

Natural Resources

The Governor's proposed budget for Natural Resources agencies contains a net increase of \$35.3 million GF over the adjusted appropriation for current operations.

Over 95 percent of the general fund increase can be attributed to two agencies -- the Departments of Conservation and Recreation (DCR) and Environmental Quality (DEQ). The budget bill proposes \$34.0 million GF to be deposited to the Water Quality Improvement Fund (WQIF), with allocations of \$20.0 million for DEQ and \$14.0 million for DCR.

An additional \$3.4 million is recommended for DCR to assist in the purchase of four Civil War battlefields threatened by encroaching development. The Budget Bill also includes a proposal to reduce DCR's general fund budget by almost \$2.5 million and to replace the general fund loss with Water Quality Improvement Fund dollars.

Nongeneral funds are slated to increase by \$6.3 million -- \$2.9 million for DEQ's air pollution control program; \$1.8 million for wildlife management programs and other services of the Department of Game and Inland Fisheries; \$925,000 for DCR in anticipation of a federal grant from the Land and Water Conservation Fund; and \$570,877 for the Marine Resource Commission's programs for recreational saltwater fishing and oyster restoration.

Water Quality Improvement Fund

The General Assembly established the Water Quality Improvement Fund to provide grants to local governments, soil and water conservation districts, institutions of higher education, and individuals for point and nonpoint source pollution prevention, reduction and control programs. Funds come from 10 percent of any revenue surplus at the end of each fiscal year, along with 10 percent of unspent and unobligated balances. Language creating the program prohibits the Fund's use for agency operating costs.

Of the \$34.0 million to be deposited to the Fund, the proposed budget recommends using about \$19.0 million to support DEQ and DCR agency operations. Only about \$5.0 million is recommended for grants to local and regional entities to control point source pollution. The remaining \$10.0 million would be used for the cooperative nonpoint source pollution program as grants and payments to local governments, soil and water conservation districts, and individuals.

Proposed Uses of the Water Quality Improvement Fund

	FY 2001 (in millions)	FY 2002 (in millions)
<i>DEQ – POINT SOURCE PROGRAM</i>		
CSO Projects Richmond/Lynchburg	\$8.0	\$0.0
Construction Grants to Localities	5.0	0.0
Total Maximum Daily Loads	2.6	0.8
Poultry Litter Control	0.7	0.7
Fish Tissue Analyses	0.3	0.3
Bay Tributary Strategies	0.3	0.4
Wetlands Restoration	0.2	0.6
POINT SOURCE TOTALS	\$17.1	\$2.8
<i>DCR – NONPOINT SOURCE PGM.</i>		
Grants to Localities and Others	\$5.4	\$0.0
Landowner Payments	4.6	0.0
Total Maximum Daily Loads	1.0	0.5
Managing Water Quality Act	0.5	0.5
Conservation Reserve Program	0.4	0.1
Poultry Litter Control	0.4	0.4
BMPs Engineering Services	0.2	0.0
<u>NONPOINT SOURCE TOTALS</u>	<u>\$12.5</u>	<u>\$1.5</u>
ANNUAL ALLOCATIONS	\$29.6	\$4.3

- **Secretary of Natural Resources**
 - **Special Project Coordinator.** Provides \$44,537 GF each year and one position to oversee joint efforts by state agencies on overlapping issues, including Chesapeake Bay initiatives. Under the amendment, the position level for the Office of the Secretary of Natural Resources increases to six positions.

- **Dept. of Conservation and Recreation**
 - **Preserve Civil War Battlefields.** Recommends \$3.4 million GF the first year to leverage \$6.8 million of federal and private moneys. Budget language directs the funds to the Virginia Land Conservation Foundation for disbursement as grants to private non-profit organizations to acquire four threatened Civil War battlefields. These sites are at Brandy Station, Cedar Creek, Kernstown, and Opequon. The language further instructs the Department of Historic Resources to assist the Foundation and nonprofit organizations in the purchase of the battlefields.

- **Federal Land and Water Conservation Fund.** Includes \$925,000 NGF the first year to be deposited to the Virginia Land Conservation Fund. Previous federal grants were deposited to the Virginia Outdoors Fund to capitalize a revolving loan fund for local recreational development projects.
- **Dredging of Pretty Lake.** Provides \$100,000 GF the first year for the City of Norfolk to dredge a channel for boat access in Pretty Lake.
- **Water Quality Improvement Fund (WQIF).** Deposits \$14.0 million GF the first year to the Water Quality Improvement Fund for nonpoint source pollution control programs. Of this amount, \$12.5 million is allocated in FY 2001 and the remaining \$1.5 million is slated for allocation in FY 2002. Proposed spending includes:
 - ◆ *Total Maximum Daily Loads (TMDLs).* Provides \$1.0 million WQIF the first year and \$483,549 WQIF the second year for developing plans that identify all nonpoint sources that contribute to a waterbody's impairment and allocates reductions from those sources so water quality standards are achieved. Virginia has until the year 2010 to complete TMDLs for over 700 water segments identified by EPA and DEQ.
 - ◆ *Conservation Reserve Enhancement Program.* Provides \$5.0 million WQIF the first year and \$91,255 WQIF the second year to encourage farmers and other landowners to remove environmentally sensitive lands from production, in exchange for federal and state payments.
 - ◆ *Best Management Practices.* Includes \$200,000 WQIF the first year to contract for conservation engineering services. The best management practices program provides technical, engineering, and financial assistance to farmers to encourage voluntary reductions of nonpoint source pollution.
 - ◆ *Poultry Litter Control.* Recommends \$396,559 WQIF the first year and \$526,620 WQIF the second year to ensure that the 1,300 poultry farms in Virginia prepare and update site-specific nutrient management plans, in compliance with state law.
 - ◆ *Administrative Support.* Includes \$526,620 WQIF each year to support the agency's operating costs to administer the Water Quality Improvement Act.

- ♦ *Water Quality Improvement Fund Grants.* Recommends \$5.4 million WQIF the first year for local governments, soil and water conservation districts, other public bodies, and the private sector to support initiatives chosen by competitive proposal that achieve reductions in nonpoint source pollution.
 - **General Fund Reductions.** Reduces general fund support by \$1.2 million each year. General fund dollars and general fund positions are replaced with Water Quality Improvement Funds. Affected programs include Poultry Litter Control, TMDLs, Conservation Reserve Enhancement Program, and administration of the Water Quality Improvement Act.
- **Dept. of Environmental Quality**
 - **Clean Air Act Compliance.** Provides \$1.5 million NGF the first year and \$1.3 million NGF the second year and 24 positions to ensure compliance with permits issued under Title V, Title III (Air Toxics), and other provisions of the Clean Air Act. The funds are also to maintain and operate new types of monitoring systems needed to measure the air program’s effectiveness. Permit fees will support the appropriation.
 - **Water Quality Improvement Fund (WQIF).** Deposits \$20.0 million GF to the Water Quality Improvement Fund for point source pollution control programs. Of this amount, \$17.2 million is allocated in the first year. The remaining \$2.8 million is allocated in the second year. Proposed spending includes:
 - ♦ *Poultry Litter Control.* Includes \$667,285 WQIF the first year and \$703,174 WQIF the second year to support eleven positions to carry out the regulatory provisions of the poultry litter management program.
 - ♦ *Total Maximum Daily Loads (TMDLs).* Provides \$2.6 million WQIF the first year and \$804,505 WQIF the second year to support sixteen positions. DEQ is the lead agency on this multi-agency project, and is responsible for most of the water quality monitoring and modeling assignments.
 - ♦ *Fish Tissue Analysis.* Recommends \$310,800 WQIF each year for toxic monitoring and contaminant analyses and assessments of fish tissues. The program is to focus on PCBs, mercury, heavy metals, and pesticides in waters throughout Virginia.

- ♦ *Chesapeake Bay Tributary Strategies.* Provides \$315,260 WQIF the first year and \$450,824 WQIF the second year to support three positions to implement the state's Chesapeake Bay tributary strategies. Two of these positions are new. The federal Coastal Zone Management Grant Program previously supported the third position and the program's operating expenses. The federal grantor agency will no longer support the Tributary Strategies Program.
 - ♦ *Combined Sewer Overflow (CSO) Matching Fund.* Includes \$8.0 million WQIF the first year to be deposited to this fund for CSO projects in Lynchburg and Richmond. The funds will leverage federal dollars. Each city will receive \$4.0 million from the Fund and an additional \$4.0 million from federal funds.
 - ♦ *Wetlands Restoration.* Provides \$216,000 WQIF the first year and \$570,000 WQIF the second year to be transferred to the Game Protection Fund of the Department of Game and Inland Fisheries. The Game Department will inventory the number of acres of wetlands on state lands and initiate a matching grant program to restore wetlands on public and private properties. The amendment responds to a recommendation made by the Governor's Citizen Wetlands Advisory Committee to restore 600 acres of wetlands in calendar year 2000.
- **Dept. of Game and Inland Fisheries**
 - ***Managing the Capital Outlay Process.*** Recommends \$158,145 NGF the first year and \$151,762 NGF the second year and two positions to supplement the agency's efforts to manage its capital outlay program. The capital section of the Budget Bill includes almost \$13.1 million for the Department. The agency's 1998-2000 capital program is \$7.1 million.
 - ***Wildlife Management Technical Assistance.*** Provides \$198,331 NGF the first year and \$166,055 NGF the second year and three wildlife biologist positions. The amendment converts three part-time positions into full-time to respond to an increasing workload.
 - ***Watchable Wildlife Program.*** Includes \$230,724 NGF the first year and \$185,244 NGF the second year and two positions to develop a "watchable wildlife" program. The program builds upon current agency programs targeted at urban and suburban residents. The intent is to maximize opportunities for the public to enjoy the state's native wildlife.

- ***Embrey Dam Fish Passage Feasibility Study.*** Deposits \$121,250 of Game Protection Funds to the Fish Passage Grant and Revolving Loan Fund. The moneys will fulfill the Commonwealth's portion of the non-federal cost share for an Army Corps of Engineers study on the removal of the Embrey Dam located on the Rappahannock River. Removing the dam will make some 71 miles of the river accessible to migratory fish.
 - ***Wetlands Restoration.*** Recommends one NGF position to carry out the recommendation of the Governor's Citizens Wetlands Advisory Committee to restore wetlands. The funds for the activity will be transferred to the agency from the Department of Environmental Quality. The source of the funds is the Water Quality Improvement Fund.
- **Marine Resources Commission**
 - ***Oyster Shell Beds.*** Provides \$300,000 NGF the first year and \$160,000 NGF the second year to construct artificial oyster reefs. Of the \$460,000 biennial recommendation, \$320,000 is to come from special funds derived from the sale of the "Friend of the Chesapeake" license tags. This amendment was not considered by the Chesapeake Bay Restoration Fund Advisory Committee, which is charged by the General Assembly to advise the legislature on the expenditure of moneys received by the sale of these special license tags.