



Virginia Clean Water Financing and Assistance Program Southwest Virginia Pilot Program

Overview

DEQ's Clean Water Financing and Assistance Program (CWFAP) is offering loan forgiveness to localities in Southwest Virginia to address critical wastewater infrastructure challenges through a new pilot program. Localities within DEQ's Southwest Regional Office boundary are encouraged to apply. These are the counties of Bland, Buchanan, Carroll, Dickenson, Grayson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise, Wythe and the cities of Bristol, Galax and Norton.

This pilot program will use financial incentives to fund these types of critical projects: sewer system evaluation surveys, inflow and infiltration (I/I) studies, collection system repair projects to reduce I/I and/or sanitary sewer overflows (SSO), and projects that eliminate straight pipe, gray water, and discharges of partially treated wastewater to surface waters in the region. In addition to improving and protecting water quality, the program will foster asset management and promote fiscal sustainability.

This pilot program is especially important to Southwest Virginia, in which many localities have difficulty funding certain types of projects that do not increase revenue streams. In addition to demographic challenges, the region is home to several ecologically important watersheds like the Clinch, Powell and Holston River Watersheds. These river systems support the highest number of rare and imperiled fish and freshwater mussel species in North America, and provide a critical water supply for several communities in Southwest Virginia.

Phase 1

Goal: Reduce inflow and infiltration and eliminate sanitary sewer overflows

Sewer system evaluation surveys and collection system repairs are necessary to reduce I/I that cause sanitary sewer overflows. In addition to SSOs, I/I can adversely affect hydraulic capacity in wastewater treatment plants and cause permit violations. Collection system rehabilitation projects contribute to lower operational costs and reduced environmental and public health impacts in the communities where these projects are undertaken. Through Phase 1 of the pilot program DEQ will:

- Fund sanitary sewer evaluation study (SSES) and collection system repairs to reduce I/I, eliminate SSOs and reduce hydraulic overload in wastewater treatment plants.
- Encourage applications using incentives of principal forgiveness and favorable loan terms.

Steps to Participate

1. Political subdivision (county/city/service authority) submits application to fund SSES if initial screening criteria show one or more of the following:
 - a. Under current enforcement action for violation of 95% flow policy as stated in the VPDES permit for the facility
 - b. Flows exceeding 125 gpcd during periods of high groundwater
 - c. Flows exceeding 275 gpcd during precipitation events
 - d. Multiple reported rainfall-induced SSOs in six months prior to application submittal
2. DEQ-CWFAP reviews application and determines if minimum criteria are met

3. DEQ-CWFAP closes loan or funding agreement (assuming financial capability is met) and provides up to 75% principle forgiveness for SSES (study and report). Recipient provides 25% match (using cash, other agency grant, or VCWRLF loan) and has 18 months from loan closing to complete SSES.
4. Applicant submits SSES report (with Asset Management Plan, cost-effective analysis, and list of priority repairs) to DEQ for review.
5. DEQ and the applicant meet to discuss the SSES report, outcomes and recommendations and determine list of highest priority repairs.
6. Political subdivision (county/city/political subdivision) submits application for highest priority repairs as determined by DEQ (1st solicitation or cycle after SSES review meeting).
7. DEQ-CWFAP closes loan (assuming financial capability is met) and provides up to 50% principal forgiveness to address highest priority repairs as determined by DEQ and based upon availability of principal forgiveness funds.
8. Applicant completes repair work within 15 months of loan closing.
9. Applicant has or develops sewer use ordinance that prohibits connections to the sanitary sewer system from stormwater sources such as downspouts, basement drains, yard drains, conveyance systems (drop inlets, catch basins, etc.) and DEQ approves before final disbursement.

Expected Outcomes

- Recipients are expected to report all sanitary sewer overflows (SSOs). This demonstrates the existence of SSOs. Communities with reported rainfall-induced SSOs will get priority funding over those who do not report.
- Applicants conduct SSES that culminates in a report to include:

Report and Analysis

- a. I/I amounts
- b. Hydraulic analysis (if warranted)
- c. Cost-effective analysis
- d. Rehabilitation plan by priority phases (an outline is sufficient)
- e. Up-to-date maps (GIS if available) that show collection system and deficiency locations
- f. Basic Asset Management Plan (AMP) – AMP requirements listed below
- g. Priority list of repairs (SSES priority list can be used as basis for next CWSRF loan application). This can be in the form of a Capital Improvements Plan and utilize information from AMP.

Asset Management Plan

- a. Inventory of collection system
- b. Age of inventoried units
- c. Useful life, and remaining useful life
- d. Current value (depreciated value of the asset)
- e. Present cost (value of the asset today if it is replaced)
- f. Replacement cost (expected cost when the life of the asset expires)
- g. Projected revenues, expenses, and change in net position

For more information about the program, please contact DEQ Regional Project Manager William Spencer at William.Spencer@DEQ.Virginia.gov or (276)676-4811.