

Chapter 3 - Water Quality Improvement Fund Requests Estimates Report

The Water Quality Improvement Fund (WQIF) is a non-reverting fund established to provide Water Quality Improvement Grants in accordance with the provisions of the Virginia Water Quality Improvement Act of 1997. DEQ, in accordance with [§ 10.1-2134.1](#) of the Code of Virginia and in consultation with stakeholders, including representatives of the Virginia Association of Municipal Wastewater Agencies (VAMWA), local governments, and conservation organizations, is required to annually determine an estimate of the amount of WQIF grant funding expected to be requested by local governments for eligible point source pollution projects.

The methodology for estimating the amount of WQIF grant funding expected to be requested by local governments was established by DEQ in consultation with wastewater stakeholders from VAMWA. An electronic survey was created in consultation with stakeholders and distributed, with the assistance of VAMWA, to significant dischargers (localities, publicly owned treatment works, and sanitation authorities) in the Chesapeake Bay watershed. The survey requested: 1) general information: facility name and contact information, 2) programmatic information: WQIF funding needs over a five-year time horizon (Fiscal Year (FY) 2026 to FY 2030 projects identified in Capital Improvement Plans or equivalent documents issued by the locality), and 3) total project cost with no time horizon to include entire project costs beyond FY 2030.

In total, 23 survey responses from 13 prospective grantees were received. DEQ program staff took the self-reported estimated total project cost and determined the WQIF eligible project cost from that amount (i.e. only nutrient removal portions of the project are eligible for funding). These WQIF eligible project cost amounts were then multiplied by the estimated eligible grant percentage for each survey respondent to determine the estimated eligible grant amount for each proposed project. Virginia Code § 10.1-2131 determines the percentage of eligible project costs that can be funded for each community based on the ratio of annual sewer charges to reasonable sewer cost. For consistency, the grant percentage from a previous WQIF grant or current application for each locality was utilized for the calculation. If the locality did not have a grant or current application, the percentage was calculated utilizing census data and publicly available average sewer charges (this amount varies by respondent and project).

The total estimated project cost for all 13 projects was \$3.56 billion, with WQIF-eligible project costs estimated to be \$1.74 billion (Table 3.1). Based on the estimated eligible grant percentage for each survey respondent, the amount of WQIF point source funding needed with no specified time horizon totals \$1.2 billion (Table 3.1). The portion of WQIF point source funding needed for Enhanced Nutrient Removal Certainty (ENRC) Program projects, necessary to meet permit limits under the ENRC Program established in § 62.1-44.19:14 of the Code of Virginia, with no specified time horizon totals \$1.06 billion, and is included in the \$1.2 billion previously referenced.

FY 2025 CHESAPEAKE BAY AND VIRGINIA WATERS CLEAN-UP PLAN

Table 3.1: 2025 WQIF Needs Survey Results – Total Project Costs (No Time Horizon)

| Estimated Total Project Costs | WQIF-Eligible Project Costs | Estimated Eligible Grant Total |
|-------------------------------|-----------------------------|--------------------------------|
| \$3,556,183,535 | \$1,742,926,951 | \$1,204,133,162 |

In the FY 2026 to FY 2030 timeframe, the eligible project cost for those anticipating WQIF funding requests totaled \$1.64 billion and, based on the estimated eligible grant percentage for each respondent, the estimated amount of programmatic WQIF point source funding needed through FY 2030 is \$1.17 billion (Table 3.2).

Table 3.2: 2025 WQIF Needs Survey Results – WQIF Point Source Funding Need for 2026 to 2030

| WQIF Grants | 2026 | 2027-2028 Biennium | | 2029-2030 Biennium | | Total Need (2026 – 2030) |
|---------------|----------------------|----------------------|---------------|----------------------|---------------|-----------------------------|
| | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | |
| Applicant | \$419,727,590 | \$401,889,942 | \$129,330,219 | \$105,165,103 | \$113,445,308 | \$1,169,558,162 |
| TOTALS | \$419,727,590 | \$531,220,161 | | \$218,610,411 | | \$1,169,558,162 |

In addition to the WQIF funding needs reported in this year’s needs assessment, it is important to note the current state of the fund (see Table 3.3). The unobligated WQIF fund balance totals approximately \$622 million. As of August 4, 2025, there are 12 active grant agreements, 6 draft grant agreements posted for public comment, and 2 funding applications under evaluation. The impact of these 8 future obligations to the fund is listed in Table 3.3 below in the row labeled “*WQIF Application Future Obligations.*” Utilizing the WQIF funding needs reported in this year’s assessment and estimated grant amounts from current applications not represented in the needs assessment, the estimated shortfall for WQIF point source projects through FY 2030 is approximately \$669 million (see Table 3.3).

Table 3.3: Current WQIF Account Balance and Estimated WQIF Shortfall (FY 2026 – FY 2030)

| | |
|--|------------------------|
| Current Unobligated WQIF Balance | \$622 million |
| WQIF Application Future Obligations (based on estimated grant application amounts not represented in needs assessment) | (\$794 million) |
| WQIF Needs Assessment Eligible Projects (based on estimated grant amounts in the needs survey) | (\$497 million) |
| Projected WQIF Shortfall | (\$669 million) |