



Land Conservation and Water Quality

House Appropriations Committee

January 17, 2007

L. Preston Bryant, Jr.

Secretary of Natural Resources

Office of the Secretary of Natural Resources





Status of Virginia's Land Conservation Goals



Office of the Secretary of Natural Resources



Land Conservation

- Benefits for
 - Agriculture and Forestry Industries
 - Water quality
 - Recreation
 - Wildlife habitat
 - Ecotourism and heritage tourism
 - Air quality



Office of the Secretary of Natural Resources



Land Conservation

Abating threats to Virginia's rural heritage

- Over the past decade, Virginia has lost over 60,000 acres a year to development.
- This is approximately 165 acres per day (188 acres per day in the Chesapeake Bay watershed).
- The USDA estimates that we lose over 20,000 acres of prime farmland each year to development.



Office of the Secretary of Natural Resources



Land Conservation

Broad Public Support

2006 Virginia Outdoors Survey

- “Should the state spend public funds to prevent the loss of exceptional natural areas to development?” YES: 78%
- Importance of protecting Virginia’s natural and open space resources?, 95% said it was either “very important” (67%) or “important” (28%).
- 70% of those surveyed said they favored outright purchase from willing sellers as an appropriate tool for conserving open space



Office of the Secretary of Natural Resources



400,000-acre Goal

- Chesapeake 2000 goal: permanently protect 20% of the watershed
- PA and MD have already achieved this goal
- December 2005 Virginia Land Conservation Foundation report: VA had 358,000 acres to go
- 400,000 acres statewide means that we will exceed C2K goal and protect lands in Southside and Southwest Virginia



Office of the Secretary of Natural Resources



Key state programs

- Virginia Land Conservation Foundation
- Office of Farmland Preservation
- Virginia Outdoors Foundation
- Department of Historic Resources



Office of the Secretary of Natural Resources



Key program: Virginia Land Conservation Foundation

Competitive matching grant program for individual projects

- Eligible: state agencies, local governments, nonprofits
- Grant applications are ranked by an interagency team
- Grants awarded by a Board of Trustees (gubernatorial and GA appointed)



Office of the Secretary of Natural Resources



Key program: Virginia Land Conservation Foundation

Virginia Land Conservation Foundation

- Statutory formula
 - 75% split among 4 categories
 - Open spaces and parks
 - Farm and Forest Land
 - Natural areas
 - Historic resources
 - 25% to Open Space Lands Preservation Trust Fund
 - Administered by VOF to assist landowners
 - Available for local government projects



Office of the Secretary of Natural Resources



Key program: Office of Farmland Preservation (VDACS)

Office of Farmland Preservation

- Model Purchase of Development Rights program
- Will provide matching funds to localities for PDR programs on a noncompetitive basis.
- Interest among localities is growing

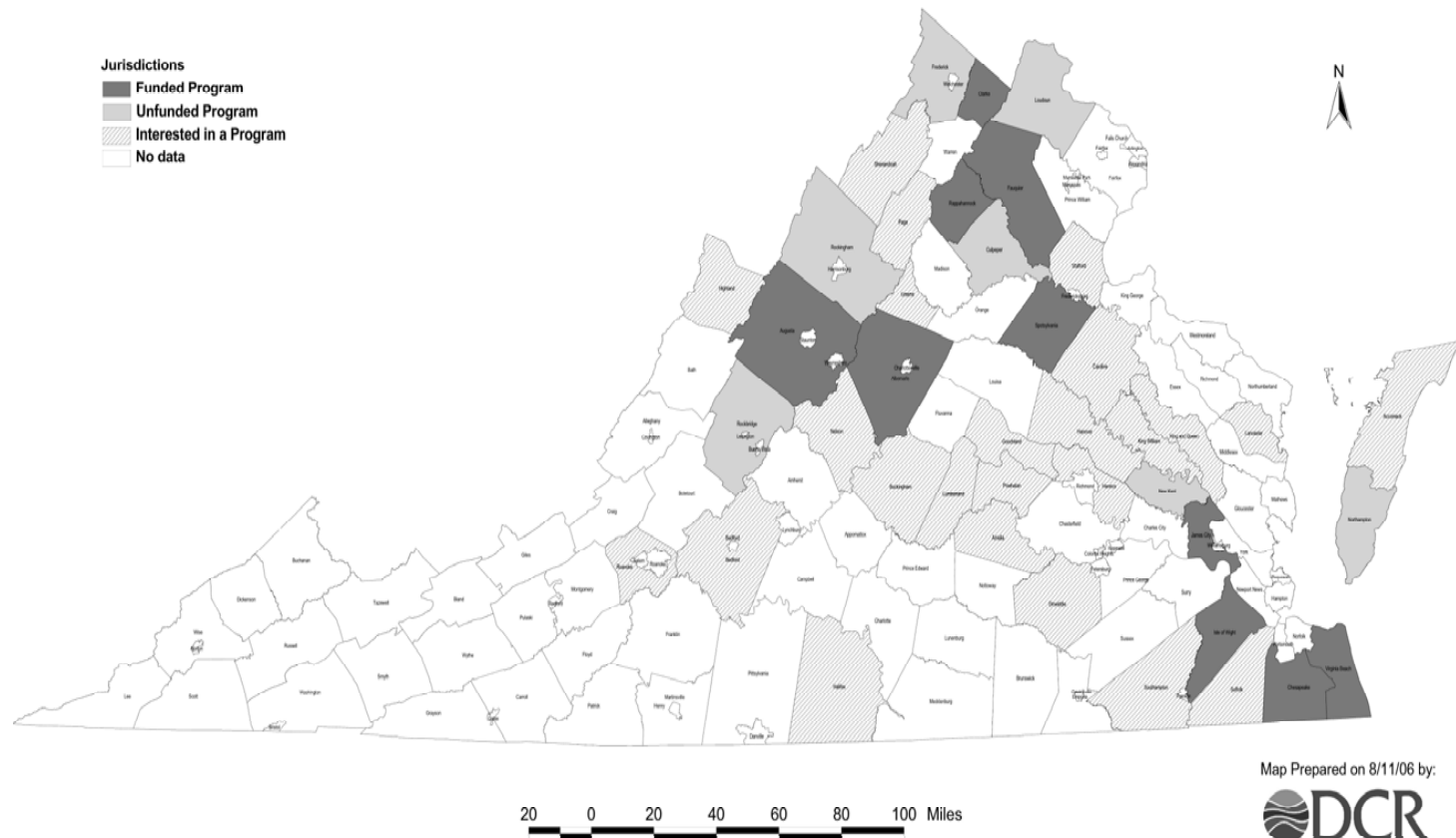


Office of the Secretary of Natural Resources



Interest in PDR programs

Status of PDR Programs in Virginia



Map Prepared on 8/11/06 by:



Office of the Secretary of Natural Resources



Key program: Virginia Outdoors Foundation

Virginia Outdoors Foundation

- Since 1966
- Primarily accepts donated conservation easements
- 2006 was a record year: 70,000 acres



Office of the Secretary of Natural Resources



Key program: Department of Historic Resources

Virginia Outdoors Foundation

- Since 1966
- Over 400 easements on important historic properties
- Provides archeological and historical expertise to other holders of easements
- Co-holds easements with VOF



Office of the Secretary of Natural Resources



Summary: key programs

- VLCF: competitive, statewide priorities, leverages private and federal investment
- Local PDR programs, funded through Office of Farmland Preservation: leverages local investment, reflects local priorities
 - Preservation of rural character
 - Focus is usually on working landscapes
 - Protection of agricultural economy
 - Can be a growth management tool
- VOF: long history, cost effective, landowner-driven
- DHR: specialized expertise



Office of the Secretary of Natural Resources



Land Conservation Funding

\$20 million for land conservation.

Conserving land improves water quality, recreation, and quality of life, and preserves the natural, cultural, and historic resources of the Commonwealth.

- \$13,700,000 for matching grants from the Virginia Land Conservation Fund (VLCF) for local, private and state land conservation projects (natural areas, open spaces and parks, farmland and forest preservation, historic preservation).
- \$950,000 in support for the Virginia Outdoors Foundation to provide assistance to landowners with placing property under conservation easements. Growing demand is creating a backlog.



Office of the Secretary of Natural Resources



Land Conservation Funding

- \$5,000,000 to the Department of Agriculture and Consumer Services to match local government purchase of development rights (PDR) programs.
- Also, modest staff increases:
 - \$99,040 and two positions to support the Department of Conservation and Recreation's promotion and administration of land conservation programs. (One is for new land preservation tax credit responsibilities.)
 - \$151,920 and two positions to the Department of Historic Resources for administration of the Historic Easement Program.



Office of the Secretary of Natural Resources



Status of Virginia Water Quality Improvement Fund and HB 1710 (Chesapeake Bay Bonds)



Office of the Secretary of Natural Resources



Background of WQIF

- Created by 1997 WQIA.
- Special, permanent, non-reverting Fund.
- Purpose: provide cost share grants for point source pollution prevention, reduction and control projects.
- Initial focus on nutrient reduction for Chesapeake Bay restoration.



Office of the Secretary of Natural Resources



Recent Legislative Changes

- WQIF originally provided 50% cost-share grants
 - Grants now range from 35% - 75% depending on ratio of sewer rates and reasonable cost.
- Eligible projects now include new or expanding smaller treatment plants that must install nutrient removal
- Concentration limits in grant agreement may be suspended if owner has approved alternate compliance method and properly operates facilities



Office of the Secretary of Natural Resources



Status of WQIF Grant Applications Currently Under Review

- 60 grant applications under review by DEQ from significant dischargers
- Requesting \$609 million to install nutrient removal facilities to meet new nutrient load caps.
- Final WQIF grant obligations will depend on eligibility determinations and construction bid prices.
- Expect to sign grant agreements during first half of 2007 for 28 projects that have completed preliminary engineering.
 - Current estimate for 28 projects = \$302 M



Office of the Secretary of Natural Resources



Estimate of Need

• WQIF Appropriations/Interest	=	\$388 M
• Expended and Obligations	=	<u>\$102 M</u>
• Available for new work [assumes additional interest and some unexpended funds]	~	\$300 M
• Broad projection of total need	=	\$750 M - \$1 B
• Current specific total estimate	=	\$854 M
• Need 60-70% for initial round [based on Credit Exchange Program]	=	\$512 - \$598M
• Additional WQIF funds needed to fund initial round of work	=	<u>\$212 - \$298M</u>



Office of the Secretary of Natural Resources



Final Costs Will Depend Upon

- Efficient use of the Nutrient Credit Exchange Program by all of the dischargers.
- Prioritizing initial construction projects that achieve greatest reduction for least cost.
- Final grant eligibility determinations for each project.
- Final construction bid prices from contractors – most likely will increase costs.



Office of the Secretary of Natural Resources



Chesapeake Bay Bonds

- Authorizes VPBA to issue \$250 million in bonds for the installation of nutrient removal technologies at specified POTWs.
- Bonds will only be issued as needed to meet demand based on construction schedules filed with DEQ but not before July 1, 2008.



Office of the Secretary of Natural Resources



Bay Bonds Are Needed To:

1. Meet federal mandates and our obligations under the Chesapeake 2000 Agreement,
2. Provide local governments certainty in financing,
3. Meet the Commonwealth's commitment under the WQIA to finance the required upgrades to wastewater treatment plants, and
4. Ensure the Commonwealth's goals for restoration of the Chesapeake Bay and its tributary rivers are met.



Office of the Secretary of Natural Resources



Bay Bonds Management

- Bond proceeds managed through the WQIF just like current grant program.
- Issuing authority given to VPBA
 - VPBA offers most competitive financing rate and does not charge fees for administering the bond issuance.



Office of the Secretary of Natural Resources



Why 2007?

- Give local governments assurance when they are making financial decisions.
- Give Treasury adequate time to prepare for bond issuance.



Office of the Secretary of Natural Resources



WQIF Appropriations for Southern Rivers

- FY07-08 Appropriations Act provided the first appropriation for point source projects outside the Bay Watershed - \$17 million
- Use of funds targeted to:
 - Design and construction for mandated water quality improvements at POTWs that would otherwise result in financial hardship.
 - Correction of onsite sewage disposal problems.
 - Development of comprehensive local and regional wastewater treatment plans, preliminary engineering, and environmental reviews.



Office of the Secretary of Natural Resources



WQIF Appropriations for Southern Rivers

- Grant guidelines under development to establish:
 - Grant percentages or award amounts
 - Project prioritization criteria
 - WQIF grants to localities
 - Definitions of “hardship”, “eligible applicants”, and “mandated water quality improvement facilities”
- Expect to solicit grant applications during FY07.



Office of the Secretary of Natural Resources



Questions?

L. Preston Bryant, Jr.

Secretary of Natural Resources

www.naturalresources.virginia.gov



Office of the Secretary of Natural Resources