secretary deems advisable, the criteria for prioritizing funding requests shall include: (i) whether the location of the water quality restoration, protection or improvement project or program is within a watershed or subwatershed with documented water nutrient loading problems or adopted nutrient reduction goals; (ii) documented water quality impairment; (iii) the achievement of greater water quality improvements than that required by state or federal law; and (iv) the availability of other funding mechanisms. In the event of a local government grant application request for greater than fifty percent funding for any single project the Directors and the Secretary shall consider the comparative revenue capacity, revenue efforts and fiscal stress as reported by the Commission on Local Government. The development or implementation of cooperative programs developed pursuant to subsection B of §10.1-2127 shall be given a high priority in the distribution of Virginia Water Quality Improvement Grants from the moneys allocated to nonpoint source pollution.

§10.1-2130. General provisions related to grants from the Fund.

All Water Quality Improvement Grants shall be governed by a legally binding and enforceable grant agreement between the recipient and the granting agency. In addition to provisions providing for payment of the total amount of the grant, the agreement shall at a minimum also contain provisions that govern design and installation and require proper long-term operation, monitoring and maintenance of funded projects, including design and performance criteria, as well as contractual or stipulated penalties in an amount sufficient to ensure compliance with the agreement, which may include repayment with interest, for any breach of the agreement, including failure to properly operate, monitor or maintain. Grant agreements shall be made available for public review and comment for a period of no less than thirty days but no more than sixty days prior to execution. The granting agency shall cause notice of a proposed grant agreement to be given to all applicants for Water Quality Improvement Grants whose applications are then pending.

§10.1-2131. Point source pollution funding; conditions for approval.

A. The Department of Environmental Quality shall be the lead state agency for determining the appropriateness of any grant related to point source pollution to be made from the Fund to restore, protect or improve state water quality.

B. The Director of the Department of Environmental Quality shall, subject to available funds and in coordination with the Director of the Department of Conservation and Recreation, direct the State Treasurer to make Water Quality Improvement Grants in accordance with the guidelines established

pursuant to §10.1-2129.

C. Notwithstanding the priority provisions of §10.1-2129, in no event shall the Director of the Department of Environmental Quality authorize the distribution of grants from the Fund for purposes other than financing at least fifty percent of the cost of design and installation of biological nutrient removal facilities or other nutrient removal technology at publicly owned treatment works until such time as all tributary plans required by Article 2 (§2.1-51.12.1 et seq.) of Chapter 5.1 of Title 2.1 are developed and implemented. The Director shall manage the allocation of grants from the Fund to ensure the full funding of executed grant agreements. In addition to the provisions of §10.1-2130 all grant agreements related to nutrients shall include: (i) numerical concentrations on nutrient discharges to state waters designed to achieve the nutrient reduction goals of the applicable tributary plan; (ii) enforceable provisions related to the maintenance of the numerical concentrations that will allow for exceedences of no more than ten percent and for exceedences caused by extraordinary conditions; and (iii) recognition of the authority of the Commonwealth to make the Virginia Water Facilities Revolving Fund (§62.1-224 et seq.) available to local governments to fund their share of the cost of designing and installing biological nutrient removal facilities or other nutrient removal technology based on financial need and subject to availability of revolving loan funds, priority ranking and revolving loan distribution criteria. At least fifty percent of the cost of the design and installation of biological nutrient removal facilities or other nutrient removal technology at publicly owned treatment works meeting the nutrient reduction goal in an applicable tributary plan and incurred prior to the execution of a grant agreement is eligible for reimbursement from the Fund provided the grant is made pursuant to an executed agreement consistent with the provisions of this chapter.

Subsequent to the implementation of the tributary plans, the Director may authorize disbursements from the Fund for any water quality restoration, protection and improvements related to point source pollution that are clearly demonstrated as likely to achieve measurable and specific water quality improvements including but not limited to cost effective technologies to reduce nutrient loads. Notwithstanding the previous provisions of this subsection, the Director may, at any time, authorize grants for technical assistance related to nutrient reduction.

§10.1-2132. Nonpoint source pollution funding; conditions for approval.

A. The Department of Conservation and Recreation shall be the lead state agency for determining the appropriateness of any grant related to nonpoint source pollution to be made from the Fund to restore, protect and improve the quality of state waters.

B. The Director of the Department of Conservation and Recreation shall, subject to available funds and in coordination with the Director of the Department of Environmental Quality, direct the State Treasurer to make Water Quality Improvement Grants in accordance with the guidelines established pursuant to §10.1-2129. The Director shall manage the allocation of grants from the Fund to ensure the full funding of executed grant agreements.

C. Grant funding may be made available to local governments, soil and water conservation districts and individuals who propose specific initiatives that are clearly demonstrated as likely to achieve reductions in nonpoint source pollution, including excess nutrients, to improve the quality of state waters. Such projects may include, but are in no way limited to, the acquisition of conservation easements related to the protection of water quality and stream buffers; conservation planning and design assistance to develop nutrient management plans for agricultural operations; implementation

of cost-effective nutrient reduction practices; and reimbursement to local governments for tax credits and other kinds of authorized local tax relief that provides incentives for water quality improvement. The Director shall give initial priority consideration to the distribution of grants from the Fund for the purposes of implementing the tributary plans required by Article 2 (§ 2.1-51.12:1 et seq.) of Chapter 5.1 of Title 2.1. Until such time as the tributary plans are developed and implemented, the Director shall distribute fifty percent of the nonpoint grant funding to their implementation and fifty percent to areas of the Commonwealth not to be covered by the tributary plans, unless otherwise provided in the general appropriation act.

§10.1-2133. Annual report by State Comptroller.

The State Comptroller shall, by January 1 of each year, certify to the chairmen of the House Committee on Appropriations and the Senate Committee on Finance, the total amount of annual general fund revenue collections in excess of the official estimate in the general appropriation act, the total amount of the unreserved general fund balance whose reappropriation is not required in the general appropriation act at the close of the previous fiscal year and the total amount of funds that are to be directed to the credit of the Virginia Water Quality Improvement Fund under this article unless otherwise provided in the general appropriation act.

§10.1-2134. Annual report by Directors of the Departments of Environmental Quality and Conservation and Recreation.

The Directors of the Departments of Environmental Quality and Conservation and Recreation shall, by January 1 of each year, report to the Governor and the General Assembly the amounts and recipients of grants made from the Virginia Water Quality Improvement Fund and the specific and measurable pollution reduction achievements to state waters anticipated as a result of each grant award, together with the amounts of continued funding required for the coming fiscal year under all fully executed grant agreements.

APPENDIX B

Virginia Water Quality Improvement Fund Guidelines for 1998

VIRGINIA WATER QUALITY IMPROVEMENT FUND

GUIDELINES FOR FY 1998

Issued by
The Secretary of Natural Resources
Richmond, VA

July 18, 1997

INTRODUCTION	1
SECTION A: NONPOINT SOURCE PROJECTS	4
SECTION B: POINT SOURCE PROJECTS	10
MAP OF SHENANDOAH-POTOMAC BASIN AND NON- CHESAPEAKE BAY BASIN	Attached

VIRGINIA WATER QUALITY IMPROVEMENT FUND

GUIDELINES FOR FY 1998

INTRODUCTION

The purpose of the Virginia Water Quality Improvement Act of 1997 (Act) is to restore and improve the quality of state waters and to protect them from impairment and destruction for the benefit of current and future citizens of the Commonwealth (Section 10.1-2118). Because this is a shared responsibility among state and local governments and individuals, the Act also creates The Water Quality Improvement Fund (Fund). The purpose of the Fund is to provide Water Quality Improvement Grants to local governments, soil and water conservation districts and individuals for point and nonpoint source pollution prevention, reduction and control programs.... (Section 10.1-2128). The Department of Environmental Quality has the responsibility to provide technical and financial assistance to local governments and individuals for the control of point source pollution. The Department of Conservation and Recreation is given the lead responsibility to provide technical and financial assistance to local governments, soil and water conservation districts, and individuals for nonpoint source pollution prevention, reduction and control programs. Because of the nature of nonpoint source pollution control, the Department of Conservation and Recreation will seek the assistance and support of other state agencies to provide the necessary expertise and resources to properly implement the nonpoint source elements of the Act.

In the 1997 Amendments to the Commonwealth's biennial budget, the General Assembly appropriated \$15 million for the first year of the Fund (July 1, 1997 through June 30, 1998). Of this, \$10 million is to be used for point source projects, and \$5 million for nonpoint source projects. Since this is a nonreverting fund, any money not spent in the first year will remain in the Fund for use in subsequent years. Note that grants from the Fund will be provided as matching funds, usually on a 50-50 cost share basis (some exceptions are outlined in the Guidelines). Thus a total of approximately \$30 million worth of water quality improvement projects will be undertaken during the first year.

A primary objective of the Fund is to reduce the flow of excess nutrients (nitrogen and phosphorus) into the Chesapeake Bay through the implementation of the Tributary Strategies prepared in accordance with the multi-state/EPA/D.C. Chesapeake Bay Program and with state law. To date, Virginia has completed one such plan, for the Shenandoah and Potomac Basin. During the first year of the Fund, all of the point source funds, and one-half of the nonpoint source control funds will be used in the Shenandoah and Potomac Basin. The remaining one-half of the Fund allocated for nonpoint source control activities must be utilized to remedy water pollution problems in areas located outside the Chesapeake Bay Watershed. A map delineating the Shenandoah Potomac

Basin, the remaining portions of the Chesapeake Bay Watershed and the area of the Commonwealth outside the Chesapeake Bay Basin is attached with these guidelines.

This means that some areas of the state will not be eligible to receive funds during the first year of the Fund. Specifically, Tributary Strategies are under active development for the watersheds of the Rappahannock, York, and James Rivers and for other small watersheds that drain into the Bay from the Western and for the Eastern Shore. These areas will become eligible for funding when the corresponding Tributary Strategies are complete and approved by the Secretary of Natural Resources. Interested parties are encouraged to take part in the development of these Tributary Strategies, which will form the basis for future years' appropriations to the Fund, just as the Shenandoah and Potomac Tributary Plan formed the basis for creating the Fund in 1997. In the meantime, the Department of Conservation and Recreation intends to increase the agricultural best management practices cost share program funds available to these areas not yet eligible to apply to the Fund as outlined under Section A of these Guidelines.

DEFINITIONS

The following definitions should be used to interpret the terms in these Guidelines:

"Approved Tributary Strategy" means a plan developed according to Section 2.1-51.12 of the Code of Virginia and approved by the Secretary of Natural Resources.

"Fund" means the Virginia Water Quality Improvement Fund established by Article 4 (Section 10.1-2128 et seq.) of the Virginia Water Quality Improvement Act.

"Individual" means any corporation, foundation, association or partnership or one or more natural persons.

"Local government" means any county, city, town, municipal corporation, authority, district (including Soil and Water Conservation Districts), commission or political subdivision of the Commonwealth.

"Nonpoint source pollution" means pollution of state waters washed from the land surface in a diffuse manner and not resulting from a discernible defined or discrete conveyance.

"State waters" means all waters on the surface or under the ground, wholly or partially within or bordering the Commonwealth or within its jurisdictions.

"Water Quality Improvement Grants" means grants available from the Fund for projects of local governments and individuals (i) to achieve nutrient reduction goals in tributary plans developed pursuant to Article 2 (Section 2.1-51.12.1 et seq.) of Chapter 5.1 of Title 2.1 or (ii) to achieve other water quality restoration, protection or enhancement benefits.

DEVELOPMENT OF THESE GUIDELINES

Section 10.1-2129(A) of the Act specifies that: *the Secretary of Natural Resources, in consultation with the State Forester and Directors of the Departments of Environmental Quality and Conservation and Recreation and of the Chesapeake Bay Local Assistance Department and with the advice and guidance of the Board of Conservation and Recreation, the Virginia Soil and Water Conservation Board, the State Water Control Board, and the Chesapeake Bay Local Assistance Board, shall (i) allocate moneys in the Fund between point and nonpoint source pollution, and (ii) develop written guidelines for distribution and conditions of Water Quality Improvement Grants and criteria for prioritizing funding requests."*

The 1997 General Appropriations Act specifically allocates the moneys in the Fund between point and nonpoint sources of pollution. These Guidelines address the distribution and conditions of grants and criteria for prioritizing funding requests. Because the procedures, conditions, and criteria will be different for point and nonpoint source pollution control projects, the Guidelines are divided into two sections.

In future years, these Guidelines are likely to change substantially. They may need to address the allocation of money between point and nonpoint sources. Eventually, all areas of the state will become eligible for funding as the remaining Tributary Strategies are completed. And as the state fulfills its commitments to reduce nutrient flows into the Chesapeake Bay, other water quality improvement goals may play a larger role in the use of the Fund—within the Bay watershed as well as outside of it. The emphasis in these guidelines is on the policies and procedures that will govern the Fund during its first year of operation.

Draft Guidelines were made available for public review and comment from May 20, 1997 through June 20, 1997. In addition, four public comment sessions were held statewide in early June to solicit public suggestions and recommendations for these final Guidelines. Many suggestions from the public were incorporated into the final version of these Guidelines. A responsiveness summary to the public comments received can be obtained from:

For Nonpoint Source Program Related Issues:

Scott Crafton
Chesapeake Bay Local Assistance Department
805 East Broad Street
Richmond, Virginia 23219
(804) 371-7503
scrafton@cblad.state.va.us

For Point Source Program Related Issues:

John Kennedy
Department of Environmental Quality
639 East Main Street
Richmond, Virginia 23219
(804) 698-4312
jmkennedy@deq.state.va.us

SECTION A

NONPOINT SOURCE PROJECTS

GOALS AND OBJECTIVES

The goal of the nonpoint source component of the Virginia Water Quality Improvement Act is to achieve better water quality throughout the Commonwealth of Virginia and in the Chesapeake Bay by reducing nonpoint source pollution. Nonpoint source pollution is a significant cause of degradation of state waters and the Chesapeake Bay. Nonpoint source pollution is addressed in the Act and in these Guidelines in two distinct regions, Chesapeake Bay watershed (which require Tributary Strategies), and Non-Chesapeake Bay watersheds. Within the Chesapeake Bay watershed the goal is to implement approved Tributary Strategy Plans, which focus on reducing nutrients going into the Bay and its tributary rivers. Outside of the Chesapeake Bay watershed, the goal will be to achieve measurable improvements in water quality, which can include nutrient reduction as well as reduction of other pollutants. These Guidelines provide the mechanism by which funds will be made available to help stimulate nonpoint source pollution reduction projects within these two regions.

As specified in the Act, *Grant funding may be made available to local governments, soil and water conservation districts and individuals who propose specific initiatives that are clearly demonstrated as likely to achieve reductions in nonpoint source pollution, including excess nutrients, to improve the quality of state waters. Such projects may include, but are in no way limited to, the acquisition of conservation easements related to the protection of water quality and stream buffers; conservation planning and design assistance to develop nutrient management plans for agricultural operations; implementation of cost-effective nutrient reduction practices; and reimbursement to local governments for tax credits and other kinds of authorized local tax relief that provides incentives for water quality improvement.* (Section 10.1-2132). Additional examples of eligible project activities, particularly for the Shenandoah-Potomac Basin, are included in the application package.

GRANT REVIEW COMMITTEE

In order to meet the goals of the Act, these Guidelines outline a number of state agencies who will participate in the effort to provide the necessary technical expertise and resources to solicit and review applications and administer grant agreements. Applications will be reviewed by a Grant Review Committee, which will be chaired by a staff member from the Department of Conservation and Recreation, and which will consist of staff representatives from the following agencies:

1. The Department of Conservation and Recreation
2. The Department of Environmental Quality
3. The Chesapeake Bay Local Assistance Department

4. The Virginia Department of Agriculture and Consumer Services
5. The Virginia Marine Resources Commission
6. The Virginia Department of Forestry
7. The Virginia Department of Health

The Director of the Department of Environmental Quality, in addition to all the duties specified in the Act with regard to point sources, will assign an employee to participate in nonpoint source projects requiring DEQ's expertise. The Grant Review Committee will meet as required to review, score, prioritize, and select grant applications for funding.

GRANT APPLICATION PROCESS

The Board of Conservation and Recreation will be responsible for soliciting applications for Grants from interested parties through the distribution of an application package for nonpoint source Water Quality Improvement Act funds. For this purpose, the Board will keep a list of interested parties, including all parties from whom an application has been received and all parties who have requested information. The list of interested parties will include associations, local governments, and individuals.

All eligible parties identified in the Act may apply for nonpoint source grants. The grant application deadline for FY 1998 will be September 19, 1997. All nonpoint source grant applications should be sent to the Board of Conservation and Recreation at the following address:

Virginia Board of Conservation and Recreation
ATTN: Leon App
203 Governor Street, Suite 302
Richmond, Virginia 23219

Further information on the application requirements can be found in the application package.

The Board of Conservation and Recreation will prepare the applications for the Grant Review Committee meeting. The Chair of the Board will create a list of all applications received, divide the applications into two geographical groups (within, and outside, the Chesapeake Bay watershed), mail copies of the grant applications to the Grant Review Committee for review, and provide the originals to the Grant Review Committee on the day the Committee meets to review and grade the applications.

GRANT APPLICATION REVIEW PROCESS

After reviewing and approving the division of the nonpoint source applications into the Bay watershed and non-Bay watershed groups, the Grant Review Committee will objectively review, grade, and rank the applications within each separate group. The Grant Review Committee will then assign a priority to each application based upon, but not limited to, the following criteria:

(i) Whether the location of the water quality restoration, protection or improvement project or program is within a watershed or subwatershed with documented water nutrient loading problems or adopted nutrient reduction goals;

(ii) Documented water quality impairment;

(iii) The achievement of greater water quality improvements than that required by state or federal law;

(iv) The availability of other funding mechanisms.

To accomplish this task the Grant Review Committee will utilize Grant Proposal Scoring sheets, which will be provided as part of the application package, to objectively score all Water Quality Improvement Grant applications.

Once all Water Quality Improvement Grant applications are scored, they will be ranked in the order of their cumulative scores. Any application ultimately not funded will be returned to the applicant with the cumulative Grant Proposal Scoring sheet attached and a brief note as to why the application failed.

DIVISION OF FUNDS

Within the Water Quality Improvement Fund a total of \$5 million dollars has been appropriated for FY 1998 to fund the nonpoint source components of the Water Quality Improvement Act. One half of these monies must be expended within the Shenandoah-Potomac Basin and the remaining half within areas of Virginia outside the Chesapeake Bay Basin. For FY 1998, these funds will be allocated to the following categories of activities:

Shenandoah-Potomac Basin

* **Agricultural Cost-Share Program** - One of the most important nutrient reduction instruments identified in the Shenandoah-Potomac Tributary Strategy is the Virginia Agricultural Best Management Practice Cost-Share Program (Cost-Share Program), which is administered by the Department of Conservation and Recreation through the Soil and Water Conservation Districts. The Department of Conservation and Recreation currently distributes approximately \$0.5 million in federal funds under this program to Soil and Water Conservation Districts in the Shenandoah-Potomac basin. Based on the experience of the Department of Conservation and Recreation with this program, upon the Shenandoah-Potomac Tributary Strategy, and on the public comments, it is believed that this program would be a cost-effective means of reducing nutrient loads. Therefore Soil and Water Conservation Districts are eligible to submit applications to increase their local Cost-Share Program funding levels such that up to \$1.5 million of the Fund may be directed to the Cost-Share program in this basin. As these new state funds are made available, the federal funds

now being used for the Cost-Share Program will be shifted to other parts of the Chesapeake Bay basin. These new state funds (from the Fund) and all existing federal funds will be available for all Cost-Share Program Best Management Practices and will provide up to 75% of eligible funding with a maximum of \$50,000 per landowner per year.

* **Other Nonpoint Source Projects** - Assuming the entire \$1.5 million is utilized within the Cost-Share Program, there will be \$1.0 million for the Shenandoah-Potomac Basin to provide funding for other nonpoint source water quality improvement related projects eligible under the Act. This includes both urban and rural projects. These grants will generally require a 50% match and will be competitively awarded based on grant applications received as provided under these guidelines.

Areas of Virginia outside the Chesapeake Bay Basin

* **Cost-Share Program** - The non-Bay areas of the state currently receive very little, if any, Cost-Share Program funds. It is believed that Soil and Water Conservation Districts in this area are capable of implementing a Cost-Share Program at the level of \$1.0 million per year. Therefore, Soil and Water Conservation Districts are eligible to submit applications to implement a Cost-Share Program such that up to \$1.0 million of the dollars in the Fund will be utilized for this purpose. These new state dollars will be distributed and administered through the Virginia Agricultural Best Management Practice Cost-Share Program (Cost-Share Program) by the Department of Conservation and Recreation through local Soil and Water Conservation Districts and will provide up to 75% of eligible funding with a maximum of \$50,000 per landowner per year.

* **Other Nonpoint Source Projects** - Assuming the entire \$1.0 million is utilized for the Cost-Share Program for this area there will be \$1.5 million available for this area to provide funding for other nonpoint source water quality improvement related projects eligible under the Act. This includes both urban and rural projects. These grants will generally require a 50% match and will be competitively awarded based on grant applications received as provided under these guidelines.

MATCHING FUNDS

Generally, project grants will be made from the Fund for 50 % of the cost of a project, with the remaining 50 % supplied from other sources—federal, state, or private. Some local governments, including some Soil and Water Conservation Districts, may be eligible to receive a greater percentage of funding for approved projects. Any requests for greater than 50 percent funding will be evaluated by considering the applicant's fiscal stress rating, as reported by the Commission on Local Government.

Soil and Water Conservation Districts do not have such fiscal stress ratings. In the case of Districts outside the Chesapeake Bay watershed, the fiscal stress ratings of the member local governments will be considered, since they represent the primary source of alternative funding for

such Districts. Soil and Water Conservation Districts within the Bay watershed will not be considered fiscally stressed. Even in cases where the member local governments are fiscally stressed, Districts in the Bay watershed have access to a range of other federal, state, and private grants that may be used for matching grants from the Fund. The Department of Conservation and Recreation has also announced that it will accept volunteer hours for match further reducing fiscal stress.

As specified above under Division of Funds, monies from the Fund which are allocated to the agricultural BMP cost share program will require a 25 % match with a restriction on annual total dollars to a given landowner. Note that because of this cap, and because there are also federal funds that go to agricultural BMPs, the Cost-Share Program *on average* will likely be closer to receiving 50 percent of its funds from the Fund - on a par with other types of projects.

Under some circumstances, applicants may wish to apply for less than 50 percent match funding. Applications will be judged on the cost-effectiveness of nutrient removal, and this cost-effectiveness will be calculated using only the costs coming from the Fund. Therefore, an application that might otherwise score poorly can improve its cost-effectiveness by reducing the level of funding requested. This is most likely to be the case for large urban infrastructure projects that produce a wide range of benefits, of which the reduction of nutrient loadings is only a small component. A stormwater management system, for example, would be unlikely to appear cost-effective—viewed strictly as a nutrient reduction project—if it applied to the Fund for 50 percent of its total cost. However, it might appear very cost-effective if it applied to the Fund for only 5 percent of its total cost. By adjusting the match in this way, the Fund can be used to finance only the nutrient-reduction component of a much larger project—even in cases where the nutrient reduction component cannot be physically distinguished from the rest of the project. Applicants who feel they may be in this category are encouraged to work with the Department of Conservation and Recreation staff to help identify the appropriate level of the match.

AWARDING AND ASSIGNING GRANTS

The Grant Review Committee, chaired by staff of the Department of Conservation and Recreation, will make recommendations to the Director of the Department of Conservation and Recreation on which grant applications should be funded. The Committee recommendations will also recommend assignment of projects to state agencies with the professional expertise and programmatic responsibilities appropriate to administer the particular kinds of projects described in the grant applications. The Director shall make final funding determinations and forward recommendations to the Secretary of Natural Resources for a final determination of which applications shall be assigned to which state agencies for administration.

For FY 1998 it is anticipated that the grant application, grant review and award process, to include grant agreement development, execution and required public review, will be completed by December 31, 1997.

GRANT AGREEMENTS

Pursuant to Section 10.1-2130 of the Act, *"all Water Quality Improvement Grants shall be governed by a legally binding and enforceable grant agreement between the recipient and the granting agency. In addition to provisions providing for payment of the total amount of the grant, the agreement shall at a minimum also contain provisions that govern design and installation and require proper long-term operation, monitoring and maintenance of funded projects, including design and performance criteria, as well as contractual or stipulated penalties in an amount sufficient to ensure compliance with the agreement, which may include repayment with interest, for any breach of the agreement, including failure to properly operate, monitor or maintain."*

Each state agency assigned to administer a grant will work with the applicant to complete the terms of the standard grant agreement. An example grant agreement will be included in the application package for nonpoint source funds.

PUBLIC REVIEW PROCESS

Prior to executing the grant agreements, the Board of Conservation and Recreation will prepare and make available a list of the proposed grant agreements for public review and comment for a period of at least 30 days but no more than 60 days. This list of proposed grant agreements will be provided to all applicants for Water Quality Improvement Grants whose applications are then pending.

SECTION B

POINT SOURCE PROJECTS

CHAPTER I: INTRODUCTION

A. Goals and Objectives

The main objectives of the Water Quality Improvement Grant (WQIG) Fund's point source program are to:

1. Concentrate initial efforts on achieving the nutrient reduction goals adopted (and reaffirmed) by the Chesapeake Bay Program's Executive Council.
2. Make the WQIG Fund compatible and consistent with existing funding programs administered by DEQ's Construction Assistance Program ("CAP"; i.e., State Revolving Loan Fund, hardship grants).
3. Enhance customer service and convenience by merging, to the maximum extent possible, the WQIG Fund procedures with those in use by the CAP. This may include:
 - schedules for application, review, and award
 - general notifications, solicitation letters, and public participation methods
 - application information and documentation for reimbursement requests
 - criteria for prioritizing projects
 - definitions for eligible components of the scope of work
4. Optimize the cost-effectiveness and usefulness of WQIG Funds.
5. Assist with identification of potential funding sources for the local share of projects.

B. Project Prioritization - Funding Distribution

The Water Quality Improvement Act of 1997 (the "Act") directs the Secretary of Natural Resources to develop written guidelines for distribution and conditions of WQIG Fund awards, and criteria for prioritizing funding requests by evaluating and considering:

- specific practices and programs proposed in any tributary plan and the associated cost per pound of nutrient reduction;
- water quality impairment or degradation caused by different nutrients, at different locations, from different sources;
- environmental benchmarks and indicators for achieving improved water quality.
- documented nutrient loading problems or adopted nutrient reduction goals;

- documented water quality impairment;
- achievement of improvements greater than required by state or federal law, and,
- availability of other funding mechanisms.

In addition to these factors, an evaluation will be made of the applicant's readiness-to-proceed, and the magnitude and cost-effectiveness of the proposed reduction actions.

C. Project Eligibility/Allowable Costs/Reimbursement

Eligibility for point source projects under the WQIG Fund is specified in the Act under Section 10.1-2131. Until all tributary strategies (required by Article 2, §2.1-51.12:1 et seq., in Chapter 5.1 of Title 2.1) are developed and implemented, grants shall only be made for the purpose of financing at least fifty percent of the cost of design and installation of biological nutrient removal facilities or other nutrient removal technology at publicly owned treatment works. A tributary strategy is considered "implemented" when the initial nutrient controls and practices called for in the approved plan have been installed.

Until that time, grants under this program will only be provided to pay for a portion of the incremental cost of a nutrient control system that goes above and beyond what the owner would have to install under any DEQ permit requirements. The program will allow for nutrient control systems to be sized to treat the flow in any reasonable and necessary expansion of the wastewater facility. In general, associated pre-design and final design costs will be eligible for cost share. However, grant eligibility, and/or the scope and size of a project may be reduced to ensure the greatest financial and environmental benefit to as many grantees as possible. Joint or regional projects that involve more than one publicly owned facility are eligible, and encouraged where cooperative arrangements exist and economies of scale may be realized.

As provided in the Act (§10.1-2131.C.), the cost for design and installation of biological nutrient removal or other nutrient control technology at publicly owned treatment works, meeting the nutrient reduction goal in an approved tributary strategy and incurred prior to execution of a grant agreement, is eligible for reimbursement from the WQIG Fund. Such expenses must be necessary and attributable to the project, and the debt incurred or construction begun after December 1987 (when the Chesapeake Bay Agreement established the nutrient reduction goal). Reimbursement shall be made pursuant to an executed agreement consistent with the Act. If the original source of funding for the project was the State Revolving Loan Fund (RLF), the WQIG funds shall be applied to the principal of any outstanding balance of the loan. Other restrictions will apply if a construction grant (state or federal) paid for all or part of the project cost.

The purchase of land, easements, and/or right-of-ways are not allowable costs unless the land is an integral part of the treatment process. Legal, administrative, and engineering expenses related to these purchases are also unallowable. Other stipulations on allowability of cost may also apply, and all costs are reviewed and considered on a case-by-case basis.

Disbursement of grant funds is made on a reimbursement basis. All requests for disbursement of grant funds must be substantiated by invoices. All payment requests must be

reviewed and approved by DEQ staff prior to actual disbursement of funds.

D. State Cost Share Percentage

Funds can only be used to finance at least 50% of the cost to design and install biological nutrient removal facilities or other nutrient removal technology at publicly owned wastewater treatment works, until all tributary strategies are developed and implemented. Thereafter, funds may be provided, with at least a 50% cost share, for other point source projects clearly demonstrated to improve water quality.

If a request is made for more than 50% of a project's cost, factors to be considered in setting the grant percentage include comparative revenue capacity of the applicant, other efforts to raise revenue for the project, and fiscal stress as reported by the Virginia Commission on Local Government.

E. Grant Agreement

All Water Quality Improvement Grants under the cooperative point source program shall be governed by a legally binding and enforceable grant agreement between the recipient and the Department of Environmental Quality. Grant agreements shall be made available for public review and comment for a period of no less than thirty days but no more than sixty days prior to execution. In addition to the standard terms and conditions of a State contract for financial assistance (including, but not limited to, project scope, schedules, budget and compensation provisions), in accordance with the Act (§10.1-2130) the agreement shall:

1. Provide for payment of the total amount of the grant;
2. Govern design and installation;
3. Require proper long-term operation, monitoring and maintenance of funded projects, including design and performance criteria; and,
4. Include contractual or stipulated penalties in an amount sufficient to ensure compliance with the agreement, which may include repayment with interest, for any breach of the agreement, including failure to properly operate, monitor, or maintain.

CHAPTER II: SUMMARY OF PROGRAM REQUIREMENTS

A. Introduction

This section provides a brief synopsis of the program requirements as they relate to other statutory or regulatory requirements included by reference, such as procurement law, plans and specifications approval, so grantees are fully aware of them and can act accordingly.

B. Financial/Local Share

All procurement made during the course of planning, design, and construction of the grant project must be purchased, acquired, or contracted for in accordance with Chapter 7, Title 11,

Code of Virginia, also known as the Virginia Public Procurement Act. The WQIG Fund point source program requires all participants to follow the provisions of the Procurement Act as revised by the 1993 General Assembly, with no exceptions recognized for localities under 3,500 in population.

Prior to grant award, sufficient documentation must be provided by the applicant to demonstrate that the local share of the project is, or will be, available to fulfill the grantee's obligations under the agreement. Examples of acceptable forms of local share include, but are not limited to, general obligation bonds, other state or federal grant funds or loans, and municipal budget items and revenue streams.

C. Pre-Design Studies/Pilot Testing/Technical Assistance

Eligible pre-design tasks include any essential studies prior to final design, such as bench or pilot scale testing of conventional or innovative technologies, cost-effectiveness analysis, and (if applicable) environmental impact review.

The grantee or its consultant will develop a Preliminary Engineering Proposal (PEP) or planning document, which assesses the current situation, projects future needs, develops alternatives, evaluates the environmental impact of the alternatives (for those projects not categorically excluded), along with the monetary costs, and presents a selected plan.

Design/Construction

The design and drafting of plans and specifications must conform with The Virginia Sewerage Regulations (VSR). Close contact with the DEQ Regional Offices and the Virginia Department of Health is helpful in reducing delays at this stage. A Preliminary Engineering Conference with both agencies is strongly recommended prior to full scale design, particularly for complex or large scale projects. Final plans and specifications must be submitted to both agencies for review, comment, and approval. The DEQ review will focus on the bidding requirements and contract documents, and their conformance with program requirements. Otherwise, processing of the plans and specifications will proceed as outlined in the VSR, ultimately leading to the issuance of a Certificate to Construct.

The grantee may then proceed to advertise for construction bids, and is encouraged to hold a pre-bid conference so that the project can be presented to bidders and resolve any questions they may have. Prior to award of the contract, the grantee must submit to DEQ evidence of proper bidding procedures and bid selection. During construction the grantee must provide project inspection, documented with reports, to track construction progress, quality, and conformance with plans and specifications.

E. Post-Construction/Operation and Maintenance

In addition to the agreement covering the cost share award, the grantee and the State shall sign an agreement governing the long-term operation and maintenance of the facilities installed with grant funds. The Act specifies (in §10.1-2131.C.) that grant agreements related to

nutrient control shall include: (i) numerical concentrations on nutrient discharges designed to achieve the nutrient reduction goals of the applicable tributary plan; (ii) enforceable provisions related to the maintenance of the numerical concentrations that will allow for exceedences of no more than ten percent, and for exceedences caused by extraordinary conditions (extreme weather or other acts of nature).

All grant agreements will contain a provision that requires the owner to monitor their discharge and report the total nitrogen and total phosphorus concentrations so that performance can be tracked. If nutrient monitoring requirements are not already contained in the plant's discharge permit, the agreement will specify essentially the same sampling frequencies and analytical methods used in the permit program.

CHAPTER III: GRANTEE SELECTION

A. Application Solicitation

The first years' grant cycle will not be able to conform to the schedule that follows, due to the time needed to finalize program guidance. Therefore, applications will be solicited from publicly owned treatment works in the Potomac/Shenandoah river basin (the only tributary with an approved strategy) with a submission deadline of 5:00 PM, August 29, 1997. Applications should be sent to:

Virginia Department of Environmental Quality
P.O. Box 10009
Richmond, VA 23240
Attn: John Kennedy, Chesapeake Bay Program

In future years the solicitation process for WQIG Fund applications will coincide with the RLF funding cycle procedure. This entails a mutual solicitation letter, similar (but separate) application forms for each program, opportunities for public review and comment on tentative award lists, and seeking State Water Control Board approval for grant award. The basic schedule currently followed by the RLF program is:

<u>Month</u>	<u>Activities</u>
May	Revolving Loan Fund (RLF) solicitation letters sent; applications submitted within 45 days.
June	Applications received, and staff initiate the process of consulting with other DEQ programs (i.e., Water Quality Assessments for priority water bodies, Enforcement and Compliance Auditing) and develop a ranked list using pre-established priority criteria.
September	Presentation made to the State Water Control Board, seeking their approval to hold a public meeting on this tentative award list. Staff then gather any needed follow-up information from DEQ regional staff, and meet with potential fund

recipients to determine readiness-to-proceed.

- November Public meeting on tentative award list. Staff consider any comments received, and, if appropriate, make changes to the list.
- December The final list is presented for Board adoption. Authorization given to execute agreements for funding.

B. Grant Priority Funding List Requirements

A nutrient control project at any publicly owned treatment works, located in a river basin covered by an approved tributary strategy, is an eligible project under the cooperative point source program. DEQ staff will prioritize the eligible applications using the criteria in Chapter I (B), assess the cost-effectiveness of proposed actions, and review the proposals to ensure consistency with tributary strategy goals. DEQ will present the prioritized list of qualified proposals to the State Water Control Board at their September meeting for consideration and approval, along with its recommendations for funding.

If the funds available are not sufficient to fulfill the DEQ recommendations, then DEQ will also recommend to the State Water Control Board a formula to allocate the available funds among the recommended projects. In addition to the statutory purposes of the fund, this allocation formula will also take into account considerations of equity among the applicants.

In subsequent years, new projects will be added to the priority list, especially as strategies are finalized for the other Chesapeake Bay tributaries. Once the cost share needs to implement all the strategies are satisfied, grant applications will be considered for any point source project that is clearly demonstrated as likely to achieve measurable and specific water quality improvements. At that stage, the Act requires that potential grant projects be prioritized, in accordance with specified criteria in Section 10.1-2129, and other factors the Secretary of Natural Resources deems appropriate. No project can receive financial assistance under the WQIG Fund unless it is on the priority funding list. However, it is not a requirement that projects receive cost share assistance in priority order.

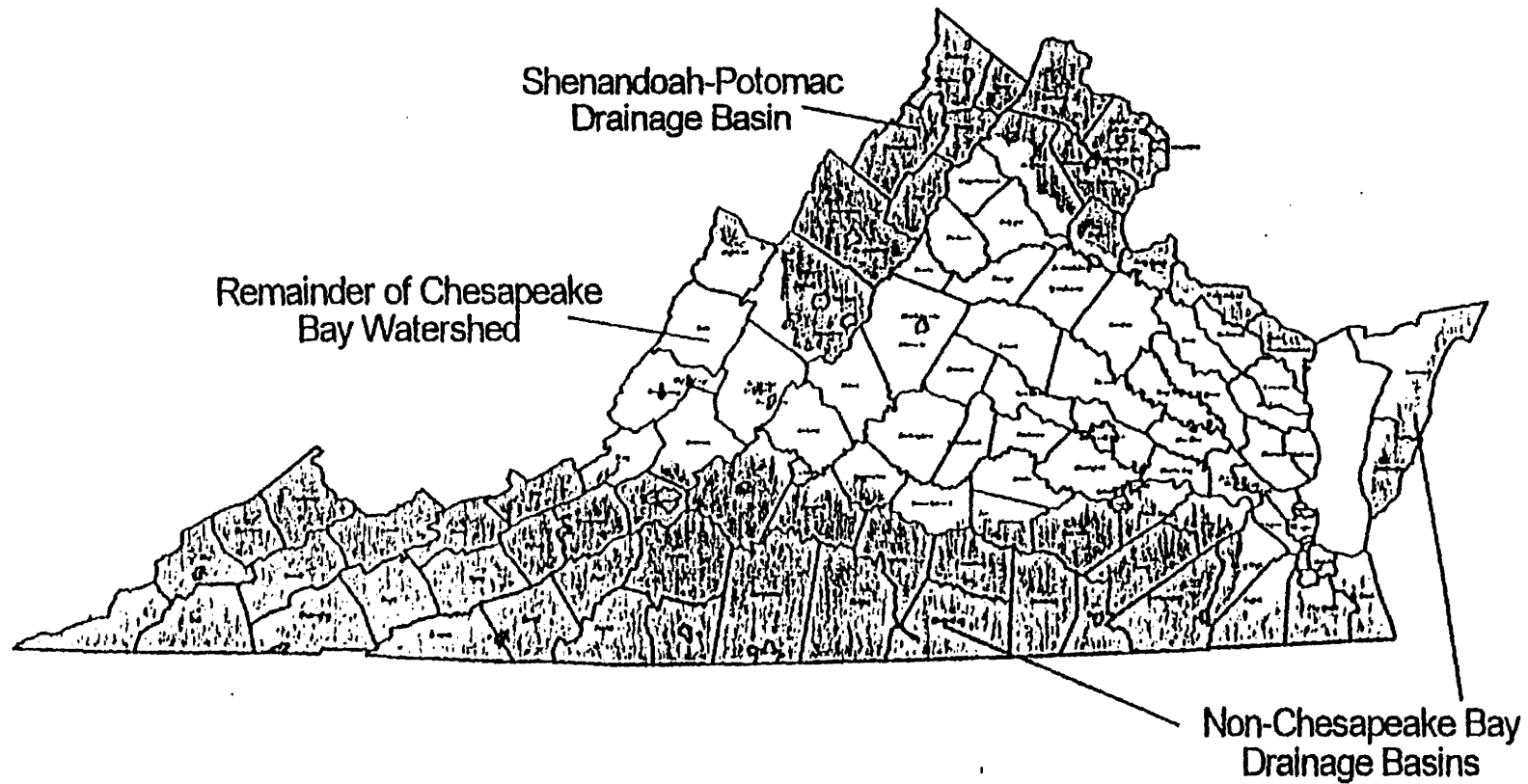
The Commonwealth reserves the right to by-pass any project of a higher priority and make grants to those of a lower priority based on considerations similar to those used in the Revolving Loan Fund program. These factors include:

- a. The WQIG Fund was established with an emphasis on implementing tributary nutrient reduction strategies.
- b. It is determined there will be limited benefit to the grant program, state water quality, or the recipient to offer a portion of the funds needed to finance a multi-million dollar project.
- c. There may be a need to obligate funds that have been set aside for special purposes.
- d. Since readiness-to-proceed is a critical factor in maintaining the integrity of the WQIG

Fund, projects should be able to move into the construction stage within the current funding cycle.

- e. Consideration will be given to other financing factors such as priority for RLF loan award or local share status.

Shenandoah/Potomac Basins & Non-Chesapeake Bay Basins



APPENDIX C

Application Package, Water Quality Improvement Fund Nonpoint Source Projects

Application Package Water Quality Improvement Fund Nonpoint Source Projects

Contents

Virginia Water Quality Improvement Act Background Information	1
Request for Applications Introduction	2
Eligible Applicants and Activities	2
Proposal Development Guidelines	3
Grant Amounts and Match Requirements	6
Grant Agreements	7
Project Budget	7
Project Period	7
Application Submittal and Review Process	7
Additional Information	7
Appendices	

Application Package
Water Quality Improvement Fund
Nonpoint Source Projects

Virginia Water Quality Improvement Act Background Information

The purpose of the Virginia Water Quality Improvement Act of 1997 ("the Act") is *to restore and improve the quality of state waters and to protect them from impairment and destruction for the benefit of current and future citizens of the Commonwealth*. (Section 10.1-2118). The Act also creates The Water Quality Improvement Fund (Fund), *the purpose of the Fund is to provide Water Quality Improvement Grants to local governments, soil and water conservation districts and individuals for point and nonpoint source pollution prevention, reduction and control programs....*(Section 10.1-2128). The Department of Conservation and Recreation is given the lead responsibility in the Act for providing Water Quality Improvement Grants (Grants) to local governments, soil and water conservation districts, and individuals for nonpoint source pollution prevention, reduction and control programs. The Department of Conservation and Recreation will seek the assistance and support of other state agencies to provide the necessary expertise and resources to properly implement the Act.

A primary objective of the Fund is to reduce the flow of excess nutrients (nitrogen and phosphorus) into the Chesapeake Bay through the implementation of the Tributary Plans prepared in accordance with the multi-state/EPA/D.C. Chesapeake Bay Program and in accord with state law. To date, only one such plan has been completed, for the Shenandoah and Potomac Basin. During the first year of the program, one-half of the Fund allocated for nonpoint source control activities will be spent in the Shenandoah and Potomac Basin. The remaining one-half of the Fund allocated for nonpoint source control activities must be utilized for projects and activities located outside the Chesapeake Bay Watershed. A map delineating the Shenandoah Potomac Basin, the remaining portions of the Chesapeake Bay Watershed and the area of the Commonwealth outside the Chesapeake Bay Basin is located in the appendix.

The goal of the nonpoint source component of the Act is to achieve better water quality throughout the Commonwealth and in the Chesapeake Bay by reducing nonpoint source pollution. Within the Chesapeake Bay watershed the priority objective is to implement the nonpoint source components of approved Tributary Strategy Plans. To assist in project development a summary is provided in the appendix of the nonpoint source components of the approved Shenandoah Potomac Tributary Strategy Plan. These components are a priority for implementation with the Fund inside the Chesapeake Bay watershed. Outside of the Chesapeake Bay watershed the goal will be to achieve measurable improvements in water quality, which can include nutrient reduction as well as reduction of other pollutants. A priority in these areas will be projects addressing waters identified as impaired by the Department of Environmental Quality on the 303(d) Total Maximum Daily Load (TMDL) list. Further information on project priorities and criteria for evaluation is found below.

Request for Applications Introduction

The Department of Conservation and Recreation is seeking applications and proposals for funding nonpoint source projects under the Virginia Water Quality Improvement Fund which was established under the Virginia Water Quality Improvement Act of 1997. As specified in the Virginia Water Quality Improvement Fund Guidelines (Guidelines) developed by the Secretary of Natural Resources, the nonpoint source program funds are being allocated for the Agricultural Cost-Share Program and for Other Nonpoint Source Projects in the Shenandoah-Potomac Basin and Areas of Virginia outside the Chesapeake Bay Basin.

Each application should be submitted to the Department of Conservation and Recreation by 5:00 P.M. on September 19, 1997. Applications will be reviewed in accordance with the Guidelines.

Each application for funds must include ten copies of the following materials:

- * a completed application form (form in appendix)
- * an attached proposal workplan outlining the project for which funds are requested
- * a completed financial reporting form detailing grant funds requested and match funds (form in appendix)

Guidelines for proposal development are outlined below.

Eligible Applicants and Activities

As specified in the Act, Grant funding may be made available to local governments, soil and water conservation districts and individuals who propose specific initiatives that are clearly demonstrated as likely to achieve reductions in nonpoint source pollution, including excess nutrients, to improve the quality of state waters. Such projects may include, but are in no way limited to, the acquisition of conservation easements related to the protection of water quality and stream buffers; conservation planning and design assistance to develop nutrient management plans for agricultural operations; implementation of cost-effective nutrient reduction practices; and reimbursement to local governments for tax credits and other kinds of authorized local tax relief that provides incentives for water quality improvement. (Section 10.1-2132). Specific eligible nonpoint source activities which have been included in the Shenandoah Potomac Tributary Plan are included in the appendix.

As outlined in the Guidelines, a portion of the funds are to be eligible for the Agricultural Cost-Share Program in the Shenandoah-Potomac Basin and in the Areas of Virginia outside the Chesapeake Bay. Upon successful application from Soil and Water Conservation Districts (Districts), funds allocated to Districts for the Cost-Share Program may be utilized for providing the necessary technical

assistance to ensure that the Cost-Share practices are properly designed, implemented and maintained.

Proposal Development Guidelines

The proposal workplan shall not exceed five pages in length and may include supporting attachments which are substantive to its review. The proposal workplan should contain four major sections and a project budget which is to be summarized on the financial reporting form. The four sections should address the following topics: priority project area, project scope, project coordination and the measurable environmental results expected from the proposed project. Each of these topic areas is outlined below with information provided to assist in proposal development which will also be used for proposal evaluation. The appendix also includes the scoring criteria which will be utilized to evaluate and rate each proposal. This should be consulted to assist in proposal development.

Priority Project Location

The key issue to be addressed in this section of the proposal is whether the project is located in an area with a clearly defined water quality problem or threat. This can be determined by describing in the proposal how the project addresses the following questions as applicable to the proposed project:

1. Is the proposed project located within state boundaries within an area for which a tributary strategy plan has been developed (as of this date only the Shenandoah Potomac Basin has a completed plan)?
2. Is the proposed project located in a watershed containing stream segments identified as impaired by DEQ in the most recent 303(d) TMDL list? Information on the 303(d) TMDL list is included under Available Resources in the Appendix.
3. Is the proposed project located in a watershed identified by DCR in the NPS Assessment Report as having a high potential for contributing nonpoint source pollution to state waters? Information on the DCR NPS Assessment Report is included under Available Resources in the Appendix.
4. Is the proposed project located in an area where water quality problems have been demonstrated through monitoring?
5. Is the proposed project located in an area where identified land use changes or proposed actions pose a threat to water quality?

Project Scope

The scope of the proposed project should address the correction of the defined water quality problem

or reduction of the water quality threat which exists in the area where the project is proposed. This can be addressed by describing in the proposal how the project addresses one or more of the following factors as applicable :

1. Explain in detail how the proposed project will implement a component of the approved Shenandoah Potomac Tributary Strategy Plan. A summary of the nonpoint source components of the Shenandoah Potomac Tributary Strategy Plan may be found in the appendix.
2. Explain in detail how the proposed project addresses the correction of a pollutant source impacting waters on the 303(d) TMDL list. Information on the 303(d) TMDL list is included under Available Resources in the Appendix.
3. Explain how the proposed project addresses a source identified as a high priority in the DCR NPS Assessment Report. Information on the DCR NPS Assessment Report is included under Available Resources in the Appendix.
4. Explain how the proposed project will prevent water quality degradation by addressing an identified water quality threat.
5. Describe in the proposal how the proposed project implements innovative practices or policies that address the water quality problem or threat in a more effective manner than traditional practices.
6. Explain how the project will support a water quality activity proposed in a local planning document.

Project Coordination

Applications and proposals for funding should be coordinated to ensure that all necessary parties are involved so that cost-effectiveness and project effectiveness can be optimized. Proposals which identify private-public partnerships, broad local and regional support by governments, citizen groups and others are encouraged. The proposal should identify project sponsors and cooperators and include their respective roles and responsibilities.

The following factors should be considered in developing this section of the proposal:

1. Have all necessary parties who could reasonably assist with project development and implementation been included in the proposal?
2. Does the proposal involve the development or implementation of innovative relationships, such as a Cooperative NPS Program outlined in the Act , that present new programs to reduce NPS pollution?

3. If applicable, are public-private partnerships included?
4. Is adequate technical support and staff identified within the proposal to ensure the project can be accomplished as planned?
5. Does the proposed project include commitments from participants demonstrating strong support?

Measurable Environmental Results from Proposed Project

A critical element of each application and proposal will be the proposed measurable environmental improvements to be attained by the project. As specified in the Act, the Department of Conservation and Recreation is required to report annually on the *specific and measurable pollution reduction achievements to state waters anticipated as a result of each grant award..*(Section 10.1-2134). Each project therefore must define the expected environmental results in terms of a pollutant reduction (i.e.-the proposed project will result in the reduction of 5000 pounds of nitrogen or phosphorus entering state waters; the reduction in 10 tons of sediment entering state waters; or the reduction of fecal coliform bacteria levels from an average value exceeding the state water quality standard to the state water quality standard).

To assist in the identification of environmental benefits achievable with various types of BMPs, acceptable reduction efficiencies are shown on a table entitled Best Management Practices Reduction Efficiencies and Implementation Costs in the appendix. The nutrient reduction values shown in this table are average reductions for the Shenandoah and Potomac basins and are consistent with the nutrient loading information determined through various runs of the Chesapeake Bay Watershed Model. Other nutrient or other pollutant reduction practices and efficiencies may also be acceptable under this grant program. The expected environmental benefits for these practices must employ acceptable scientific procedures and/or methodology and should be described in the narrative.

Each project must also include adequate description of the methods/measures (such as water quality monitoring) which will be utilized to document the projected reductions.

The following factors should be considered in development of the proposal:

1. Are defined nutrient reduction or other pollutant reduction projections which will be achieved through implementation of the project clearly defined?
2. Is a well-defined monitoring program or another method to measure pollutant reduction and project effectiveness included within the proposal?
3. Is the project cost effective in achieving the pollutant reductions; what is the cost per pound of pollutant reduction achieved?

4. Does the project achieve greater water quality improvements than required by state or federal law?
5. Does the project provide for regional benefits beyond the project area by serving as a model, and provide opportunities for transferability or otherwise influence regional or statewide action?
6. In addressing the water quality problem or threat, does the project provide any economic development opportunities?

Grant Amounts and Match Requirements

Grants under this Fund will be made to support the Agricultural Cost-Share Program and for Other Nonpoint Source Projects. Grant amount and match requirements for each eligible project category are outlined below:

Agricultural Cost-Share Program

Upon successful applications received from Soil and Water Conservation Districts, these funds will be distributed and administered through the Virginia Agricultural Best Management Practice Cost-Share Program by the Department of Conservation and Recreation and will provide up to 75% of eligible funding with a maximum of \$50,000 per landowner per year.

Other Nonpoint Source Projects

Grants for these projects shall be made for up to 50% of the funding for eligible activities with no maximum funding limitation. Applicants must demonstrate that 50% of the project funding is derived from other sources which may include federal, state, local or private funds. Funds used to match grant funds received under this program may not be used to match other grant programs. Properly documented in-kind services may also be used as a match source as outlined on the Background Information for Preparing Financial Report Form in the appendix.

Local governments may request greater than 50% grant funding for a given project. In evaluating requests for greater than 50% funding, the applicant's comparative revenue capacity, revenue efforts and fiscal stress rating as reported by the Commission on Local Government shall be considered.

Soil and Water Conservation Districts located outside the Chesapeake Bay Watershed may also request greater than 50% grant funding for a given project. Soil and Water Conservation Districts do not have fiscal stress ratings and will be evaluated considering their member local governments ratings. Only Soil and Water Conservation Districts located outside the Chesapeake Bay Watershed will be considered as potentially fiscally stressed.

As outlined in the Guidelines, under some circumstances, applicants may wish to apply for less than 50 percent match funding. Applications will be judged on the cost effectiveness of nutrient or other pollutant removal, and this cost effectiveness will be calculated using only the costs coming from the Fund.

Grant Agreements

A sample grant agreement is included in the appendix. Specific grant agreements will be developed individually for each project.

Project Budget

The project budget should identify major project components within categories (i.e.-personnel, BMP implementation, monitoring, supplies etc.) The budget should include and identify all sources and amounts of proposed match funding. The budget must be summarized on the financial reporting form included in the appendix. More details on budget preparation are provided with the Project Financial Report form and the Backup Information for Preparing Financial Report Form found in the appendix.

Project Period

The project period for projects proposed under the Fund shall generally be one year in length, beginning and ending with the state fiscal year of July 1. However for the first year of the Fund, project periods will begin on or after January 1, 1998 and shall run to December 31, 1998. Multi-year project periods may be outlined in the proposal and budget, but projects will be funded on an annual basis. Applicants will be required to re-apply annually for multi-year projects.

Application Submittal and Review Process

Ten copies of each application to include the application form, proposal workplan and financial reporting form and any necessary attachments shall be submitted to the Board of Conservation and Recreation, 203 Governor Street, Suite 302, Richmond, Virginia 23219 to the attention of Leon App. The deadline for the submittal of applications for FY 1998 shall be 5:00 P.M., September 19, 1997.

Applications will be reviewed in accordance with the procedures outlined in the guidelines for the Fund developed by the Secretary of Natural Resources.

Additional Information

Questions on this program and the request for proposals may be directed to Stu Wilson at the Department of Conservation and Recreation at (804) 786-4382.

APPENDICES

Application Form - Virginia Water Quality Improvement Fund - Nonpoint Source Water Quality Projects

Project Financial Report Form and Background Information for Preparation

Map Showing Shenandoah Potomac Basin Area, Remainder of Chesapeake Bay Watershed, and Area Outside Chesapeake Bay Watershed

Nonpoint Source Nutrient Control Practices Identified in Virginia's Shenandoah and Potomac River Basins Tributary Nutrient Reduction Strategy

Best Management Practices Reduction Efficiencies and Implementation Costs

Virginia Water Quality Act Grant Proposal Scoring Criteria - Chesapeake Bay Basin

Virginia Water Quality Act Grant Proposal Scoring Criteria - Non- Bay Basins

Sample Grant Agreement

Available Resources

**Virginia Water Quality Improvement Fund
Application Form
Nonpoint Source Water Quality Projects**

1. Title of Proposed Project :

2. Name of Applicant (s):

3. Address and Phone Number of Applicant:

()

4. Location of Proposed Project:

a. County:

b. State Watershed Name and Number:

c. Name of Stream, River, Lake or other waterbody addressed by project:

d. Project located in Shenandoah Potomac River Basin (yes/no):

e. Project located outside of the Chesapeake Bay Watershed (yes/no):

f. Does project address a stream segment identified as impaired on the DEQ 303(d) list of impaired waters? If yes, which segment and stream?

**Application Form
Page 2**

5. Amount of Grant Funds Requested:

6. Amount of Match Funds Provided:

7. Source of Matching Funds:

8. Proposed Project Period:

9. List parties cooperating on proposed project:

10. What are the measureable and reportable nutrient or other pollutant reductions projected to be achieved by this project? :

11. Please provide a 2-3 sentence project abstract:

DEPARTMENT OF CONSERVATION AND RECREATION
 VIRGINIA WATER QUALITY IMPROVEMENT FUND
 NONPOINT SOURCE PROGRAM
Project Financial Report

Project Number: _____

Grantee: _____ Invoice Payable To: _____

Contact Person: _____ Telephone Number: _____

Mailing Address: _____

Project Title: _____

Reporting Quarter Dates: _____
 (beginning) (closing)

WQIF FUNDS

	Budget	Current Expenditures	Cumulative Expenditures	Unexpended Balance
Personnel	\$ _____	\$ _____	\$ _____	\$ _____
Fringe	\$ _____	_____	_____	_____
Travel	\$ _____	_____	_____	_____
Equipment	\$ _____	_____	_____	_____
Supplies	\$ _____	_____	_____	_____
Contractual	\$ _____	_____	_____	_____
Construction	\$ _____	_____	_____	_____
Other Direct	\$ _____	_____	_____	_____
TOTAL	\$ _____	\$ _____	\$ _____	\$ _____

MATCH FUNDS

	Budget	Current Expenditures	Cumulative Expenditures	Unexpended Balance
Personnel	\$ _____	\$ _____	\$ _____	\$ _____
Fringe	\$ _____	_____	_____	_____
Travel	\$ _____	_____	_____	_____
Equipment	\$ _____	_____	_____	_____
Supplies	\$ _____	_____	_____	_____
Contractual	\$ _____	_____	_____	_____
Construction	\$ _____	_____	_____	_____
Other Direct	\$ _____	_____	_____	_____
Indirect	\$ _____	_____	_____	_____
TOTAL	\$ _____	\$ _____	\$ _____	\$ _____

TOTAL REQUEST FOR REIMBURSEMENT \$ _____

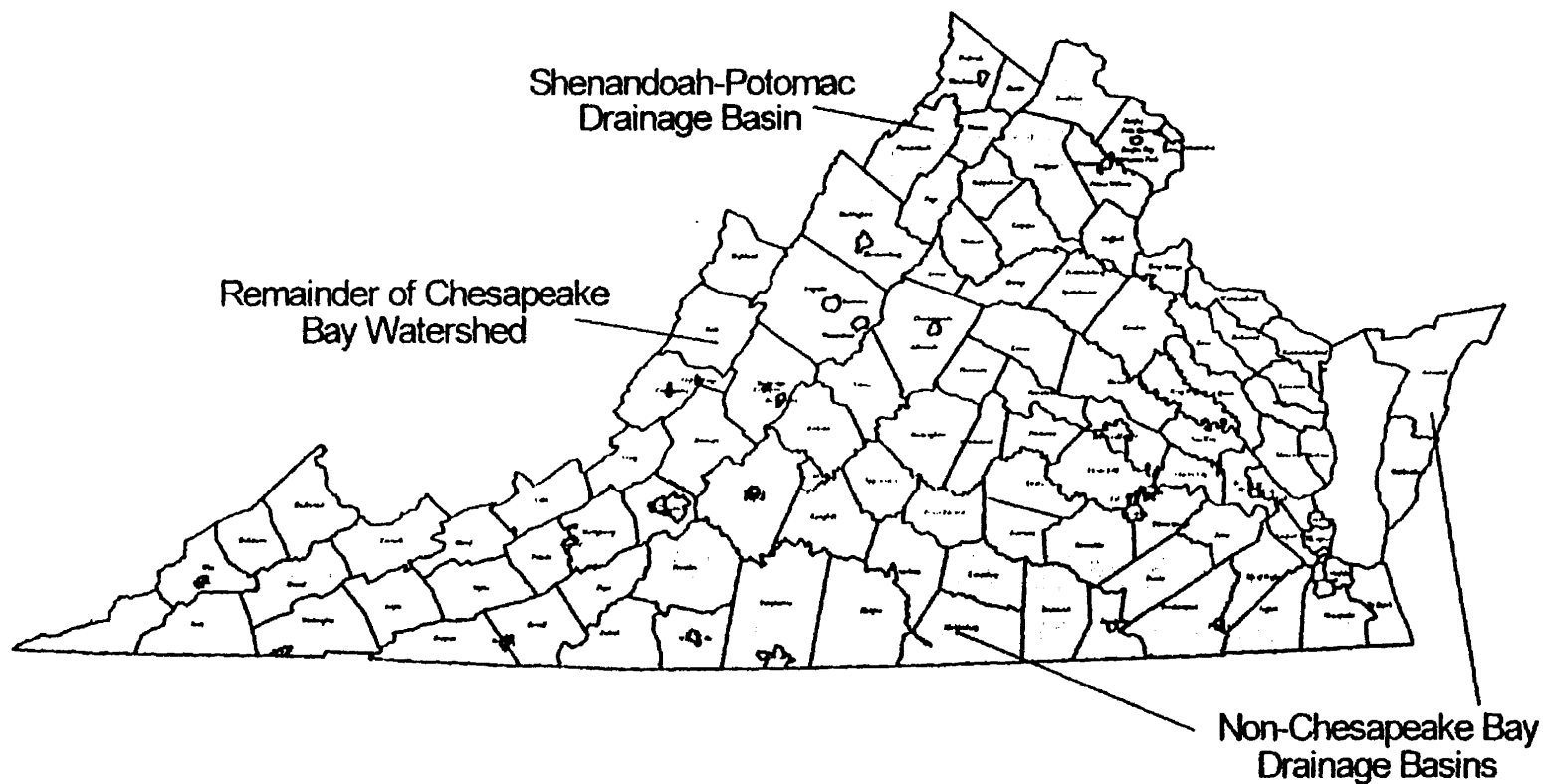
 Authorized Signature Date

Background Information for Preparing Financial Report Form

The financial reporting shall be used for initially detailing the project budget and should subsequently be used for invoicing and tracking all project expenditures including matching funds. Additional detail sheets should be utilized to provide back-up information for the financial report form as necessary. All contributions used to meet match requirements must be fully documented as to the source, type of funds (i.e.- federal, state, local, private, individual, in-kind) and value. Further guidance on each of the budget categories is outlined below.

- Personnel-** This category should include all staff involved with a project other than contractual staff. For paid staff the annual or hourly salary should be utilized to determine expenditures based on the time spent working on the project during the budget period. Unpaid services provided to a grantee or subgrantee by individuals and utilized as a match source should be valued at \$10 per hour for each person providing volunteer services and the total amount eligible for match should be limited to \$5000 per person per calendar year.
- Fringe Benefits-** The percentage utilized for fringe benefits, the basis for its computation, and the types of benefits included should be provided on a separate detail sheet.
- Travel -** Include the mileage traveled and other costs for travel including lodging and meals. A vehicle mileage rate of \$.27 a mile should be utilized unless a different rate is approved by DCR.
- Equipment -** Includes expenditures for computer, educational, cultural, electronic, photographic, medical, laboratory, motorized, office, specific use and stationary equipment. A detailed financial sheet should list all equipment being purchased. Only equipment items greater than \$5000 per unit cost should be reported. All other items should be considered as supplies.
- Supplies-** Includes all tangible property other than equipment. A detailed financial sheet should identify categories of supplies purchased; i.e. monitoring supplies, offices supplies, etc.
- Contractual -** May include subcontracted or other elements not directly conducted by the project sponsor for which reimbursement is requested. Documentation of contractual expenses should be maintained by the grantee.
- Construction -** Would normally include costs related to BMP installations and other implementation related activities.
- Other Direct -** Miscellaneous items should be outlined in sufficient detail on a separate sheet so reasonableness and allowability of cost can be determined.
- Indirect -** The payment of project related indirect costs with WQIA funds is not permitted by DCR. Indirect costs can be utilized as a project match if the rate utilized is approved by DCR.

Shenandoah/Potomac Basins & Non-Chesapeake Bay Basins



Nonpoint Source Nutrient Control Practices Identified in Virginia's Shenandoah and Potomac River Basins Tributary Nutrient Reduction Strategy

1. Southern Shenandoah Region
 - Farm Plans
 - Nutrient Management
 - Grazing Land Protection
 - Stream Fencing
 - Stream Protection
 - Animal Waste Control Facilities
 - Loafing Lot Management
2. Northern Shenandoah Region
 - Conservation Tillage
 - Farm Plans
 - Nutrient Management
 - Highly Erodible Land Retirement
 - Grazing Land Protection
 - Stream Protection
 - Cover Crops
 - Grass Filter Strips
 - Woodland Buffer Filter Area
 - Urban Nutrient Management
3. Northern Virginia Region
 - Farm Plans
 - Nutrient Management
 - Highly Erodible Land Retirement
 - Grazing Land Protection
 - Stream Protection
 - Cover Crops
 - Grass Filter Strips
 - Woodland Buffer Filter Area
 - Urban SWM/BMP Retrofits
 - Urban Nutrient Management
4. Lower Potomac Region
 - Conservation Tillage
 - Nutrient Management
 - Highly Erodible Land Retirement
 - Grass Filter Strips
 - Woodland Buffer Filter Area

Best Management Practices Reduction Efficiencies & Implementation Costs

<u>Best Management Practices/Measures</u>	<u>Percent Reduction</u>		<u>Pounds Reduced per Unit Treated</u>		<u>Cost per Pound Reduced</u>		<u>Comments</u>	
	Nitrogen	Phosphorus	Nitrogen	Phosphorus	Nitrogen	Phosphorus		
WASTEWATER TREATMENT PLANTS								
Biological Nutrient Removal	50-70%	50-70%	TBD	TBD	\$18-\$43	\$153-\$390	See note #2	
DEVELOPED LAND								
Erosion & Sediment Control	33-40%	50%	12.60	6.36	\$254	\$503		
Septic System Pump-outs	50-55%	N/A	0.75	N/A	\$38	N/A	See note #3	
Urban Stormwater Retrofits	15-60%	20-70%	2.35	0.257	\$85	\$782	See note #2	
Urban Nutrient Management	15-18%	19-25%	1.41	0.128	TBD	TBD	See note #3	
AGRICULTURAL LAND								
Animal Confinement Runoff Management	10-75%	10-75%	TBD	TBD	\$6	\$31	See note #4	
Conservation Tillage	24-26%	20-34%	0.91	0.074	\$19	\$233	See note #5	
Cover Crops	34-44%	15-20%	8.18	0.632	\$2.45	\$32		
Livestock Waste Management	75%	75%	1260	263.9	\$2.80	\$13.30	See note #5	
Poultry Waste Storage	90%	90%	160	34.5	\$9.38	\$43.58		
Nutrient Management	24-29%	19-22%	3.45	0.455	\$0.70	\$5.25	See note #5	
Poultry Waste Management	23-30%	23-30%	TBD	TBD	TBD	TBD	See note #3	
Retirement of Highly Erodible Land	50%	75%	9.39	1.600	\$11	\$62	See note #5	
Soil Conservation & Water Quality Planning	4-10%	8-20%	0.61	0.160	\$29	\$112	See note #5	
Stream Protection from Livestock	20-75%	14-75%	1.44	0.108	\$11	\$150	See note #4	
RESOURCE PROTECTION								
Buffers:	Forest	50-65%	70%	17.65	2.900	\$8	\$46	See note #6
	Grass	35-50%	50-55%	11.31	1.394	\$20	\$167	
Forest Harvesting BMPs	50%	50%	12.78	0.312	\$4	\$163		
Shoreline Erosion Control	75%	75%	1.58	1.032	\$54	\$82		

- Notes:
1. TBD - To be determined.
 2. Reductions vary depending on technology and/or specific type of BMP used.
 3. Additional data needed to better quantify reductions.
 4. Additional investigation of reduction efficiencies is currently occurring.
 5. Reductions determined through various runs of Chesapeake Bay Watershed Model.
 6. Reductions being investigated under Chesapeake Bay Program Forest Buffer Synthesis Project.

**VIRGINIA WATER QUALITY ACT GRANT PROPOSAL
SCORING CRITERIA - CHESAPEAKE BAY BASIN**

CRITERIA	Potential Points	Score
1. Is the project <u>located</u> in an area with a clearly defined water quality problem or threat? Maximum 12 points.		
a. Is the proposed project located in a watershed containing stream segments identified as impaired by DEQ in the most recent 303(d) TMDL list?	4	
b. Is the proposed project located in a watershed identified by DCR as having a high potential for contributing non-point source pollution to state waters?	4	
c. Is the proposed project located in an area where water quality problems have been demonstrated through monitoring?	2	
d. Is the proposed project located in an area where identified land use changes or proposed actions pose a threat to water quality?	2	
2. Does the project <u>address</u> the defined water quality problem or threat effectively? Maximum 41 points.		
a. Does the project implement a component of an approved tributary plan?	20	
b. Does the project address the correction of a pollutant source impacting waters on the TMDL list?	6	
c. Does the project address a source identified as a high priority in the DCR NPS Assessment Report?	6	
d. Does the project address the correction of a water quality problem identified through monitoring?	3	
e. Does the project prevent water quality degradation by addressing an identified water quality threat?	3	
f. Does the proposed project demonstrate or represent innovative or evolving technologies or policies that address the problem or threat in a more effective manner than traditional practices?	3	

**VIRGINIA WATER QUALITY ACT GRANT PROPOSAL
SCORING CRITERIA - CHESAPEAKE BAY BASIN**

CRITERIA	Potential Points	Score
3. Does the project <u>involve</u> the parties necessary to assure success? Is there commitment? Maximum 13 points.		
a. Has the project thoroughly assessed and identified the parties that should be involved and is their commitment to the project demonstrated and supported?	2	
b. Does the project involve more than one organization and/or level of government, etc?	1	
c. Does the project involve the development of innovative relationships, such as a cooperative NPS Program, that present new programs to reduce NPS?	2	
d. Does the project have mechanisms to integrate its activities into ongoing operations of existing organizations?	2	
e. Does the project involve a public-private partnership?	4	
f. Is the necessary technical support identified, available and included?	2	
4. Does the project <u>define</u> expected results and include measure/methods to document reductions? Maximum 34 points.		
a. Does the project have defined nutrient reduction or other pollutant reduction projections which will be achieved through implementation of the project?	9	
b. Does the project have a well-defined monitoring program or another method to measure project effectiveness and success and document achievement of nutrient and other pollutant reduction efforts?	9	
c. Is the project cost-effective in achieving the benefits of the projects?	9	
d. Is the project expected to achieve greater water quality improvements than required by state or federal law?	2	
e. Does the project provide for regional benefits beyond the project area by serving as a model, and provide opportunities for transferability or otherwise influence regional action?	3	
f. In addressing a water quality problem or threat, does the project provide any economic development opportunities.	2	

**VIRGINIA WATER QUALITY ACT GRANT PROPOSAL
SCORING CRITERIA - NON-BAY BASINS**

CRITERIA	Potential Points	Score
1. Is the project <u>located</u> in an area with a clearly defined water quality problem or threat? Maximum 20 points.		
a. Is the proposed project located in a watershed containing stream segments identified as impaired by DEQ in the most recent 303(d) TMDL list?	6	
b. Is the proposed project located in a watershed identified by DCR as having a high potential for contributing non-point source pollution to state waters?	6	
c. Is the proposed project located in an area where water quality problems have been demonstrated through monitoring?	4	
d. Is the proposed project located in an area where identified land uses or proposed actions pose a threat to water quality?	4	
2. Does the project <u>address</u> the defined water quality problem or threat effectively? Maximum 20 points.		
a. Does the project address the correction of a pollutant source impacting waters on the TMDL list?	5	
b. Does the project address a source identified as a high priority in the DCR NPS Assessment Report?	5	
c. Does the project address the correction of a water quality problem identified through monitoring?	3	
d. Does the project prevent water quality degradation by addressing an identified water quality threat?	3	
e. Does the proposed project demonstrate or represent innovative or evolving technologies or policies that address the problem or threat in a more effective manner than traditional practices?	2	
f. Does the project support a water quality activity suggested in a local planning document?	2	

**VIRGINIA WATER QUALITY ACT GRANT PROPOSAL
SCORING CRITERIA - NON-BAY BASINS**

CRITERIA	Potential Points	Score
3. Does the project <u>involve</u> the parties necessary to assure success? Is there commitment? Maximum 20 points.		
a. Has the project thoroughly assessed and identified the parties that should be involved and is their commitment to the project demonstrated and supported?	4	
b. Does the project involve more than one organization and/or level of government, etc.?	4	
c. Does the project involve the development of innovative relationships, such as a cooperative NPS Program, that present new programs to reduce NPS?	3	
d. Does the project have mechanisms to integrate its activities into ongoing operations of existing organizations?	3	
e. Does the project involve a public-private partnership?	4	
f. Is the necessary technical support identified, available and included?	2	
4. Does the project <u>define</u> expected results and include measure/methods to document reductions? Maximum 40 points.		
a. Are there defined pollutant reduction projections which will be achieved through implementation of the project?	7	
b. Does the project have a well-defined monitoring program or another method to measure project effectiveness and success, and to document achievement of pollutant reduction efforts?	7	
c. Is the project cost-effective in achieving the benefits of the projects?	7	
d. Is the project expected to achieve greater water quality improvements than required by state or federal law?	6	
e. Does the project provide for regional benefits beyond the project area by serving as a model, and provide opportunities for transferability or otherwise influence regional action?	7	
f. In addressing a water quality problem or threat, does the project provide any economic development opportunities.	6	

COMMONWEALTH OF VIRGINIA
Water Quality Improvement Act of 1997
Grant Agreement - FY98

This Agreement is made this ___ day of _____, 1997, by and between the Commonwealth of Virginia, Department of Conservation and Recreation, hereinafter called the "Grantor," and _____, hereinafter called the "Grantee."

Pursuant to the Virginia Water Quality Improvement Act of 1997, Chapter 21.1, Title 10.1 of the Code of Virginia (1950), as amended (the "Act"), the General Assembly created the "Virginia Water Quality Improvement Fund" (the "Fund"). The Director of the Department of Conservation and Recreation (the "Grantor") subject to available funds and in coordination with the Director of the Department of Environmental Quality, is authorized by the Act to direct the State Treasurer to make Water Quality Improvement Grants in accordance with the guidelines established pursuant to section 10.1-2129 of the Code.

The parties to this agreement, in consideration of the mutual covenants and stipulations set out herein, agree as follows:

(1) **SCOPE OF SERVICES:** The Grantee shall provide the services to the Grantor set forth in Attachment A. All deliverables shall conform to accepted standards and practices.

The Grantee shall provide the Grantor with quarterly reports and a final report on the progress of work as set forth in Attachment A.

The quarterly reports and final report shall be submitted on the reporting forms provided by the Grantor and shall contain the following components: (1) schedule of specific project tasks with target completion dates and actual completion dates; (2) type of practice and specification (state, federal or project specific); (3) location of practice(s) installed or implemented by county and state hydrologic unit; (4) acres, or applicable unit, benefitted by practice; (5) a narrative describing in detail the progress of the Grantee in fulfilling the provisions of Attachment A of this agreement; and (6) a financial summary which itemizes the expenses incurred by the Grantee, including separate columns for the Grantor's and Grantee's contributions to the total cost of services. These reports shall be certified as being true and accurate.

(2) **TIME OF PERFORMANCE:** The services of the Grantee shall commence upon the signing of this agreement and terminate on _____. All time limits stated are of the essence of this agreement.

(3) **COMPENSATION:** The Grantee shall be paid by the Grantor as set forth in Attachment B.

(4) **ASSISTANCE:** The Grantor agrees upon request of the Grantee to furnish, or otherwise make available to the Grantee, copies of existing non-proprietary materials in the possession of the Grantor that are reasonably related to the subject matter of this agreement and are necessary to the Grantee for completion of its performance under this agreement.

(5) **LIABILITY:** The Grantee shall take out and maintain during the life of this agreement such bodily injury liability and property damage liability insurance as shall protect it from claims for damages for personal injury, including death, as well as from claims for property damage, which may arise from its activities under this agreement. Nothing contained herein shall be deemed an express or implied waiver of the sovereign immunity of the Commonwealth.

Neither the Grantee, its employees, assignees or subcontractors shall be deemed employees of the Commonwealth of Virginia or of the Grantor while performing under this agreement.

(6) GENERAL PROVISIONS: Nothing in this agreement shall be construed as authority for either party to make commitments which will bind the other party beyond the Scope of Services contained herein. Furthermore, the Grantee shall not assign, sublet, or subcontract any work related to this agreement or any interest it may have herein without the prior written consent of the Grantor.

(7) AVAILABILITY OF FUNDS: It is understood and agreed between the parties herein that the Grantor shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement.

(8) CREATION OF INTELLECTUAL PROPERTY: All copyrightable material created pursuant to this agreement shall be considered work made for hire and shall belong exclusively to the Commonwealth of Virginia. Neither party intends any copyrightable material created pursuant to this agreement, together with any other copyrightable material with which it may be combined or used, to be a "joint work" under the copyright laws.

If any copyrightable material created pursuant to this agreement cannot be deemed work made for hire or is deemed part of a joint work, the Grantee agrees to irrevocably assign, and does hereby irrevocably assign, its entire copyright interest in such material or work to the Commonwealth and shall execute and deliver such further documents as the Commonwealth may reasonably request for the purpose of acknowledging or implementing such assignment.

The Grantee warrants that no individual, other than regular employees of the Grantee or Commonwealth working within the scope of their employment, shall participate in the creation of any copyrightable material to be delivered under this agreement, unless such individual and his or her employer, if any, have signed an intellectual property agreement satisfactory to the Grantor before commencing such participation.

A copyright notice shall be placed in an appropriate location on any copyrightable material being distributed or published. Such notice shall include (1) either the symbol "©", the word "Copyright", or the abbreviation "Copr."; (2) the year of first publication; and (3) the name of the copyright owner (the Commonwealth of Virginia). This information shall be followed by the words, "All rights reserved."

The Commonwealth shall have all rights, title and interest in or to any invention reduced to practice pursuant to this agreement. The Grantee shall not patent any invention conceived in the course of performing this agreement.

The Grantee hereby agrees that, notwithstanding anything else in this agreement, in the event of any breach of this agreement by the Grantor, the Grantee's remedy shall not include any right to rescind or otherwise revoke or invalidate the provisions of this Section. Similarly, no termination of this agreement by the Grantor shall have the effect of rescinding the provisions of this Section.

(9) INTEGRATION AND MODIFICATION: The *FY98 Virginia Water Quality Improvement Fund Application and Request for Proposals* agreed to by the Grantee and the Grantor is hereby incorporated into this contract by reference. This contract constitutes the entire agreement between the Grantee and the Grantor. No alteration, amendment or modification in the provisions of this agreement shall be effective unless it is reduced to writing, signed by the parties and attached hereto.

(10) TERMINATION: In the event of breach by the Grantee of this agreement, the Grantor shall have the right immediately to rescind, revoke or terminate the agreement. In the alternative the Grantor may give written notice to the Grantee specifying the manner in which the agreement has been breached. If a notice of breach is given and the Grantee has not substantially corrected the breach within sixty (60) days of receipt of the written notice, the Grantor shall have the right to terminate this agreement. The Grantee shall be paid for no service rendered or expense incurred after receipt of notice of termination except such fees and expenses incurred prior to the effective date of termination that are necessary for curtailment of its work under this agreement.

In the event of rescission, revocation or termination, all documents and other materials related to the performance of this agreement shall become the property of the Commonwealth of Virginia.

(11) COLLATERAL CONTRACTS: Where there exists any inconsistency between this agreement and other provisions of collateral contractual agreements which are made a part of this agreement by reference or otherwise, the provisions of this agreement shall control.

(12) NON-DISCRIMINATION: During the performance of this agreement, the Grantee agrees that it will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Grantee. The Grantee agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

The Grantee shall, in all solicitations or advertisements for employees placed by or on behalf of the Grantee, state that such Grantee is an equal opportunity employer; provided, however, that notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this contract.

The Grantee shall include the provisions of the foregoing paragraphs in every subcontract or purchase order of over ten thousand dollars, so that such provisions will be binding upon each subcontractor or vendor.

(13) APPLICABLE LAWS: This agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the Commonwealth of Virginia.

(14) SEVERABILITY: Each paragraph and provision of this agreement is severable from the entire agreement, and if any provision is declared invalid, the remaining provisions shall nevertheless remain in effect.

(15) CONTINGENT FEE WARRANTY: The Grantee warrants that it has not employed or retained any person or persons for the purpose of soliciting or securing this agreement. The Grantee further warrants that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon the award or making of this agreement. For breach of one or both of the foregoing warranties, the Grantor shall have the right to terminate this agreement without liability, or, in its discretion, to deduct from the agreed fee, payment or consideration, or otherwise recover, the full amount of said prohibited fee, commission, percentage, brokerage fee, gift, or contingent fee.

(16) CONFLICT OF INTEREST: The Grantee warrants that it has fully complied with the State and Local Government Conflict of Interests Act.

(17) FINANCIAL RECORDS AVAILABILITY: The Grantee agrees to retain all books, records, and other documents relative to this agreement for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is earlier. The Grantor, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.

(18) MATCHING FUNDS: This agreement is contingent upon cash and in-kind contributions by the Grantee to the project to match at least ____ % of the total project amount agreed to by the Grantor. Matching contributions, both in cash and in kind, must reflect expenses directly related to the implementation of this project. Such contributions must be approved in writing by the Grantor prior to commencement of any of the work described on Attachment A. The decision of the Grantor with respect to such approval shall be final.

(19) DOCUMENTS: The Grantee may retain any reports, studies, photographs, negatives, or other documents prepared by the Grantee in the performance of its obligations under this

contract and not required to be delivered to the Grantor. The Grantor shall have the copyright to all such materials, and unlimited rights to use any such materials. Where necessary for the Grantor's full enjoyment of its copyrights and other rights referenced in this agreement, the Grantee shall provide a clear, reproducible copy of such materials (machine readable upon request) to the Grantor.

(20) **FORCE MAJEURE**: If at any time the Grantee determines that it is unable to comply with any provision of this Agreement, the Grantee will promptly provide written notification to the Grantor. This notification will include a statement of the reasons for failure to comply, any actions to be taken to secure compliance and an estimate of the time necessary to regain compliance. The Grantee may assert and it shall be a defense to any action by the Grantor to collect stipulated penalties or otherwise secure performance of this Agreement that the alleged failure to comply was due to circumstances beyond the control of the Grantee.

(21) **OPERATION AND MAINTENANCE**: Within 6 months of the effective date of this Agreement, the Grantee will submit to the Grantor for review and approval an operation and maintenance manual for the project. The Grantee will operate and maintain the project in a manner consistent with the manual as approved by the Grantor.

(22) **ENFORCEMENT**: Within thirty (30) days of receipt of written demand from the Grantor, the Grantee shall pay a stipulated penalty in the amount of \$ _____ OR _____% (*suggest minimum of \$1,000 OR 15%, whichever is greater*) of the total award for failure to meet the final deadline in Exhibit A of this Agreement unless the Grantee asserts a defense afforded it under this Agreement.

Within thirty (30) days of receipt of written demand from the Grantor, the Grantee will pay a stipulated penalty in the amount of \$ _____ OR _____% (*suggest minimum of \$1,000 OR 15%, whichever is greater*) of the total award for noncompliance with the Scope of Work set forth in Attachment A of this Agreement unless the Grantee asserts a defense afforded it under this Agreement.

Within thirty (30) days of receipt of written demand from the Grantor, the Grantee will pay a stipulated penalty in the amount of \$ _____ OR _____% (*suggest minimum of \$1,000 OR 15%, whichever is greater*) of the total award for noncompliance with Clause (22) **OPERATION AND MAINTENANCE** of this Agreement unless the Grantee asserts a defense afforded it under this Agreement.

Stipulated penalties will be paid into the State Treasury and credited to the Fund. The Grantor's right to collect stipulated penalties does not affect in any way the Grantor's right to secure specific performance of the Agreement using such other legal remedies as may otherwise be available.

SAMPLE

Contract # _____
Page 5

IN WITNESS THEREOF the parties have caused the agreement to be executed by the following duly authorized officials:

Grantee

By _____

Title _____

Date _____

Grantor

Department of Conservation and Recreation
Division of Soil and Water Conservation

By _____
Kathleen W. Lawrence, Director

Date _____

ATTACHMENT A

SCOPE OF WORK

I. SCOPE OF SERVICES

In addition to the workplan, standard programmatic requirements specific to the program needs of the practices to be funded and implemented would be included here, i.e. projects using funds for agricultural BMPs would have an attachment specifying conditions and standards along similar lines as DCR's current agricultural cost-share program. Specifics can be developed for those practices that already come under state or federal regulations or criteria. These programmatic requirements would be consistent for the project types, would provide consistency across programs, and would include additional reporting requirements specific to the individual practices.

Failure to make acceptable progress on grant activities for two consecutive quarters may result in the forfeiture of the grant allocation.

II. SCHEDULE

Grant period begins	01/01/98
Quarterly Report #1 due to Grantor	04/15/98
Quarterly Report #2 due to Grantor	07/15/98
Quarterly Report #3 due to Grantor	10/15/98
Final report & products due to Grantor	12/31/98
Grant period ends	12/31/98
Quarterly Report #4 due to Grantor	01/15/99

(Report due dates will be determined based upon final grant application and approval schedules and approved scopes of work.)

III. BUDGET

The Grantee shall spend the funds according to the specified categories in the approved budget. Shifts in funds among budget categories beyond 10% in any each category must have the written approval of the Grantor prior to expenditure.

- A. Grantor
- Grantee

IV. DELIVERABLES

- 1.

Available Resources

Virginia Shenandoah and Potomac River Basins Tributary Nutrient Reduction Strategy and Appendices - December 1996

This strategy was developed under the direction of the Secretary of Natural Resources. It includes basin specific strategies for the Shenandoah Potomac Basin designed to meet the Chesapeake Bay nutrient reduction goals, achieve the water quality requirements necessary to restore living resources in both the main stem of the Bay and its tributaries, incorporate public participation in the strategy process, and advance both cost-effectiveness and equity. Copies of the strategy may be obtained from any Department of Environmental Quality office or at the Department's website at www.deq.state.va.us.

Virginia 303(d) TMDL Priority List

This list is prepared bi-annually by the Department of Environmental Quality and submitted to the Environmental Protection Agency on April 1 of even numbered years. It identifies waters in Virginia that are not meeting water quality standards due to impairments from point or nonpoint pollution sources, and waters in Virginia where more stringent point source treatment is needed to maintain water quality standards. The Chesapeake Bay tributaries are also included because of the development of the Tributary Reduction Strategy Plans under development. This list and further information may be obtained from any Department of Environmental Quality office or at the Department's website at www.deq.state.va.us.

Virginia Water Quality Assessment for 1996 and Nonpoint Source Pollution Watershed Assessment Report - 305(b) Report to EPA and Congress

This report was developed by the Department of Environmental Quality and the Department of Conservation and Recreation. The water quality assessment portion of the report prepared by the Department of Environmental Quality is a summary of the water quality conditions in Virginia for the two year period (April 1, 1993 - March 31, 1995). The nonpoint source assessment portion of the report was prepared by the Department of Conservation and Recreation and represents a comparative analysis of the state's waters, on a watershed basis, to assist in prioritizing and targeting nonpoint source pollution control activities. This report is currently projected to be updated on a five year cycle with the next full report to be issued in 2001. Copies of the report may be obtained from any Department of Environmental Quality office or at the Department's website at www.deq.state.va.us.

APPENDIX D

Grant Agreement

COMMONWEALTH OF VIRGINIA

Water Quality Improvement Act of 1997 Grant Agreement - FY98

This Agreement is made this ___ day of _____, 199_, by and between the Commonwealth of Virginia, Department of Conservation and Recreation, hereinafter called the "Grantor," and _____, hereinafter called the "Grantee."

Pursuant to the Virginia Water Quality Improvement Act of 1997, Chapter 21.1, Title 10.1 of the Code of Virginia (1950), as amended (the "Act"), the General Assembly created the "Virginia Water Quality Improvement Fund" (the "Fund"). The Director of the Department of Conservation and Recreation (the "Grantor") subject to available funds and in coordination with the Director of the Department of Environmental Quality, is authorized by the Act to direct the State Treasurer to make Water Quality Improvement Grants in accordance with the guidelines established pursuant to section 10.1-2129 of the Code.

The parties to this agreement, in consideration of the mutual covenants and stipulations set out herein, agree as follows:

(1) **SCOPE OF SERVICES:** The Grantee shall provide the services to the Grantor set forth in Attachment A. All deliverables shall conform to accepted standards and practices.

The Grantee shall provide the Grantor with quarterly reports and a final report on the progress of work as set forth in Attachment A.

The quarterly reports and final report shall contain the following components: (1) schedule of specific project tasks with target completion dates and actual completion dates; (2) a narrative describing in detail the progress of the Grantee in fulfilling the provisions of Attachment A of this agreement; (3) nonpoint source pollution reduction tracking data as specified in Attachment A; and (4) a financial summary, Attachment B, Project Financial Report, which itemizes the expenses incurred by the Grantee, including separate columns for the Grantor's and Grantee's contributions to the total cost of services. These reports shall be certified as being true and accurate.

(2) **TIME OF PERFORMANCE:** The services of the Grantee shall commence upon the signing of this agreement and terminate on the one-year anniversary unless otherwise altered through provisions of this Agreement or extended by written authorization of the Grantor. All time limits stated are of the essence of this agreement.

(3) **COMPENSATION:** The total grant award from the Grantor is _____. The Grantee shall provide _____ as the match for the total grant award. This match shall be certified and documented (via supporting information) by the Grantee as having been used for the purposes provided for in Attachment A.

The Grantor shall release the grant award to the Grantee on a cost-reimbursement basis upon receipt and approval of the Grantee's quarterly and final reports and deliverables as required by this agreement. A minimum of 25% of a grantee's total grant allotment may be held until the final grant report and any pertinent final grant deliverables have been received and approved by the Grantor. Any cost overruns incurred by the Grantee during the time of performance shall be the responsibility of the Grantee.

The following acknowledgement of financial assistance must be included on the title or cover page of all reports, studies or other documents and maps supported in whole or in part by this award:

"This (Fill in item) was funded, in part, by a grant from the Virginia Water Quality Improvement Fund"

(4) ASSISTANCE: The Grantor agrees upon request of the Grantee to furnish, or otherwise make available to the Grantee, copies of existing non-proprietary materials in the possession of the Grantor that are reasonably related to the subject matter of this agreement and are necessary to the Grantee for completion of its performance under this agreement.

(5) LIABILITY: The Grantee shall take out and maintain during the life of this agreement such bodily injury liability and property damage liability insurance as shall protect it from claims for damages for personal injury, including death, as well as from claims for property damage, which may arise from its activities under this agreement. Nothing contained herein shall be deemed an express or implied waiver of the sovereign immunity of the Commonwealth.

Neither the Grantee, its employees, assignees or subcontractors shall be deemed employees of the Commonwealth of Virginia or of the Grantor while performing under this agreement.

(6) GENERAL PROVISIONS: Nothing in this agreement shall be construed as authority for either party to make commitments which will bind the other party beyond the Scope of Services contained herein.

(7) AVAILABILITY OF FUNDS: It is understood and agreed between the parties herein that the Grantor shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement.

(8) CREATION OF INTELLECTUAL PROPERTY: All copyrightable material created pursuant to this agreement shall be considered work made for hire and shall belong exclusively to the Commonwealth of Virginia. Neither party intends any copyrightable material created pursuant to this agreement, together with any other copyrightable material with which it may be combined or used, to be a "joint work" under the copyright laws.

If any copyrightable material created pursuant to this agreement cannot be deemed work made for hire or is deemed part of a joint work, the Grantee agrees to irrevocably assign, and does hereby irrevocably assign, its entire copyright interest in such material or work to the Commonwealth and shall execute and deliver such further documents as the Commonwealth may reasonably request for the purpose of acknowledging or implementing such assignment.

The Grantee warrants that no individual, other than regular employees of the Grantee or Commonwealth working within the scope of their employment, shall participate in the creation of any copyrightable material to be delivered under this agreement, unless such individual and his or her employer, if any, have signed an intellectual property agreement satisfactory to the Grantor before commencing such participation.

A copyright notice shall be placed in an appropriate location on any copyrightable material being distributed or published. Such notice shall include (1) either the symbol "©", the word "Copyright", or the abbreviation "Copr."; (2) the year of first publication; and (3) the name of the copyright owner (the Commonwealth of Virginia). This information shall be followed by the words, "All rights reserved."

The Commonwealth shall have all rights, title and interest in or to any invention reduced to practice pursuant to this agreement. The Grantee shall not patent any invention conceived in the course of performing this agreement.

The Grantee hereby agrees that, notwithstanding anything else in this agreement, in the event of any breach of this agreement by the Grantor, the Grantee's remedy shall not include any right to rescind or otherwise revoke or invalidate the provisions of this Section. Similarly, no termination of this agreement by the Grantor shall have the effect of rescinding the provisions of this Section.

(9) INTEGRATION AND MODIFICATION: The *Virginia Water Quality Improvement Act, the Guidelines for FY98 and the Application Form with supporting documents* agreed to by the Grantee and the Grantor are hereby incorporated into this contract by reference. This contract constitutes the entire agreement between the Grantee and the Grantor. No alteration, amendment or modification in the provisions of this agreement shall be effective unless it is reduced to writing, signed by the parties and attached hereto.

(10) TERMINATION: In the event of breach by the Grantee of this agreement, the Grantor shall have the right immediately to rescind, revoke or terminate the agreement. In the alternative the Grantor may give written notice to the Grantee specifying the manner in which the agreement has been breached. If a notice of breach is given and the Grantee has not substantially corrected the breach within sixty (60) days of receipt of the written notice, the Grantor shall have the right to terminate this agreement. The Grantee shall be paid for no service rendered or expense incurred after receipt of notice of termination except such fees and expenses incurred prior to the effective date of termination that are necessary for curtailment of its work under this agreement.

In the event of rescission, revocation or termination, all documents and other materials related to the performance of this agreement shall become the property of the Commonwealth of Virginia.

(11) COLLATERAL CONTRACTS: Where there exists any inconsistency between this agreement and other provisions of collateral contractual agreements which are made a part of this agreement by reference or otherwise, the provisions of this agreement shall control.

(12) NON-DISCRIMINATION: Funds issued to the Grantee by the Grantor for best management practice installations must be made available to all eligible landowners or land managers regardless of race, color, religion, sex, age, national origin, handicap or political affiliation.

During the performance of this agreement, the Grantee agrees that it will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Grantee. The Grantee agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

The Grantee shall, in all solicitations or advertisements for employees placed by or on behalf of the Grantee, state that such Grantee is an equal opportunity employer, provided, however, that notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this contract.

The Grantee shall include the provisions of the foregoing paragraphs in every subcontract or purchase order of over ten thousand dollars, so that such provisions will be binding upon each subcontractor or vendor.

(13) APPLICABLE LAWS: This agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the Commonwealth of Virginia.

(14) SEVERABILITY: Each paragraph and provision of this agreement is severable from the entire agreement, and if any provision is declared invalid, the remaining provisions shall nevertheless remain in effect.

(15) CONTINGENT FEE WARRANTY: The Grantee warrants that it has not employed or retained any person or persons for the purpose of soliciting or securing this agreement. The Grantee further warrants that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon the award or making of this agreement. For breach of one or both of the foregoing warranties, the Grantor shall have the right to terminate this agreement without liability, or, in its discretion, to

deduct from the agreed fee, payment or consideration, or otherwise recover, the full amount of said prohibited fee, commission, percentage, brokerage fee, gift, or contingent fee.

(16) CONFLICT OF INTEREST: The Grantee warrants that it has fully complied with the State and Local Government Conflict of Interests Act.

(17) FINANCIAL RECORDS AVAILABILITY: The Grantee agrees to retain all books, records, and other documents relative to this agreement for ten (10) years after final payment, or until audited by the Commonwealth of Virginia, whichever is earlier. The Grantor, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.

(18) MATCHING FUNDS: This agreement is contingent upon cash and in-kind contributions by the Grantee to the project to match at least 50 % of the total project amount agreed to by the Grantor. Matching contributions, both in cash and in kind, must reflect expenses directly related to the implementation of this project. Such contributions must be approved in writing by the Grantor prior to commencement of any of the work described on Attachment A. The decision of the Grantor with respect to such approval shall be final.

(19) DOCUMENTS: The Grantee may retain any reports, studies, photographs, negatives, or other documents prepared by the Grantee in the performance of its obligations under this contract and not required to be delivered to the Grantor. The Grantor shall have the copyright to all such materials, and unlimited rights to use any such materials. Where necessary for the Grantor's full enjoyment of its copyrights and other rights referenced in this agreement, the Grantee shall provide a clear, reproducible copy of such materials (machine readable upon request) to the Grantor.

(20) QUALITY ASSURANCE/QUALITY CONTROL PROJECT PLANS: Within sixty (60) days of the effective date of this agreement and if required in Attachment A of this agreement, the Grantee will submit to the Grantor for review and approval a Quality Assurance/Quality Control Project Plan. No water quality monitoring activities shall be initiated until the Quality Assurance/Quality Control Project Plan has been approved by DCR. The Grantee shall implement the approved Quality Assurance/Quality Control Project Plan in performing environmental monitoring activities.

(21) FORCE MAJEURE: If at any time the Grantee determines that it is unable to comply with any provision of this Agreement, the Grantee will promptly provide written notification to the Grantor. This notification will include a statement of the reasons for failure to comply, any actions to be taken to secure compliance and an estimate of the time necessary to regain compliance. The Grantee may assert and it shall be a defense to any action by the Grantor to collect stipulated penalties or otherwise secure performance of this Agreement that the alleged failure to comply was due to circumstances beyond the control of the Grantee.

(22) OPERATION AND MAINTENANCE: Within sixty (60) days of the effective date of this Agreement, the Grantee will submit to the Grantor for review and approval an operation and maintenance plan for the project. The Grantee will operate and maintain the project, or secure the operation and maintenance of the project through landowner agreements, in a manner consistent with the plan as approved by the Grantor.

(23) ENFORCEMENT: For nonpoint source best management practice installations funded through this Agreement, within ninety (90) days of receipt of written demand from the Grantor, the Grantee shall repay an amount, on a straight line pro-rated basis, of the WQIA Funds used for the installation, for noncompliance with Section (22) OPERATION AND MAINTENANCE, unless the Grantee asserts a defense afforded it under this Agreement.

Within sixty (60) days of receipt of written demand from the Grantor, the Grantee shall pay a

stipulated penalty in the amount of \$1,000 OR 15%, whichever is greater, of the total award for any of the conditions as set forth in this Agreement, including failure to meet the final deadline or noncompliance with the Scope of Work unless the Grantee asserts a defense afforded it under this Agreement.

Repayments and stipulated penalties will be paid into the State Treasury and credited to the Fund. The Grantor's right to collect repayments and stipulated penalties does not affect in any way the Grantor's right to secure specific performance of the Agreement using such other legal remedies as may otherwise be available.

IN WITNESS THEREOF the parties have caused the agreement to be executed by the following duly authorized officials:

Grantee

By _____

Title _____

Date _____

Grantor

Department of Conservation and
Recreation

By _____
Kathleen W. Lawrence, Director

Date _____

ATTACHMENT A

SCOPE OF WORK

I. SCOPE OF SERVICES

Failure to make acceptable progress on grant activities for two consecutive quarters may result in the forfeiture of the grant allocation.

II. BUDGET

The Grantee shall spend the funds according to the specified categories in the approved budget. Attachment B, Project Financial Report. Shifts in funds among budget categories beyond 10% in any each category must have the written approval of the Grantor prior to expenditure. Each request for reimbursement shall include a Project Financial Report.

III. SCHEDULE

Quarterly Report:	Due to Grantor
#1 From the effective date the Grant Agreement(signature date) through 3/31/98	04/15/98
#2 From 4/1/98 through 6/30/98	07/15/98
#3 From 7/1/98 through 9/30/98	10/15/98
#4 From 10/1/98 through 12/31/98	01/15/99

The Quarterly Reports shall contain a summary of progress and activities for each activity described in Attachment C, Deliverables; indicate any problems and solutions in meeting the Deliverables; provide quarterly funds expenditure information, Project Financial Report, for reimbursement as appropriate and contain a completed NPS Pollution Tracking Data form as appropriate for the project activities.

The Final Project Report, due to the Grantor 30 days after the Agreement terminates, shall describe the accomplishments and activities during the period beginning 1/1/99 through the termination date and shall summarize all project accomplishments, expenditures and matching contributions.

IV. DELIVERABLES

The Grantee shall accomplish the activities listed and adhere to the schedule as described in Attachment C, Deliverables. In addition, the Grantee shall report installation of best management practices and other pollution reduction measures as directed on Attachment D, NPS Pollution Tracking Data form. Quarterly submittal of the tracking forms shall be a component of the deliverable schedule.

APPENDIX E

Interim Guidance to Project Managers

INTERIM GUIDANCE TO PROJECT MANAGERS

WQIA NPS Projects 1998 Program

Page 1

Roles & Responsibilities
(revised December 4, 1997)

INTRODUCTION

This document contains interim guidance to staff with project management responsibilities for the WQIA Fund NPS projects. This information is intended to help project managers understand their role in the program with respect to the other parties' roles and responsibilities.

In general, the success of the nonpoint source projects is the responsibility of the individual project sponsors (grantees). DCR has overall responsibility for assuring that the project grant agreements meet the intent of the guidelines implementing the WQIA and that state funds are expended in accordance with the grant agreements and the WQIA. Other state agencies are partnering with DCR to provide assistance in managing the nonpoint source projects.

Agency technical staff (either DCR or partner agency staff) are responsible for negotiating and maintaining the project grant agreements (including approving deliverables), explaining the project management responsibilities to the project sponsors, monitoring project progress and expenditures with respect to the grant agreements, and providing technical assistance to the project sponsors as needed. DCR Financial Services is responsible for tracking WQIA funds, processing requests for reimbursement and maintaining project financial records. Project sponsors are responsible for conducting the NPS projects. State agency oversight is not intended to include technical or financial management aspects of the projects for which the sponsors are responsible.

INTERIM GUIDANCE TO PROJECT MANAGERS

WQIA NPS Projects 1998 Program

Page 2

Roles & Responsibilities

(revised December 4, 1997)

A. PROJECT MANAGER

1. **Negotiates and Maintains Grant Agreement:**
 - a) Assists project sponsor with the development of a final workplan, including reportable tasks and deliverables, budget, schedule, and project-specific tracking procedures, by 12/19/97.
 - b) Submits final grant agreement with attachments and recommends project-specific grant conditions to DCR liaison or program coordinator for DCR approval, by 1/5/98.
 - c) Distributes signed grant agreement, with approved attachments and conditions, to project sponsor by 1/16/98.
 - d) Secures grant agreement signatures and completed "Request for Taxpayer Identification and Certification" form. Distributes signed documents as appropriate, by 1/26/98.
 - e) Reviews and approves matching contribution in writing, by 1/30/98.
 - f) Resolves and approves changes in schedules and budget shifts in writing.
 - g) Recommends changes in deliverables or budget amounts to DCR liaison or program coordinator for DCR approval.
 - h) Submits landowner agreements to DCR liaison or program coordinator for DCR signature.
2. **Assists Project Sponsor with Project Initiation:**
 - a) Explains DCR project management procedures to the project sponsor, including project documentation files (correspondence, grant agreements, reports, etc), QA/QC plans, submitting and managing monitoring data, executing landowner agreements, financial record keeping (expenditures, receipts, match tracking), technical certification of BMPs, quarterly reporting, and nonpoint source pollutant reduction tracking procedures, by 3/1/98.
 - b) Assists project sponsor with the project kick-off meeting with stakeholders and with other initial coordination efforts with cooperating agencies and organizations, by 3/1/98.
3. **Monitors Project Progress:**
 - a) Maintains agency project files including grant agreement and amendments, requests for reimbursement, quarterly reports and response letters, landowner agreements and correspondence.
 - b) Receives and reviews quarterly progress reports and deliverables from project sponsor. Within 10 business days, replies to project sponsor, in writing, noting accomplishments, deficiencies and recommending corrective action. Forwards the quarterly progress report and reply to the DCR liaison or program coordinator and advisory agency contact in accordance with the following schedule:

INTERIM GUIDANCE TO PROJECT MANAGERS
WQIA NPS Projects 1998 Program

Page 3

Roles & Responsibilities
(revised December 4, 1997)

	Due:
Quarterly Report #1 to DCR liaison or program coordinator	5/1/98
Quarterly Report #2 to DCR liaison or program coordinator	8/1/98
Quarterly Report #3 to DCR liaison or program coordinator	11/1/98
Quarterly Report #4 to DCR liaison or program coordinator	2/1/99

Final Report is due to DCR liaison or program coordinator 30 days after grant agreement terminates.

- c) Receives and reviews quarterly reimbursement requests from project sponsor. Verifies that expenditures are consistent with project accomplishments and forwards the request for reimbursement through appropriate DCR channels for payment approval.

Project managers from partner agencies forward the requests for reimbursement to their DCR liaison for routing through DCR channels for payment approval.

Requests for reimbursement must be received by cost code managers in accordance with the following schedule:

	Due:
Reimbursement Request #1 to DCR Cost Code Manager	5/1/98
Reimbursement Request #2 to DCR Cost Code Manager	8/1/98
Reimbursement Request #3 to DCR Cost Code Manager	11/1/98
Reimbursement Request #4 to DCR Cost Code Manager	2/1/99

Final Reimbursement Request is due to DCR cost code manager 30 days after grant agreement terminates.

- d) Communicates to the project sponsor, on behalf of DCR, feedback on project progress, review comments from DCR on the project QA/QC plan, or other items as needed.
- e) Assists project sponsor with environmental tracking of project deliverables in accordance with DCR guidelines.
- f) Meets with project sponsor, on site, at least once during project initiation (first quarter) and again during the third quarter to assess project progress, including documentation files, and address any concerns which may affect project success. Summarizes third quarter site visit in writing and copies project sponsor and DCR liaison or program coordinator.

4. Project Closeout:

- a) Verifies and approves final accomplishments, deliverables, nonpoint source

INTERIM GUIDANCE TO PROJECT MANAGERS

WQA NPS Projects 1998 Program

Page 4

Roles & Responsibilities

(revised December 4, 1997)

- pollutant reduction tracking and final reimbursement request against grant agreement and notes, in writing, any remaining discrepancies. Forwards final report and response in accordance with item 3.b), above.
- b) Forwards all project files to DCR liaison or program coordinator by 3/1/99.

B. PROJECT SPONSOR

1. Develops Grant Agreement:

- a) Develops workplan, including reportable tasks and deliverables, budget, schedule, and project-specific tracking procedures with agency project manager, by 12/19/97.
- b) Submits signed Grant Agreement and completed "Request for Taxpayer Identification and Certification" form to agency project manager, by 1/26/98.
- c) Submits matching contribution in writing to agency project manager, by 1/26/98.
- d) Submits landowner agreements to agency project manager for DCR signature.
- e) Requests changes in deliverables, budget amounts, schedules and budget shifts in writing to the agency project manager in advance.

2. Implements Project

- a) Establishes and maintains project documentation filing system, including correspondence, grant agreements and amendments, quarterly reporting, nonpoint source pollutant reduction tracking, financial tracking including requests for reimbursement, match tracking, QA/QC plans, monitoring data, BMP certifications, and landowner agreements, by 3/1/98.
- b) Holds a project kick-off meeting, including stakeholders, cooperating organizations and agencies, and others to introduce project goals and establish local project coordination and communication procedures, by 3/1/98.
- c) Establishes and maintains project procedures to certify BMP installations in accordance with state standards, by 4/1/98.
- d) Submits quarterly progress reports in accordance with the grant agreement and including a narrative description of progress on major project elements (deliverables), a table of milestones and dates accomplished, a summary of nonpoint source pollutant reductions, a completed quarterly Project Financial Report, and a summary of match contributions. If progress is deficient, the narrative description must describe the local conditions or situations which have impeded progress and the recommended actions for correction.
- e) Develops landowner agreements, using approved DCR generic agreement, for project operation and maintenance and obtains signatures. Submits signed landowner agreements to DCR liaison or program coordinator for DCR signature.
- f) Develops and submits to the DCR liaison or program coordinator for DCR approval a project operation and maintenance plan in accordance with the grant

INTERIM GUIDANCE TO PROJECT MANAGERS

WQIA NPS Projects 1998 Program

Page 5

Roles & Responsibilities

(revised December 4, 1997)

agreement, by 4/15/98. The operations and maintenance plan should reference appropriate state standards where available. Revises the operations and maintenance plan in response to DCR comment.

- g) Develops and submits to the DCR liaison or program coordinator for DCR approval project QA/QC plan, by 4/15/98. Revises the QA/QC plan in response to DCR comment.
- h) Secures all needed federal, state and local permits and approvals prior to commencement of BMP installation.
- i) Installs, or develops, nonpoint source pollutant reduction measures as described in the project proposal and grant agreement.

C. PROJECT LIAISON

1. Inter-agency Coordination

- a) Communicates to the oversight agency project manager, on behalf of DCR, feedback on draft project workplans and project-specific grant agreement conditions.
- b) Facilitates approval of changes to the executed grant agreement, landowner agreements, and other approvals as needed.
- c) Communicates to the oversight agency project manager, on behalf of DCR, feedback on project progress, review comments on project operation and maintenance plans, QA/QC plans and other items as needed.
- d) Provides project management advise and assistance as needed.
- e) Notifies the DCR program/bureau manager, in a timely fashion, of any difficulties or other project progress issues which develop during the project and which may require a DCR policy clarification or decision.

D. ADVISORY AGENCY

1. Technical Assistance

- a) Provides technical advise, agency program information, regional agency staff cooperation, etc, to project managers and sponsors in the implementation of the project nonpoint source pollution reduction efforts.
- b) Attends project meetings, field days and other events and answers technical questions, offers advise and provides other kinds of support where appropriate.

E. DCR FINANCIAL SERVICES

1. Project Coordination:

- a) Prepares Memoranda of Agreement with state agencies providing oversight responsibilities to the WQIA nonpoint source projects to ensure that program and

- fiscal responsibilities of each are clearly identified and understood by both parties.
- b) Works closely with the DCR program coordinator to ensure that payments are processed in a timely manner.
2. **Accounting Infrastructure:**
 - a) Establishes appropriate accounting structure in the Commonwealth Accounting and Reporting System (CARS) to enable project tracking to the individual project level. Individual cost codes will be assigned for each project to ensure availability of required project financial status and execution performance.
 3. **Fiscal Tracking:**
 - a) Prepares quarterly reports that indicate the financial status of each project, including amount of original grant, quarterly and cumulative expenditures and current available balance of grant.
 4. **Financial Reconciliation:**
 - a) Systematically compares local financial status records with those in CARS to ensure charges are properly coded and grant financial status is captured in the commonwealth's official accounting records.
 - b) Prepares necessary documentation to properly align official records.

INTERIM GUIDANCE TO PROJECT MANAGERS

WQIA NPS Projects 1998 Program

Page 1

Preparing the Grant Agreement

(revised December 23, 1997)

IMPORTANT: Do not, under any circumstances, change any of the approved language in the body of the agreement. The ONLY changes project managers may make are to add the correct names, dates, and funds and to include project-specific Attachments A through D. All changes are to be typed. Write-ins or cross-outs, other than signing dates are not acceptable.

The grant agreement document is listed on the attached floppy as file: \98grntag. Attachment A is file: \98ga-a. To save time, only one copy of the floppy was sent to each project manager office location. To the extent possible, these files have also been electronically transmitted.

1. **Page 1: Add the project number to the agreement:** From the attached coding sheets, find your project name and use the DCR Financial Services project number (70934) and the task and phase numbers to create your project's *project number*. For example: the Ducks Unlimited project number is: 70934 98 11. After determining what your project number is, revise "Header B" in the grant agreement document to include the correct project number. Click on **Format** and then on **Header/Footer**. Go to **Header B** and click **edit**. This will bring you to the window where you can change the number. Once you have entered the correct number and you click **close**, the number will automatically appear on each page. (Note: this is easier than it sounds.)

Leave the dates blank until the final signature is in place, and then date both copies with the same date as the last signature.

Add the correct name of the project sponsor (Grantee), in the first paragraph.

In Section 3, **add the actual amount for which the grant agreement is being signed**, with a corresponding 50% match. The Grantee is not obligated to provide more than 50% match so only include the amount of match which is necessary to match the WQIA funding. **Make sure the amount of the agreement does not exceed the amount on the attached pages.**

2. **Page 2:** Item 5, Liability: For projects with the following phase numbers 12, 17, 32, 35, 36, 39, 40, 44, 47, 48 and 57 this item should be **DELETED** and the remaining sections renumbered. DCR provides liability insurance for these organizations already.
3. **Page 3 - 4:** No additions needed.
4. **Page 5:** Add the complete and correct name of the project sponsor and the name and title of the person authorized to sign the agreement. Leave the date blank and the signers will each add the date when they sign.

INTERIM GUIDANCE TO PROJECT MANAGERS

WQLA NPS Projects 1998 Program

Page 2

Preparing the Grant Agreement

(revised December 23, 1997)

5. **Attachment A:** Under "Scope of Services" add a brief executive summary of the work to be completed. This should be descriptive enough to be used as the project summary in any future documents about the WQLA which DCR may need to prepare.

Add the project number to each attachment.

6. **Attachment B:** See the attached *Background Information for Preparing Financial Report Form*. This form was included in the Application Package, so should be familiar to the project sponsors.

See Interim Guidance to Project Mangers, Match, for detailed explanation of matching contributions.

Add the project number to each attachment.

7. **Attachment C:** This is a table of deliverables, which describes what will be accomplished, who will accomplish the activity and when the activity will be complete. See the sample milestone table for the North Fork Goose Creek Watershed Project.

Add the project number to each attachment.

8. **Attachment D:** This is the **WQLA NPS Pollution Reduction Tracking Form**. Use the form which is most appropriate for your project. For most projects this will be the "BMP Construction and/or Implementation" version.

See Interim Guidance to Project Mangers, NPS Pollution Reduction Tracking Data Form.

Add the project number to each attachment.

The lower section of the Financial Report Form will be used for summary match reporting. This form will be submitted quarterly with the quarterly report. Additional detail sheets should be used to itemize the project match budget. This should be submitted with the scope of work as part of the project budget, and approved by the project manager prior to execution of the grant agreement. All contributions used to meet the match portion of the project budget must be fully documented as to source, type of funds (federal, state, local, private, volunteer, etc.) and amount or value if an in-kind service or donation. The Match Tracking Form will be used by the grantee to also document in-kind services, donated equipment, office supplies, monitoring, etc. The grantee will maintain all match tracking forms throughout the period of the grant agreement, reporting quarterly totals by category on the Financial Report Form. Project managers may request copies of Match Tracking Forms from the grantee to verify match throughout the duration of the project.

The local match must be 50% of the total project cost. Each item or budget category does not have to be matched at a 50/50 rate, however, the total project match must equal the Water Quality Improvement Fund allocation.

Further guidance regarding match on each budget category is outlined below:

Personnel: This category will include total personnel match hours per quarter reported on the Financial Report Form each quarter. Documentation will include use of the Match Tracking Form that details each individual's name, agency, hourly rate, date and hours of service, type of service (technical assistance for nutrient management plan writing, attended steering committee meeting, participated in clean-up day, etc.)

Included with the detailed budget of the Project Scope of Work will be a detailed match budget specifying match contributions by agency, organization, contractor, etc. The attached North Fork Goose Creek budget is an example of such a support document. This detailed budget will be approved by the Project Manager prior to execution of the Grant Agreement.

Professional services by the grantee, agencies, organizations, contractors, etc. can be matched at an hourly rate provided a letter from the agency certifies the hourly rate and confirms that the time matched is not otherwise obligated to other projects, programs or grants.

Volunteers, district directors, citizens, students and any other unpaid services will use the rate of \$10 per hour for match. Time district directors spend in district board meetings may not be used for match. *The total amount of match services an unpaid individual may provide to the project is \$5000 per year.*

INTERIM GUIDANCE TO PROJECT MANAGERS

WQIA NPS Projects 1998 Program

Page 2

Match

(revised December 23, 1997)

Fringe Benefits: The percentage used for fringe benefits, the basis for its computation and the

types of benefits should be provided on a separate detail sheet or the Match Tracking Form. The Financial Report that is submitted quarterly will only indicate the total fringe benefits for the quarter used as match.

Equipment: Equipment expenditures for match should be itemized on the Match Tracking Form each quarter with total expenditure allocated for match shown on the Financial Report form. Matching funds categorized as "equipment" must exceed \$5,000 per unit cost. Items less than \$5,000 will be considered supplies.

Supplies: This category includes total value for matched contributions of supplies of tangible property items with a per unit cost value of less than \$5,000. A detailed budget should itemize supplies to support the Financial Report form total. Quarterly expenditures should be tracked by the Grantee on the Match Tracking Form.

Contractual: Contractual match includes subcontracted work completed by those other than the grantee. Documentation of the work value should be maintained by the grantee on the Match Tracking Form.

Construction: Construction match includes costs related to installation of best management practices and other pollution control measures. Any match should be recorded on the Match Tracking Form and supported with copies of all receipts, contractor contracts, etc. related to construction of the practice or structure. Installation of agricultural, riparian, urban or stormwater management best management practices or other pollution controlling mechanisms does not have to be matched by the landowner, citizen or locality at any rate provided that the total project match equals 50% of the total project cost. Thus, in preparing the project budget and match, each grantee must determine the total cost of BMP treatments, the portion the WQIA funds will pay for, and any designated match from the landowner, locality or other state and federal cost-share programs.

Other Direct: Miscellaneous items should be listed quarterly on the Match Tracking Form to document match value.

Indirect: Indirect costs are overhead expenses such as office rent. The payment of project-related indirect costs is permitted *only as match* to WQIA projects. The indirect cost rate should be documented by letter included with the scope of work and approved by DCR prior to execution of the grant agreement. This approved indirect cost rate will then be effective throughout the duration of the Grant Agreement and will be documented quarterly on the Match Tracking Sheet.

INTERIM GUIDANCE TO PROJECT MANAGERS

WQIA NPS Projects 1998 Program

NPS Pollutant Reduction Tracking Form

Page 1

(revised December 23, 1997)

Three WQIA NPS Pollution Reduction Tracking Data Forms are provided. These will be submitted to Project Managers with each quarterly report by the grantee. Laboratory analysis data for feed and manure testing will also be submitted quarterly for all animal feed phosphorus source reduction projects. Nutrient reduction modeling will be conducted by DCR staff.

1. WQIA Pollution Tracking Data Form - BMP Construction

This form will be used to track installation of all project best management practice installations. These will include BMPs on farms, along with urban and riparian BMP projects. Residential nutrient management projects will be reported using this form. Each practice installed during the duration of the grant agreement will be reported. All information is required. Data elements include county code, hydrologic unit, project location (topo map and UTM), acreage or units treated and a specific reference to the BMP specification. Agricultural BMPs shall be specified per BMP Specification Number in the *Virginia Agricultural Best Management Practices Cost-Share Manual* or the *NRCS Field Office Technical Guide*. Urban BMP practices will be specified per any published and appropriate specification document such as the *Virginia Erosion and Sediment Control Handbook*. Best management practices or innovative pollution controls not covered by these documents must submit design criteria including the stamp of a licensed professional engineer. All pertinent tracking forms will be submitted each quarter with the Quarterly Report to the Project Manager by the grantee. Nutrient reductions will be calculated by DCR.

2. WQIA Pollution Tracking Data Form - Nutrient Management Planning

This form will be used to record acres covered in new or revised nutrient management plans completed for the project. The form will summarize plans by county, hydrologic unit and acres of new or revised plan for four agricultural crop types. These are cropland, hayland, pasture and specialty crops. Nutrient reductions will be calculated by DCR staff.

3. WQIA Pollution Tracking Data Form - Animal Feed Phosphorus Source Reduction Projects

The WQIA Pollution Tracking Data Form - Animal Feed Phosphorus Source Reduction Projects will be completed by each grantee. By county and hydrologic unit, the project sponsor will report total numbers of swine or poultry and feed volume. Laboratory testing results will be attached to the form detailing pre- and post-phosphorus levels in feed and manure. Nutrient reductions will be calculated by DCR staff. It is acknowledged that the assay results for initial samples may not be available for inclusion in the first quarterly report.

WQIA NPS Pollution Tracking Data Form

BMP Construction and/or Implementation

COMMONWEALTH OF VIRGINIA

Department of Conservation and Recreation
Division of Soil and Water Conservation

Virginia Department of Conservation and Recreation-Division of Soil and Water Conservation programs, activities and employment opportunities are available to all people regardless of race, color, religion, sex, age, national origin or political affiliation. An equal opportunity/affirmative action employer.

Project Title:		Submitted by:		Phone:	()
Project Sponsor:		Address:			
Grant Agreement #:				Reporting Period:	

①	Farm or Site No. (A)	Tract and Field No. (As applicable) (B)	Spec No. State/Federal (C)	② City/County FIPS Code (D)	HUP Code (E)	USGS Topo Map Name (F)	Site Location UTM		③ WP-4 Animal Waste Data (I)
							Row (G)	Column (H)	
1									Farm #
2									Animal Type
3									Waste Treated (tons/yr)
4									# Animal Units
5									A.W.P.I.

④	Units (As applicable) Acres/Linear ft./Other (specify) (J)	Life Span (yrs) (K)	Installation Date (L)	Technical Practice Installation Certification (M)		⑤ Residential Urban Nutrient Management							
				Name	Date	# Homes (N)	Total Acreage (O)	Pre (P) lbs/yr		Post (Q) lbs/yr			
								P	N	P	N		
1													
2													
3													
4													
5													

WQIA NPS Pollution Tracking Data Form

Nutrient Management Planning

COMMONWEALTH OF VIRGINIA

Department of Conservation and Recreation
Division of Soil and Water Conservation

Virginia Department of Conservation and Recreation—Division of Soil and Water Conservation programs, activities and employment opportunities are available to all people regardless of race, color, religion, sex, age, national origin or political affiliation. An equal opportunity/affirmative action employer.

Project Title:		Submitted by:		Phone:	()
Project Sponsor:		Address:			
Grant Agreement #:				Reporting Period:	

City/ County FIPS Code	HUP Code	Acreage Planned – New Plans				Acreage Planned – Revised Plans			
		Cropland	Hayland	Pasture	Specialty Crops	Cropland	Hayland	Pasture	Specialty Crops

APPENDIX F

Inter-Agency Memorandum of Agreement

MEMORANDUM OF AGREEMENT
BETWEEN
VIRGINIA DEPARTMENT OF CONSERVATION AND RECREATION
AND
FILL IN AGENCY NAME HERE
WITH RELATIONSHIP TO THE WATER QUALITY IMPROVEMENT ACT

WHEREAS, the Water Quality Improvement Act (Code §10.1-2117 et seq) provides for grant funding to address nonpoint source pollution to restore, protect, and improve the quality of state waters; and,

WHEREAS, the Act requires that all grants be governed by a legally binding and enforceable grant agreement between the recipient and the granting agency; and

WHEREAS, the Act requires grant agreements to include provisions that govern design and installation and requires proper long-term operation, monitoring and maintenance of funded projects; and

WHEREAS, grants made under the Act may involve areas where state agencies other than the granting agency have expertise regarding the planning, execution, and maintenance of the activity; now,

THEREFORE, the Department of Conservation and Recreation and *FILL IN AGENCY NAME HERE* do hereby mutually agree that the *FILL IN AGENCY NAME HERE* shall become project manager for selected Water Quality Improvement grants to be outlined by letter each grant cycle. The Department of Conservation and Recreation and *FILL IN AGENCY NAME HERE* will carry out the duties in Attachment I to this agreement.

This agreement shall become effective when signed by both parties. Amendments to the agreement may be made upon approval of both parties. This agreement shall remain in effect until the project is completed or until terminated in the mutual interest of both parties. In the event of termination, a sixty day transition period will be in effect to ensure a seamless transfer of project management responsibilities between agencies.

Kathleen W. Lawrence, Director
Virginia Department of Conservation and Recreation

INSERT AGENCY HEAD NAME

Date

Date

MEMORANDUM OF AGREEMENT
BETWEEN
VIRGINIA DEPARTMENT OF CONSERVATION AND RECREATION
AND
FILL IN AGENCY NAME HERE
WITH RELATIONSHIP TO THE WATER QUALITY IMPROVEMENT ACT
Attachment 1, Page 1 of 2

Responsibilities of the Department of Conservation and Recreation:

1. Provide technical program assistance on an as-needed basis, to clarify issues related to the completion of the grant project.
2. Generate a letter each grant cycle that identifies projects to be managed by partner State agencies, identifying grant project numbers and titles, grant amounts as well as match requirements, the award period and the point at which project monitoring is no longer required.
3. Provide financial program assistance on an as-needed basis, to clarify issues related to the financial aspects of the grant project.
4. Provide all accounting distributions in accordance with grant award disbursement approvals provided by the project manager. Disbursements will be made within 30 days following receipt of quarterly progress reports.
5. Provide a quarterly update regarding the status of each grant listed in Attachment 1, showing grant award, disbursements to date, and available grant funding.
6. Enforce any penalties resulting from improper operation, monitoring or maintenance of any grant project, or any breach of the grant agreement, upon notice from the project coordinator.

Responsibilities of the *FILL IN AGENCY NAME HERE*:

1. Negotiate and maintain grant agreements with project sponsors that comply with Section 10.1-2130.
2. Provide technical program assistance to the grant recipients, to ensure that grant projects are completed as awarded.
3. Provide periodic monitoring of grant recipients to ensure the progress of the grant project. Monitoring may include on-site visits, receipt and review of progress reports, receipt and maintenance of sworn statements from the grant recipient, and any other monitoring activities that the overseeing agency deems appropriate. Monitoring will be sufficient to

MEMORANDUM OF AGREEMENT
BETWEEN
VIRGINIA DEPARTMENT OF CONSERVATION AND RECREATION
AND
FILL IN AGENCY NAME HERE
WITH RELATIONSHIP TO THE WATER QUALITY IMPROVEMENT ACT
Attachment 1, Page 2 of 2

provide reasonable assurance that grant terms and conditions are met, and will continue until the monitoring expiration date indicated for each recipient, as outlined on Attachment 1, to ensure continued maintenance and operation.

4. Receive and review financial progress reports from the grant recipients to ensure that the requirements of the scope of work have been met, that requests for funding are reasonable and that match requirements are met. Financial reports from the grant recipient must contain an oath attesting to the validity and accuracy of the information, and will be in the format provided in the grant award by the Department of Conservation and Recreation.
5. Prepare and forward consolidated grant progress reports to the Department of Conservation and Recreation on a quarterly basis, outlining the general progress of each assigned grant project, estimated completion percentage, any areas of concern, recommendations for related actions or corrections as required, and recommended funding disbursements. Reports will be provided no later than the first day of the month one month following the end of the calendar quarter (May 1, August 1, November 1, and February 1) and will cover activities of the calendar quarter. Reports will be made in the format specified by the Department of Conservation and Recreation, and will be forwarded to the attention of the appropriate DCR Project Liaison.
6. Verify and recommend to DCR approval or disapproval of project deliverables.
7. Maintain records and documentation related to the grant, including but not limited to notes regarding monitoring and inspection, correspondence, financial and project reports from the grant recipient, photographs, and any other documentation to support the monitoring of the grant project.

INSERT AGENCY NAME HERE
WQIA GRANT PROGRESS REPORT
REPORTING PERIOD FOR THE QUARTER ENDED _____

Grant ID	Project Title	Percent Complete	Approved Funding for the Quarter	Actions/Activity this Quarter
98-xxxx	Storm water Pond	50%	\$ 25,678.29	Construction underway; no site visits and one telephone contact made this quarter. Progress and financial updates from recipient received on-time.
98-xxxx	Septic Tank Pump Out	15%	\$ 0.00	Progress and financial updates from recipient received late; telephone contact to remind recipient of reporting requirement. Project delayed due to weather conditions.
98-xxxx	Animal Waste Project	40%	\$ 39,467.12	Construction underway; site visit conducted 2/19/97. Progress and financial updates from recipient received on-time.
98-xxxx	Agriculture Buffer	100%	\$ 0.00	Project complete. Site monitoring visit on 2/21/97 revealed buffer intact.
98-xxxx	Alternate Water Sources for Cattle	100%	\$ 0.00	Project complete. Site monitoring on 3/7/97 revealed trough utilized for feeding. Discussed with landowner. Recommend follow-up letter. First violation noted.

Submitted by: _____

Signature
Printed Name/Title
Date

