

**ANNUAL REPORT
ON THE
VIRGINIA WATER QUALITY IMPROVEMENT FUND**

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POINT SOURCE POLLUTION CONTROL



**SUBMITTED BY
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DEPARTMENT OF ENVIRONMENTAL QUALITY**

JANUARY 2003

January 1, 2003

TO: The Honorable Mark R. Warner
The Honorable Members of the Virginia General Assembly

FROM: Robert G. Burnley

SUBJECT: WATER QUALITY IMPROVEMENT FUND ANNUAL REPORT

The Department of Environmental Quality has completed its annual report on the use of the Water Quality Improvement Fund (WQIF) to reduce pollution from point sources. Information on nonpoint source component of the WQIF will be provided by the Department of Conservation and Recreation.

In the five years since its inception, the WQIF has provided grant money for twenty-five projects, which (when fully implemented) will result in the estimated point source reduction of 13.69 million pounds of total nitrogen and .24 million pounds of total phosphorus to waters of the Commonwealth. To date, DEQ has signed grant agreements totaling \$98.9 million for point source projects, however, only \$92.3 million in funding has been made available. This leaves a shortfall of approximately \$6.6 million for the current grant obligations. While the Commonwealth should be proud of the progress made thus far, an additional \$122.8 million is needed to fully implement the *current* Tributary Strategy Point Source Actions.

The full report, as well as the updated status of the WQIF, is available online through the DEQ website link of <http://www.deq.state.va.us/bay/wqifdown.html>. The report contains a review of program activities through calendar year 2002. If you would like to receive a printed copy of the report, please call Robert Ehrhart at 804/698-4466.

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I. INTRODUCTION

This report is the sixth to be submitted to the Governor and the General Assembly in response to the legislative requirement (see Appendix A) under §10.1-2134 of the Virginia Water Quality Improvement Act of 1997 (Code of Virginia, Chapter 21.1 of Title 10.1) for an annual report on the implementation of the Virginia Water Quality Improvement Fund (WQIF). This report covers the responsibility for the Director of the Department of Environmental Quality (DEQ) to report annually on the point source component of the WQIF.

The report contains a review of program activities, which have continued implementation of the WQIF in Virginia, through calendar year 2002. This includes an update of ongoing projects from 1997 through the grant applications processed for FY 2000 funding, which was the last year that a request for proposals was issued.

As specifically required by §10.1-2134 of the Act, this report also lists the recipients and amounts of grants made from the WQIF (respective, to both the current and prior fiscal years), the specific and measurable reductions in nutrient loads to state waters anticipated once each funded project is constructed and placed into operation, and projections for the amount of continued funding required for the upcoming fiscal year under all fully executed grant agreements.

This annual report, as well as the updated status of the WQIF, is available online through the DEQ website link of <http://www.deq.state.va.us/bay/wqifdown.html>.

II. VIRGINIA WATER QUALITY IMPROVEMENT ACT OF 1997

A. Background

In 1997, the Virginia General Assembly passed the Water Quality Improvement Act (Act), which established the Water Quality Improvement Fund (WQIF). A primary objective of the WQIF is to reduce the flow of excess nutrients (nitrogen and phosphorus) into the Chesapeake Bay watershed. As part of the interstate Chesapeake Bay Program the Commonwealth has joined with other Bay states and the Federal government in committing to reduce the input of nutrients through the development and implementation of Tributary Strategies. The Code of Virginia (Title 2.2, Chapter 2, §218 and §219) also directs the development and implementation of tributary strategies to restore the water quality and living resources of the Bay and its tributaries.

No changes/amendments have been made to the Act, which affect the point source program, since the 1999 Virginia General Assembly. These 1999 amendments to §10.1-2129 of the Act require a thirty day public comment period and public hearing to precede the annual allocations of moneys in the WQIF by the Secretary of Natural Resources between the point and nonpoint source pollution programs.

Additionally, when developing grant guidelines, at a minimum the process has included: (i) the use of an advisory committee composed of interested parties; (ii) a sixty day public comment period on draft guidelines; (iii) written responses to all comments received; and (iv) notice of the availability of draft guidelines and final guidelines to all who request such notice.

Under amendments to §10.1-2131 of the Act, the DEQ Director may determine that sufficient monies exist in the WQIF for substantial and continuing progress in implementing the tributary plans. If this determination is made, grants may be authorized from the WQIF for projects other than the design and installation of nutrient reduction technology. To date, no such determination has been made and grants continue to be awarded solely for nutrient reduction projects, as part of the tributary strategy process.

B. Cooperative Point Source Pollution Control Program

The Act recognizes that the protection of the quality of state waters is a shared responsibility among state and local governments and individuals. In order to enhance the purposes of the State Water Control Law and other state laws related to the restoration, protection, and improvement of the quality of state waters, the Act establishes cooperative programs to reduce nutrients and other point and nonpoint sources of pollution.

Under the cooperative point source program, the DEQ is directed to 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 WQIF. These cooperative programs do not limit in any way the other water quality restoration, protection and enhancement authorities of any agency or local government of the Commonwealth. The voluntary, cooperative approach envisioned by the Tributary Strategies is consistent with the cooperative program established under the Act. During the strategy development process, point source owners throughout the Chesapeake Bay drainage basin clearly stated their preference for a local-state cooperative partnership approach in developing and implementing the tributary strategy.

In 1999, point source representatives expressed concern over the development of nutrient criteria by the federal Environmental Protection Agency (EPA), and the potential development of Total Maximum Daily Loads (TMDLs) for the Bay and each tributary, which were listed by the EPA on the 303(d) list of impaired waters. The Commonwealth is continuing the cooperative approach in implementing the tributary strategies by offering to provide 50% of the capital cost to install nutrient removal facilities (subject to additional appropriations) and will continue to work closely with the EPA and other Bay Program partners to integrate the nutrient criteria/standards under development, TMDL requirements, and tributary strategy programs in the Bay restoration effort. Details on this integration process can be found in the *Annual Report on Development and Implementation of the Tributary Strategies* (Office of the Secretary of Natural Resources, November 2002).

Table 1 displays the estimated costs for implementation of the cooperative point source program for each Tributary Strategy using the assumption that each WQIF cost-share grant will cover at least 50% of the eligible costs. This estimate for future WQIF funding needs accounts for existing signed agreements, pending grant increase requests, estimated costs for projects not yet in the WQIF program, and WQIF appropriations to date. The basis for the costs was determined using the WQIF amount of the signed grant agreement and, for those facilities not yet in the program, the estimated costs were obtained from the document - "NRT Cost Estimations for Point Sources in the Chesapeake Bay Watershed" (NRT Report) prepared by a task force of Chesapeake Bay Program members. The dollar amounts presented in the NRT report, which was issued by the Bay Program in November 2002, replace estimates used in previous WQIF annual reports. The methodology used to calculate the cost estimates has been extensively updated and also directly involved many of the facility owners and their consulting engineers. For these reasons, the amounts presented in Table 1 are considered more accurate and replace previous estimates.

Table 1 – WQIF Grant Funding Needs to Fully Implement Current Tributary Strategy Point Source Actions	
Shenandoah/Potomac (assumes 50% eligibility)	Estimated Grant Amount
Signed Agreements:	\$75,459,000
Pending Grant Increases	+\$10,000
Additional Plants not yet in WQIF Program	+ \$29,875,000
Subtotal	\$105,345,000
WQIF Appropriations to date	- \$68,559,000
Remaining Shenandoah/Potomac Grant Needs	\$36,785,000
Lower Tributaries (assumes 50% eligibility)	
Signed Agreements:	\$23,428,000
Rappahannock	\$5,590,000
York	\$11,748,000
James	\$67,863,000
Eastern Shore	\$1,145,000
Subtotal	\$109,775,000
FY 00 WQIF Appropriation	- \$23,740,000
Remaining Lower Tributaries Grant Needs	\$86,035,000
Total Future WQIF Funding Needs	\$122,820,000

C. Virginia Water Quality Improvement Fund (WQIF)

The Act established the WQIF to provide grants to local governments, soil and water conservation districts, and individuals for point and nonpoint source pollution prevention and reduction programs. Under the Act, the DEQ Director is responsible for point source grants and the Director of the Department of Conservation and Recreation (DCR) is responsible for nonpoint source grants. In accordance with the Act, existing point source grants provide at least 50% of the cost of design and installation of biological nutrient removal (BNR) facilities or other nutrient removal technology at publicly owned treatment works (POTW). The only two exceptions to the requirement that the grantee be a POTW -- SIL Clean Water, Inc. and Dale Service Corporation -- share a special (one time) appropriation for private STP's serving residential areas that exceed 0.5 MGD in design capacity. In both cases, the grant amount did not equal 50% of the final grant eligible costs due to the limited amount of the special appropriation.

1. Appropriations to the WQIF

Table 2 provides the point source appropriations to the WQIF by the General Assembly for fiscal years 1998-2003. For FY 1998 and 1999, point source funds were targeted for projects in the Shenandoah/Potomac Tributary Strategy. In FY 2000, the point source allocation to the WQIF was for use in implementing nutrient reduction strategies for the lower Bay tributaries (Rappahannock, York, James, and Small Coastal basins). No additional appropriations were made to the WQIF point source program in FY 2001 or FY 2002; however, accrued interest was returned to the fund for use on existing grant agreements.

For the fiscal year 2003 budget, there was again no appropriation to the point source program; approximately \$1.42 million interest was earned on the balance. An interagency transfer of these funds to DCR's nonpoint source program was authorized by the General Assembly (Budget Bill, Chap. 899, Item 1-380(e)) and served to nullify any increased availability of point source funds.

Table 2 – WQIF Appropriations	
Point Source Program	
FY 1998	\$10.00 million
FY 1999	\$37.10 million
FY 2000	\$25.24 million
FY 2001	\$10.30 million
Interest earned (thru FY '02)	\$ 9.67 million
TOTAL:	\$92.31 million

2. Multi-Year Projects

As with many capital outlay projects, most of the WWTP projects have taken (or will take) several years to complete. Thus, it was anticipated that the grant monies needed to *fully* fund these multi-year projects would be spread out over several years. To implement the tributary strategies and ensure that monies allocated to the WQIF are put to use as soon as possible, DEQ and the point source owners took the approach of signing agreements for multi-year grants that may, in total, exceed the amount of grant funds currently in the WQIF. Under this approach, the grant agreement that each owner signs with DEQ specifies that the availability of monies in the Fund is subject to appropriation by the General Assembly and that at times there may not be sufficient monies in the Fund to permit prompt (or entire) disbursement of grant funds owed to the Grantees.

The agreements also contain provisions to minimize the potential for disruption in disbursements of the grant funds. The grantees and DEQ continue to work together to forecast the estimated disbursements from the WQIF and make this information publicly available for use in the State budgetary process. As was the case for FY 2002 and again for FY 2003, should grant fund requests in any fiscal year exceed the availability of grant monies in the WQIF, DEQ will manage allocation of available grant funds to ensure an equitable distribution among all impacted grantees for that fiscal year.

Additionally, the agreement contains language to ensure completion of the construction and start-up, regardless of the amount of grant funds reimbursed. However, it remains the Commonwealth's intention to fully meet its obligation of all signed agreements, when sufficient funds are appropriated.

III. PROGRAM ACTIVITIES

A. FY 1998 WQIF Grants

During the first year of the WQIF point source program (FY 1998), twelve grants, committing a total of \$52,333,848 in state cost share, were signed in the Shenandoah and Potomac basins based on estimated costs. Since signing the original grants, inflation and the actual receipt of construction bids have increased the total grant commitment to \$66,429,636. Except for one project, all grants were for 50% cost share in the design and construction of nutrient reduction systems at wastewater treatment facilities. These point source projects were designed to reduce annual loads of nitrogen by 6.4 million pounds, and phosphorus by 0.088 million pounds at design flows. A technical assistance grant for \$546,000 was provided to SIL Clean Water for the planning and design phases of a joint public-private venture for land application designed for an average flow of 1.923 MGD.

B. FY 1999 WQIF Grants

Five grant agreements were signed using funds appropriated for FY 1999, committing a total of \$9,029,137 in cost share. These point source projects were also located in the Shenandoah/Potomac basin and were designed to reduce, respectively, annual loads of nitrogen and phosphorus 985,000 lbs/year and 157,200 lbs/year at design flows.

BNR projects funded in FY '98 & '99 are being completed and coming online. BNR implementation status for projects in the Shenandoah/Potomac Basins is shown in Table 3.

Table 3 – Implementation Status of WQIF Point Source Projects in the Shenandoah/Potomac Basins		
Facility	Size (MGD)	Status
Stafford County – Aquia	6.0	BNR on-line ('02 YTD avg. TN = 6.34 mg/l)
Frederick–Winchester Opequon	8.4	BNR online 7/00 ('02 YTD avgs.: TN= 4.14 mg/l ; TP = 0.19 mg/l)
Harrisonburg -Rockingham SA-N. River	16.0	BNR online 9/00 ('02 YTD avgs.: TN= 8.04 mg/l; TP = 0.96mg/l)
SIL Clean Water (Tech Assistance)	N/A	Design completed
SIL Clean Water	1.92	Project online 10/00; see narrative
Fairfax-Blue Plains	31.0	BNR pilot project complete. Partial plant retrofit complete
Loudoun County SA-Blue Plains	13.8	BNR pilot project complete. Partial plant retrofit complete
Leesburg	4.85	BNR online 11/01('02 YTD avgs.: TN= 5.79 mg/l; TP = 1.09 mg/l)
Staunton-Middle River	6.8	BNR online 9/01 ('02 YTD avgs.: TN= 8.2 mg/l; TP = 1.63 mg/l)
Arlington County	40.0	BNR online 04/02 ('02 YTD avg. TN= 7.88 mg/l)
Fairfax Co.-Noman Cole	67.0	BNR online 9/02 ('02 YTD avg. TN= 15.3 mg/l)
Prince William Co. SA-Mooney	18.0	BNR partially online/utilized in 2002 ('02 YTD avg. TN = 7.96 mg/l)
Alexandria SA	54.0	BNR retrofit ≈ 83% complete
Purcellville	1.0	BNR online 4/02; no data available yet
Dale Service Corp. #1	4.0	BNR online 7/02('02 YTD avg. TN= 5.72 mg/l)
Dale Service Corp. #8	4.3	BNR online 6/02('02 YTD avg. TN= 5.46 mg/l)
Augusta County SA-Stuart's Draft	2.5	BNR online 7/02('02 YTD avgs.: TN= 8.2 mg/l; TP =2.7 mg/l)

C. Update to WQIF Guidelines

As specified by the Act, the Secretary of Natural Resources is charged with developing written guidelines for the distribution and conditions of Water Quality Improvement Grants and criteria for prioritizing funding requests. Since the update to the FY 2000 guidelines, which were released in November 1999, there has been no subsequent update to the WQIF Guidelines.

D. FY 2000 WQIF Grants

\$25.24 million (see Table 2) was appropriated for FY 2000 and was to be used exclusively for financing the design and installation of nutrient removal facilities at POTWs in the lower Bay tributaries (Rappahannock, York, James, and Small Coastal basins). To offset the loss of available funds resulting from the transfer of interest to DCR, the DEQ Director authorized using \$1.5 million of unobligated FY 2000 funds for projects in the Shenandoah/Potomac basin.

Nineteen applications, requesting a total of \$94.66 million in FY 2000 grant funds, were received by the submission deadline. Of these applications, two of the proposals were for projects other than nutrient control and two were located outside the eligible geographic area. Of the 15 eligible applications submitted for FY 2000 funds, 9 requests were targeted as priority projects for award of grant funds. Of those 9 priority projects, eight grant agreements were executed. Only the grant agreement prepared for the City of Richmond (in the amount of \$1,015,261.00) was not executed, as the City was uncertain of their ability to achieve the performance standards for total nitrogen in conjunction with CSO control. These point source projects were designed to reduce, respectively, annual loads of nitrogen and phosphorus by 6,286,706 lbs/year and 1,381 lbs/year at design flows. A complete list of project descriptions can be found online at:

<http://www.deq.state.va.us/bay/wqif.html>.

E. FY 2003 Activity/Notes

For the Shenandoah/Potomac projects, actual expenditures from the 2002 budget were less than expected and as a result funds did remain available to continue prorating reimbursement payments for FY '03. To the extent possible, emphasis was placed on closing out 5 projects (ACSA-Stuarts Draft, Leesburg, Purcellville, Dale Service Corp. #1, Dale Service Corp. #8) with relatively small balances, so as to minimize fiscal strain and reduce the need for State and local administrative oversight. As previously mentioned, to offset the loss of available funds resulting from the transfer of interest to DCR, the DEQ Director authorized using \$1.5 million of unobligated FY 2000 funds for projects in the Shenandoah/Potomac basin. Aside from the 5 projects identified above, all FY 2003 reimbursements for these projects (see Table 3 for list) are being prorated to pay 55% of the eligible costs and 45% of the costs are being deferred until additional funds become available.

At the time of the authorization by the Director, all lower tributary grant projects targeted under the 2000 appropriation had been executed for a total of approximately \$24.43 million in cost-share. Since the FY 2000 appropriation for these projects was \$25.24 million, an unobligated balance of about \$1.8 million remained. Because it did not appear necessary to reserve all these funds, it was decided to use a portion to aid in covering the immediate shortage in the Shenandoah/Potomac basin. About \$300,000 will still be available for cost overruns on the grants executed for the lower tributary projects, if needed. Disbursements for projects in the James, York, & Rappahannock Basins were not impacted; however, further solicitation for projects and additional nutrient reductions with cost-share cannot occur until State financial resources are available.

The document “NRT Cost Estimations for Point Sources in the Chesapeake Bay Watershed” contains costs for all significant nutrient point sources and, subject to Tributary Strategy Plan revisions based on new load allocations (scheduled to occur by April 2003), it is possible that the cost estimates in Table 1 could be significantly higher in the next annual report.

F. Performance of Projects Completed

The annual average performance requirement of 8.0 mg/l for total nitrogen is being achieved at all nine plants that have been operating BNR for four or more months. Additionally, better performance than required by the grant has occurred at many of the plants, due to the fact the facilities are only operating (on average) at 56% of their design capacity. Plants discharging the lowest nitrogen concentrations are generally operating at 55%-65% of the design capacity. The performance at several of these plants is highlighted in Table 4. As future wastewater flows to the plants increase, it is quite probable there will be a decline in the overall treatment efficiency, but the annual performance requirements will still likely be met.

Facility	2001 Avg. TN (mg/l)	% below 8.0 mg/l	% below design flow
Arlington County	7.88	2%	24%
Stafford County – Aquia	6.34	21%	44%
Dale Service Corp. #1	5.72	29%	36%
Dale Service Corp. #8	5.46	32%	48%
Frederick–Winchester Opequon	4.14	48%	39%
Leesburg	5.79	28%	37%

One facility, the SIL-Clean Water Modular Reclamation Reuse System, did not meet its performance requirements for calendar year 2001. Because this facility exceeded its annual nitrogen and phosphorus load allowances, a monetary assessment has been levied and SIL will be required to

repay a portion of the WQIF grant.

IV. SUMMARY DATA FOR EXECUTED GRANT AGREEMENTS

As required by § 10.1-2134 of the Act, this report lists the projections for the amount of continued funding required for the coming fiscal year under all fully executed grant agreements. This revised information is provided in Table 5.

Grantee / Plant	Grant Amount	Expenditures FY 1998 thru FY 2002 (7/1/97- 6/30/02)	Expenditures to date in FY 2003 (7/1/01- to date)	Total Expenditures to Date	Projected Expenditures Remaining for FY 2003 (to 6/30/03)	Projected Expenditures for FY 2004 (7/1/03- 6/30/04)	Projected Expenditures * Past FY 2004	Expected Nutrient Load Reduction		WQIF Grant Effective Date	Expected Operational Date
								Nitrogen (lbs per year)	Phosphorus (lbs per year)		
ACWSA-Stuarts Draft	\$1,424,724	\$1,218,654	\$128,913	\$1,347,567	\$77,157	\$0	\$0	134,000	12,200	11/12/00	BNR online
Alexandria S.A. STP*	\$20,147,914	\$16,477,226	\$209,749	\$16,686,975	\$2,203,954	\$0	\$1,256,985	2,055,000	N/A	03/16/98	Dec. 2002
Arlington Co. STP*	\$10,816,973	\$10,271,029	\$0	\$10,271,029	\$75,098	\$0	\$470,846	146,000	N/A	10/10/98	BNR online
Chesterfield Co.– Proctors Crk STP	\$965,560	\$965,560	\$0	\$965,560	\$0	\$0	\$0	700,665	N/A	06/26/01	BNR Online
Dale Service Corp STP #1	\$1,901,057	\$1,806,004	\$0	\$1,806,004	\$95,053	\$0	\$0	377,500	N/A	5/26/99	BNR online
Dale Service Corp STP #8	\$2,115,053	\$2,006,987	\$0	\$2,006,987	\$108,066	\$0	\$0	328,800	N/A	5/26/99	BNR online
Fairfax Co. (Blue Plains STP)*	\$1,387,500	\$381,988	\$0	\$381,988	\$275,000	\$0	\$730,512	751,000	N/A	12/22/97	BNR online
Fairfax Co. – Noman Cole STP*	\$10,399,500	\$6,199,778	\$1,250,553	\$7,450,331	\$1,501,009	\$0	\$1,448,160	1,632,000	N/A	5/20/98	Jan. 2003 ¹
Fauquier Co – Remington STP	\$886,138	\$0	\$615,000	\$615,000	\$270,138	\$0	\$0	33,156	1,381	7/11/01	Feb. 2003
Fred/Winchester S.A. – Opequon STP	\$2,754,618	\$2,754,618	\$0	\$2,754,618	\$0	\$0	\$0	279,000	26,000	6/8/98	BNR online
Hanover Co. – Totopotomoy	\$2,109,770	\$992,496	\$0	\$992,496	\$900,000	\$200,000	\$0	73,911	N/A	05/18/01	Jan. 2004
H'burg/Rckgham S.A. - North River STP	\$2,843,531 ²	\$2,843,531	\$7,406	\$2,850,937	\$0	\$0	\$0	521,000	49,000	4/27/98	BNR online
Henrico WWTF	\$8,906,687	\$7,656,360	\$0	\$7,656,360	\$1,050,327	\$300,000	\$0	1,233,512	N/A	7/04/01	Aug. 2003
Hopewell WWTP	\$2,508,218	\$1,774,885	\$394,902	\$2,169,387	\$338,831	\$0	\$0	3,957,000	N/A	11/6/00	Dec. 2002
Leesburg STP	\$6,477,734	\$6,387,514	\$66,439	\$6,453,953	\$23,781	\$0	\$0	81,000	N/A	7/16/98	BNR online

¹ Contract modification #1 provided for a no-cost time extension.

² Contract modification #3 has been signed and reflects final eligible costs; the grant decreased from \$2,871,547.

Table 5 – Projected WQIF Grant Expenditures for Signed Agreements

Grantee / Plant	Grant Amount	Expenditures FY 1998 thru FY 2002 (7/1/97- 6/30/02)	Expenditures to date in FY 2003 (7/1/01- to date)	Total Expenditures to Date	Projected Expenditures Remaining for FY 2003 (to 6/30/03)	Projected Expenditures for FY 2004 (7/1/03- 6/30/04)	Projected Expenditures * Past FY 2004	Expected Nutrient Load Reduction		WQIF Grant Effective Date	Expected Operational Date
								Nitrogen	Phosphorus (lbs per year)		
Loudoun Co. S.A. (Blue Plains STP)*	\$365,500	\$169,626	\$0	\$169,626	\$107,731	\$0	\$88,143	213,000	N/A	12/1/97	BNR online: Jan. 2000
PWCSA – Mooney STP*	\$9,094,338	\$4,859,353	\$282,826	\$5,142,179	\$1,042,674	\$0	\$2,909,485	477,000	N/A	3/19/98	June 2003
Purcellville STP	\$1,604,413	\$1,358,867	\$152,116	\$1,510,982	\$93,431	\$10,000	\$0	32,600	3,100	8/19/99	BNR online
SIL Clean Water (Tech Ass't Grant)	\$546,000	\$546,000	\$0	\$546,000	\$0	\$0	\$0	N/A	N/A	4/26/99	Complete: Sept. 1999
SIL Clean Water Spray System	\$1,983,890	\$1,983,890	\$0	\$1,983,390	\$0	\$0	\$0	178,000	138,000	12/2/99	MRRS online
Spotsylvania Co. – FMC STP	\$1,767,000	\$0	\$0	\$0	\$200,000	\$1,067,000	\$500,000	59,682	N/A	4/19/01	Dec. 2004
Spotsylvania Co. – Massaponax STP	\$4,294,553	\$2,536,519	\$730,547	\$3,267,066	\$927,487	\$0	\$0	110,522	N/A	4/19/01	Jan. 2003
Stafford Co. – Aquia STP	\$351,962	\$290,709	\$0	\$290,709	\$61,253	\$0	\$0	110,000	N/A	6/8/98	BNR online
Stafford Co. – Lil' Falls Run STP	\$1,989,991 ³	\$1,809,590	\$153,243	\$1,962,833	\$20,158	\$0	\$0	118,258	N/A	4/19/01	Dec 2002
Staunton Middle River STP	\$1,236,600 ⁴	\$1,236,600	\$0	\$1,236,660	\$0	\$0	\$0	91,000	13,000	6/8/98	BNR online
Totals:	\$98,889,802	\$76,527,784	\$3,991,694	\$80,518,637	\$9,371,148	\$1,577,000	\$7,404,131	13,693,606	242,681		

*includes WQIF share of eligible costs deferred from FY 2002 & 2003

³ Contract modification #1 has been signed and reflects actual costs and/or costs from the construction schedule of values.

⁴ Contract modification #3 has been signed and reflects final eligible costs; grant decreased from \$1,299,433.

The preceding Table 5 shows that significant progress on the construction of previously funded nutrient reduction systems has been made, since the January 2002 report. In fact, all but one of the Shenandoah/Potomac projects is now online and only two projects in the lower tributaries are less than 50% complete (by payments). If additional appropriations are not made to the WQIF Point Source Program it is projected that the WQIF will not have sufficient funds available to cover any reimbursement requests made for the Shenandoah/Potomac Projects beyond fiscal year 2003. The following table summarizes the estimated funding shortfall.

Table 6 - Projection of WQIF Availability through FY2003 (Shenandoah/Potomac Agreements)	
Appropriations for Shenandoah/Potomac Projects	\$68,559,000
Actual Reimbursements through FY02 (7/01-6/02)	- \$62,050,394
Balance	\$6,508,606
Projected Prorated Reimbursements for FY03 (7/01-6/02)	\$5,808,713
Balance	\$699,893
Total Prorated Reimbursements Deferred to FY 04	\$6,904,131
Balance due on existing commitments (shortfall)	(\$6,204,238)