

Pay-For-Outcomes Nonpoint Source Nutrient Reduction Request for Applications

Agency	Department of Environmental Quality (DEQ), Pay for Outcomes Pilot Program
Project Types	Implementation of nonpoint source (NPS) nutrient reduction projects (Project) in the Chesapeake Bay watershed.
Eligible Entities	Local governments (including counties, cities, and towns), county health departments, Soil and Water Conservation Districts (SWCDs), Virginia institutes of higher education (universities, colleges, etc.), planning district commissions (PDCs), regional commissions, nonprofit nongovernmental organizations (NGOs) (e.g., nonprofit environmental organizations, homeowners’ associations (HOAs), etc.), Tribes in Virginia, and agencies/departments of the Commonwealth of Virginia, and for-profit organizations, corporations, LLCs, and sole proprietorships. Other organizations will be considered for eligibility on a case-by-case basis.
Deadline	February 3, 2025
Application Materials	Please visit the NPS Pilot Program webpage (https://www.deq.virginia.gov/topics-of-interest/nps-pilot-program) to access this RFA and Application materials. This page will contain document revisions, Q&A information, and other relevant information.
Funds Available	The 2025-26 Virginia Budget allocates up to \$20,000,000 to DEQ for disbursement to qualified NPS pollution reduction projects.
Funding	The 2025-26 Virginia Budget – Item 365 #1.c.L (Item 365, unless otherwise noted)
Award Range	\$500,000-7,500,000 per award
Project Length	Up to 5 years (including establishment of longer-term obligations such as perpetual easements)
Timeline	<ul style="list-style-type: none"> • September 16, 2024 RFA Issued • October 1 Pre-application conference (optional) • December 23 Pre-application conference registration (mandatory) • January 6, 2025 Pre-application conference (mandatory) • February 3 Proposals Due • February 7 Technical Review Panel Meeting and Begin Scoring • February 10 Selection Committee Meeting and Begin Scoring • March 7 Technical Report Deadline to Selection Committee • March 10 Selection Committee Meeting and Final Ranking • March 17 Announcement of Awards
Contact Email	NPSPilot@deq.virginia.gov

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Website Links to DEQ’s RFA Documentation and Relevant Resources

RFA Attachment 1 (Application Form [Excel]): <https://www.deq.virginia.gov/our-programs/water/water-quality/nonpoint-source-management/funding-grant-and-project-resources>

RFA Instructions: <https://www.deq.virginia.gov/our-programs/water/water-quality/nonpoint-source-management/funding-grant-and-project-resources>

RFA Questions and Answers: <https://www.deq.virginia.gov/our-programs/water/water-quality/nonpoint-source-management/funding-grant-and-project-resources>

RFA Grant Agreement Form: <https://www.deq.virginia.gov/our-programs/water/water-quality/nonpoint-source-management/funding-grant-and-project-resources>

“Request for Taxpayer Identification Number and Certification” Commonwealth of Virginia Substitute Form: https://www.doa.virginia.gov/forms/CVG/W9_COVSubstitute.pdf

RFA Mapping Tool: <https://experience.arcgis.com/experience/2f6f7fa574ca4d31ae9570b63fd5c9a8/>

I. PURPOSE AND BACKGROUND

The Department of Environmental Quality (DEQ) is making available up to \$20 million in grant funding through this Request for Applications (RFA) to support eligible nonpoint source (NPS) pollution reduction projects. This RFA is intended to identify NPS pollution reduction projects implementing the 2024 Virginia budget provision ([Item L. in Section 365](#)) which demonstrate pollutant reductions through a pay-for-outcomes program. This program is intended to support development and implementation of nutrient reduction practices which can demonstrate nutrient reductions achieved, cost-effectiveness of the control practices, and associated co-benefits including habitat and resilience improvements. Projects must be within the Chesapeake Bay watershed and should be able to demonstrate the pollution reduction benefits on local water quality conditions as well as the Chesapeake Bay. Innovative proposals that offer solutions outside of BMPs currently approved by DEQ, DCR and the Bay Program are encouraged. Nitrogen has been selected as the target pollutant because it remains the most difficult to reduce to meet the Chesapeake Bay TMDL. However, phosphorus reductions will also be calculated and may be approved as the target pollutant for projects in locally impaired waters most affected by excess phosphorus. Because this is a pay for outcomes pilot program, DEQ will pay awardees the price they offer for actual reductions in NPS pollution rather than reimburse them for the expenses of implementing a proposal.

II. ELIGIBILITY REQUIREMENTS AND SCOPE**A. Eligible Applicants:**

1. Individuals or entities wishing to submit an Application (Applicants) must fall into at least one of the categories listed in the “Eligible Entities” section on page 1 above.
2. Applicants must be eligible to receive state funds to participate in this program.
3. Members of the Technical Review Panel and Selection Committee are not eligible for participation in this program.¹

B. Project Areas: Refer to Appendix A for a delineation of the Chesapeake Bay watershed. For eligibility questions, contact NPSPIlot@deq.virginia.gov subject line “2025 Pay-For-Outcomes NPS Nutrient Reduction – Project Eligibility.”**C. The projects must meet each of the following criteria:**

1. Designed to reduce nonpoint source nutrient pollution entering the Chesapeake Bay watershed (see Appendix A for map);
2. Not funded by any other state, federal, or nongovernmental incentive program²³;
3. Not otherwise required by law; and
4. Compliant with the more detailed criteria outlined in this RFA.

D. Example Activities – Eligible projects may fall into one or more of the following categories⁴:

1. Innovative Technologies/Projects: Innovative projects that are able to demonstrate NPS nutrient pollution removal or reduction. These may include solutions outside of the BMPs currently approved by DEQ, DCR and the Chesapeake Bay Program.
2. Best Management Practices (BMP):

¹ This exclusion applies only to the individuals serving on either of these bodies. It is not intended to exclude any organizations or entities with which they are affiliated.

² Such programs include state and federal agricultural and conservation Best Management Practice (BMP) cost-share programs, and state, federal, and nongovernmental grant programs. This restriction applies to projects that receive implementation funding. Projects may receive additional funding if the Applicant shows that Item 365 funds awarded under this RFA will be used exclusively to realize or report additional environmental benefits. Specific circumstances include a) private funding used for cost-share programs (NOTE—in such cases, DEQ will only purchase nutrient reductions from the nongovernmental portion) and b) nutrient reductions achieved by BMPs funded through non-water quality programs. In addition, multiplicative BMPs are eligible if an initial BMP was funded by state, federal, and/or nongovernmental incentive funding. In such cases, DEQ will only purchase nutrient reductions from the BMPs receiving Item 365 funding.

³ Applicants may “stack” carbon credits with nutrient reductions, but not credits such as those for habitat or biodiversity improvements.

⁴ There are no “set-asides” or quotas for any particular category. Each Application will be assessed only on the criteria listed in Section XI.

- a. Agricultural BMPs
- b. Urban/Suburban BMPs
- 3. Land-Use Conversions: To receive funding through this RFA, land-use conversion projects must meet the following criteria:
 - a. Compliance with land-use conversion requirements described in 9VAC25-900 et seq.⁵; and
 - b. A greater observed nutrient reduction than that contemplated by the conversion calculation provided in 9VAC25-900-110(D).
 - c. 9VAC25-900-100(B)(2)(c) riparian buffer baseline requirements are not applicable for the purposes of the RFA but all other 9VAC25-900-100(B)(2) baseline requirements shall be implemented for proposed land conversion and riparian buffer projects on agricultural lands.
- 4. Making Successful Temporary Programs Permanent: For example, extending the duration of successful riparian buffers with a perpetual easement.
- 5. Other acceptable project types include, but are not limited to:
 - a. Bioreactor installation and use;
 - b. Living shoreline installation;
 - c. Reforestation;
 - d. Wetlands/stream restoration;
 - e. Pond treatments; and
 - f. Septic upgrades/ replacements.
- E. Ineligible Activities: Activities that are *not* eligible and that will not be supported with Item 365 funding include:
 - 1. Projects located outside of the Chesapeake Bay watershed (refer to Appendix A);
 - 2. Activities completed to satisfy an enforcement action or for NPDES/VPDES permit development, implementation, or compliance. (This includes BMPs and activities credited under an MS4 permit or an MS4 TMDL Action Plan.);
 - 3. Activities that are required by law or regulation (local, state or federal);
 - 4. Water quality monitoring for research and BMP efficiency not associated with project outcomes; and
 - 5. Projects that *only* include design work.
 - 6. Projects that have multiple funding sources may be eligible if actual construction can be completed during the project period. In such cases, a separate accounting is required to track the source and destination of all funds supplied to the Project.
- F. Proof of Outcomes: All projects are required to provide evidence of NPS nutrient pollution reductions.
 - 1. This evidence may be in the form of:
 - a. direct water quality monitoring;
 - b. measurement of other indicators demonstrated by modeling to correlate with specific reductions in NPS pollution; or
 - c. selected statistically-significant sampling.
 Water quality monitoring activities may include documenting progress in achieving water quality milestones listed in the Project proposal and identifying areas in the watershed(s) where the target pollutant’s concentrations or loadings are the highest (for example, the latter could assist in outreach and targeting of BMP implementation).
 - 2. Each Application shall include a detailed plan for how the proof of outcomes will be measured and documented to DEQ and related to the proposed payment schedule.

III. COMPLIANCE

- A. Inspections and Information
 - 1. The owner of the Project shall allow the Director of DEQ (“Director”) or an authorized representative, including an authorized contractor acting as a representative of the department, upon presentation of credentials, to:
 - a. Enter the management area including the premises where the project is located and where records of

⁵ For the purposes of this RFA, the baseline condition will be measured as of July 1, 2024.

- plans and outcomes are kept in accordance with this chapter.
 - b. Sample or monitor at reasonable times, for the purposes of assuring compliance with the provisions of the grant agreement, or as otherwise authorized by state law or regulation.
 - 2. For purposes of this section, the time for inspection shall be deemed reasonable during regular business hours. Nothing in this section shall make an inspection unreasonable during an emergency when applicable.
 - 3. The following require proof of a right of access prior to payment:
 - a. Projects running beyond the funding term; or
 - b. Applications requesting “seed money.”
 - B. Records and Reporting
 - 1. The owner of the Project shall maintain and make available to DEQ upon request all records relevant to demonstrating that the project milestones and outcomes have been achieved. All records shall be maintained for at least five years following the final payment for outcomes. This period of retention shall be extended automatically during the course of any unresolved litigation regarding the payment for outcomes.
 - 2. All applications, reports, or information submitted to the department shall be signed and certified as required by 9VAC25-900-130.

IV. TECHNICAL EXPERTISE AND SUB-CONTRACTING AND SUB-AWARDS

- A. Technical Expertise and Engineering Design: The project shall utilize appropriate technical expertise for project implementation and nutrient removal design/construction to ensure that practices are technically sound. The Applicant and/or their partner(s) shall:
 - 1. Track and report on all nutrient removal implementation activities; and
 - 2. Be responsible for the development of designs and Applications for all applicable local, state, and federal permits for all nutrient removal projects to be installed/implemented, including having the design, depending on the type of nutrient removal project, certified by a registered or licensed Professional Engineer of Virginia, or licensed professional that is listed in the associated specification (e.g., licensed Onsite Soil Evaluator for septic systems).
- B. Sub-contracting and Sub-awards:
 - 1. The Applicant may sub-contract or sub-award portions of their Item 365 award or local matching funds for technical or other services associated with implementation of the project.
 - 2. Sub-contractors/awardees are subject to the same requirements and responsibilities as the Applicant, and it is the Applicant’s sole responsibility to ensure sub-contractors/awardees adhere to these requirements and responsibilities.

V. PROJECT PERIOD

DEQ does not anticipate issuing awards before April 1, 2025. Project implementation may begin before an award agreement is signed; however, total implementation length shall not exceed 60 months from the effective date of the Grant Agreement.

VI. FUNDING

- A. Award Range: The range for individual Item 365 awards available through this RFA is \$500,000 (minimum) and \$7,500,000 (maximum) per Applicant. Up to \$500,000 may be awarded in small grants of at least \$100,000 for experimental or particularly novel Projects that would benefit from small-scale proof-of-concept testing.
- B. DEQ will award funding for NPS nutrient reduction projects to assist in meeting goals and milestones.
- C. DEQ will target funding for projects that:
 - 1. Propose a cost-effective reduction of NPS nutrient pollution in the Chesapeake Bay watershed; and
 - 2. Demonstrate a high likelihood of positively impacting aquatic habitat and ecosystem resilience.
- D. Sub-contracting and Sub-awards: To demonstrate readiness to proceed, Applicants are encouraged to include a list of all sub-contractors with a description of their role and expertise and amount of the sub-contract.

- E. Program Expenses: The total funds available for awards (\$20,000,000) will be reduced by the following program expenses:
 - 1. Up to \$600,000 for expenses of the department to administer, monitor and enforce the grant program;
 - 2. Up to \$100,000 for compensation of the Technical Review Panel; and
 - 3. Up to \$200,000 for evaluation of the Pay for Outcomes Pilot Program by outside subject matter experts.

VII. PAYMENTS

The Item 365 Grant Program is a pay-for-outcomes program. DEQ will pay applicants their offered price for actual reductions in NPS pollution rather than reimburse them for the expenses of implementing a proposal. This price presumably recoups their predicted expenses but may not. The price may also include a profit and compensate applicants for their speculative risk. The pilot program is structured so that the Commonwealth accomplishes the greatest reduction of pollution possible for the dollars spent through the competition of proposals on the price per pound of pollutant reduction. DEQ recognizes that some worthy applicants do not have access to capital necessary to pay the up-front costs of their projects. Therefore, DEQ will consider proposals that request partial payment (“seed money”) prior to the delivery of outcomes. However, projects that minimize payments before outcomes will be favored. The amount of seed money available is limited to no more than 50% of the total Item 365 funds requested for the Project.

- A. The Applicant shall:
 - 1. Include a schedule of desired payments and related milestones presented in terms of pounds of TN and/or TP reduced in the Application that includes:
 - a. Payment triggers for each milestone;
 - b. Estimated completion dates for each milestone⁶;
 - c. Written justification for payments prior to pollution reduction outcomes, including estimated start-up costs; and
 - d. A significant portion of the award will be paid upon providing evidence of the planned outcomes in NPS pollution.⁷
 - 2. Perform the work, pay for project costs, and submit an invoice with supporting documentation of achievement of a payment milestone stated in the Schedule included in the Grant Agreement; and
 - 3. Submit disbursement requests as near as practicable to the milestone completion dates listed in the Schedule.
 - 4. If applying for seed money, demonstrate need and lack of external financing options.
- B. DEQ will issue disbursements in accordance with the completed milestones but no more frequently than two times per calendar year; the Applicant must request and obtain prior approval from DEQ, to submit more frequent requests for payment.

VIII. APPLICATION PROCESS, REQUIREMENTS AND SUBMISSION INSTRUCTIONS

- A. Optional Pre-application Conference: DEQ will offer an optional pre-application conference for any parties interested in responding to this RFA on October 1, 2024. The purpose of this conference is to answer questions and assist potential applicants in developing their proposals.
- B. Mandatory Pre-application Conference: All applicants must register for and attend a mandatory pre-application conference on January 6, 2025. The purpose of this conference is to review all application requirements and answer questions that have arisen during preparation of proposals. Applicants must register no later than December 23, 2024 by emailing NPSPilot@deq.virginia.gov .
- C. DEQ will only consider complete application packages that:
 - 1. Contain:
 - a. Each of the elements listed in Table A, “Required Application Documents” below
 - b. Applicants may also submit the elements in Table B, “Optional Application Documents”, as applicable.

⁶ Payments will be made in Year 5 for outcomes expected beyond that year. Additional assurances are required to secure funding for these outcomes.

⁷ Completed construction and monitoring data is required to establish outcome effectiveness.

- c. Note: DEQ will not consider additional material outside of the “required” and “optional” elements submitted with an Application in the review and evaluation process.
- 2. Follow the formatting specified in Tables A and B (i.e., PDF, Microsoft Word, or Excel); and
- 3. Are properly submitted by the due date and time as outlined in this Section.
- D. Email Application packages to NPSPilot@deq.virginia.gov with the following email subject line: “2025 “Pay-For-Outcomes NPS Pollution Reduction RFA_<insert name of Project>” by February 3, 2025 at 5:00PM Eastern Standard Time.
- E. Incomplete Applications and/or Applications that are not submitted as specified will be disqualified.
- 2. For general questions regarding this RFA and NPS Pay-for-Outcome projects, contact Jonathan Rak at Jonathan.rak@deq.virginia.gov tel. 804-929-5136 or NPSPilot@deq.virginia.gov (email subject line: “Pay-For-Outcomes NPS Pollution Reduction Project RFA Question).

Table A. Required Application Documents
Attachment 1: Application Form (Excel spreadsheet) [Available on the DEQ website as of September 30, 2024]
Tab 1: Application
Tab 2: Project Partners, Sub-contractors and Technical Leads
Tab 3: Proposed Schedule of Project Implementation and Outcomes
Tab 4: Pricing Proposal (includes Net Present Value Calculations of pollutant removal and costs subdivided by implementation cost and measuring/ monitoring costs)
Tab 5: Application Checklist and Certification Statement (Provide a signed copy [preferably electronically signed])
Attachment 2: Vicinity Map (limited to one (1) 8 1/2 x 11-inch page) and Project Site Map (limited to one (1) 8 1/2 x 11-inch page) as well as the latitude and longitude of the centroid of the site. (pdf)
Attachment 3: Technical proposal describing nutrient removal method or specification of BMPs approved by DEQ, DCR, or Chesapeake Bay Program including projected rates of pollutant removal (pdf)
Attachment 4: Plan for measuring and documenting proof of outcomes. (pdf)
Attachment 5: Narrative response to items in Table C (pdf)
Attachment 6: W-9 – “Request for Taxpayer Identification Number and Certification” Commonwealth of Virginia Substitute Form

Table B. Optional Application Documents
Letters of Support from partners (limited to three pages total)
Description of previous accomplishments (limited to three pages total)

IX. REVIEW, EVALUATION, RANKING, AND SELECTION PROCESS

- A. Initial Review: DEQ will determine if the Application meets the eligibility and completeness requirements of Sections II and VIII above.
- B. Technical Review Panel (TRP):
 The TRP will serve an important role in evaluating the Applications. Unlike other grant programs, this RFA is open to nutrient reduction or removal methods that have not previously been approved by DEQ, DCR, or the Chesapeake Bay Program. The pay for outcomes structure allows DEQ to take risks on innovation. If the project fails to achieve the proposed outcomes, the money will not be paid and could revert to the General Fund. However, spending funds on “seed money” for projects likely to fail or allocating funds for unlikely outcomes will reduce the total pollution reductions that may be achieved by this program. The TRP will provide technical advice to the Selection Panel, expressed as a “success confidence” score, so they can select projects that are more likely to succeed. The TRP will also vet the proposed nutrient removal calculations.

Proposals using methods and/or technologies that have been approved by DEQ, DCR or the Chesapeake Bay Program will not require the same evaluation, but the TRP will check the calculations and assumptions in the Application.

1. The TRP will review Projects to approve, deny, or adjust the following criteria:
 - a. Total Nitrogen (TN) and Total Phosphorus (TP) removal estimates; and
 - b. Acceptability/probability of success of novel/innovative Projects
 2. The TRP will consist of subject matter experts from the Virginia Institute of Marine Science and Virginia Tech appointed by the Director of DEQ. The Director may determine to add additional subject matters experts as needed.
- C. Selection Panel – The Selection Panel will consist of representatives from DEQ and DCR appointed by the Director of DEQ. The Selection Panel will review and score the Applications in accordance with Evaluative Criteria below, including information from the TRP. The Selection Panel will:
1. Calculate a final cumulative score for all Applications based upon the scores from all review team members;
 2. Have the discretion to revise the cost efficiency score to exclude monitoring expenses for applications that propose novel solutions but require high monitoring costs to prove the reductions; and
 3. Rank the Applications from highest to lowest based upon the cumulative score.
- D. Selection Process:
1. DEQ will apply Application rankings and, contingent on availability of funding, select Applications for awards based on sequential ranking (highest to lowest score).
 2. DEQ reserves the right to not award all available funding. DEQ also reserves the right to re-allocate funds from approved projects that fail to meet their proposed outcomes to other approved projects that can “scale-up” their projects to utilize the unused funds.
- E. Award Amount: The total amount requested should be based on the following criteria:
1. Proposed pounds of NPS pollutant abated from entering the Chesapeake Bay as adjusted by delivery factor as applicable and applied below.
 2. For projects extending beyond one year from the award date:
 - a. Future or recurring removals should be calculated as present value (2025) in pounds (TN/TP) using a discount rate of 3%.
 - b. Future costs should be calculated as present value (2025) using a discount rate of 3%.
- F. Grant Agreement: As soon as possible following the announcement of awards, DEQ and the Applicant will execute a Grant Agreement substantially in the form provided. If an Applicant defaults on the terms of the Grant Agreement or is otherwise unable to produce the outcomes proposed, DEQ may reallocate the unpaid funds to other awardees able to scale-up their projects.

X. DELIVERY FACTORS AND LOCALLY IMPAIRED WATERS

A. Delivery Factors and Target Pollutant:

Under DEQ’s Nonpoint Source Nutrient Trading Program, the calculation of nonpoint source pollution reductions is adjusted using a delivery factor. The delivery factor recognizes that the impact of NPS pollution on the Chesapeake Bay varies depending on where the pollution enters the watershed. Except for locally impaired waters (including HAB waters) discussed below, the calculation of pollutant removal presented in each Application should be adjusted by the applicable Delivery Factor in Appendix A.

B. Locally Impaired Waters:

The budget language for this RFA requires project ranking criteria to include applicability to locally impaired waters. To focus available funds on locally impaired waters, this RFA exempts proposals that reduce NPS pollution in certain designated locally impaired waters from the delivery factors described above. Locally impaired waters are designated for a variety of reasons, some related to excess nutrients and some related to other pollutants such as toxics discharged from industrial facilities. [The map](#) of locally impaired waters for the purpose of this RFA included in Appendix B identifies locally impaired waters designated because of reasons related to NPS nutrient pollution.

C. Harmful Algal Blooms:

Excess nutrients in the Chesapeake Bay watershed harm receiving waters in a variety of ways including the causation of harmful algal blooms (“HABs”) which threaten the health of humans and other animals. Although waters susceptible to HABs may not qualify as locally impaired waters under the Clean Water Act, reductions of HABs are a high priority. [The map](#) of locally impaired waters in Appendix B therefore includes waters in the Chesapeake Bay watershed susceptible to HABs, such as Lake Anna or the Shenandoah River. These will be exempted from delivery factors.

D. Target Pollutant:

The selected target pollutant for this RFA is TN. Payment for outcomes will primarily be based on reduction of TN. Nitrogen has been selected as the target pollutant because it remains the most difficult to reduce to meet the Chesapeake Bay TMDL. However, locally impaired waters in the freshwater portion of the Bay watershed may be most affected by TP. Project proposals should include the calculation of both TN and TP so that the department may also evaluate the effectiveness of this pilot program to reduce both pollutants. In limited cases, DEQ may approve the use of TP for the payment of outcomes – particularly for projects with a direct benefit to waterways likely to be directly impacted by TP such as freshwater lakes, rivers, or streams with harmful algal blooms.

XI. EVALUATION CRITERIA

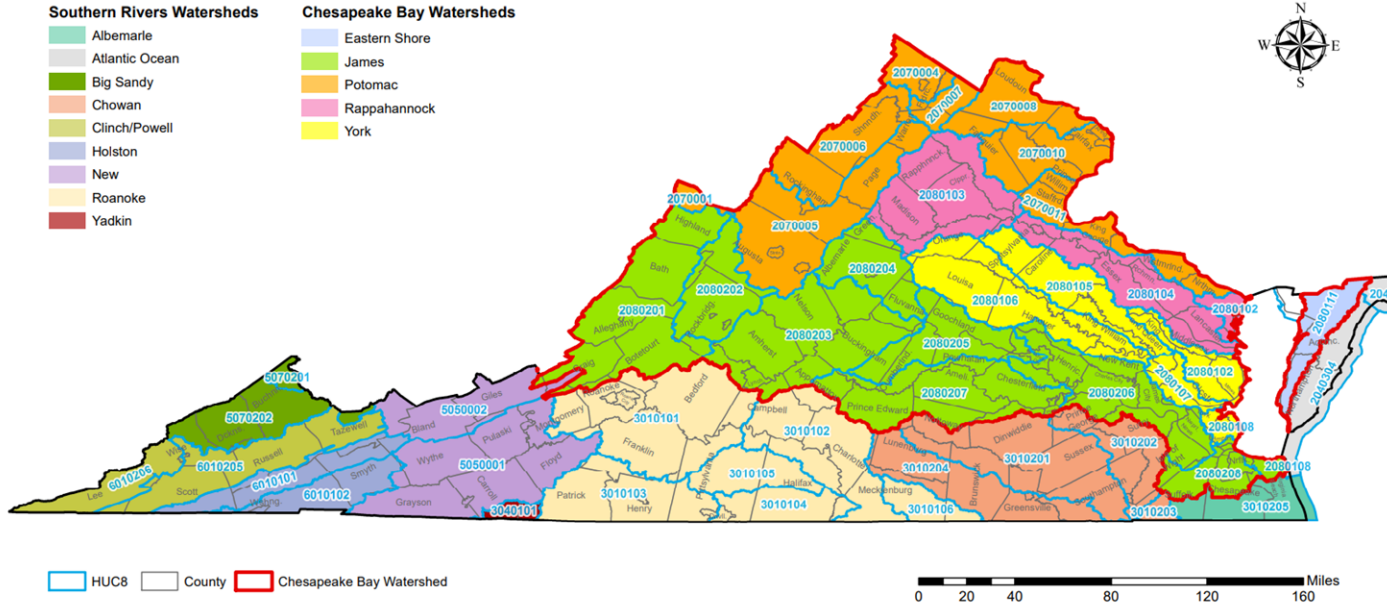
Table C provides the evaluation criteria used by the review team during the selection process. See Section IX above for additional information about initial review, evaluation, ranking, and the selection process.

Table C. Project Criteria	Points
<p>Cost-Efficiency of Pollution Removal</p> <ul style="list-style-type: none"> - Measured in \$/pound TN removed (in present value using a 3% discount rate) - Adjusted by delivery factor where applicable except for locally impaired waters TN used as reference pollutant unless TP approved by DEQ on a case-by-case basis, in which case scoring will be based on \$/pound TP removed (in present value using a 3% discount rate) 	60
<p>Success Confidence</p> <ul style="list-style-type: none"> - Scientific basis - Financial assurances - Feasibility of milestone objectives and appropriateness of payments 	15
Habitat and Resilience Benefits	10
<p>Readiness to Proceed</p> <ul style="list-style-type: none"> - Demonstration of the applicant’s capability and capacity to implement the project - Can include proof of funding for design/other phases of Project 	10
<p>Local Government Coordination</p> <ul style="list-style-type: none"> - Communication/letter of support from local government - Local government <i>participation</i> not necessary 	5
Total Maximum Points	100

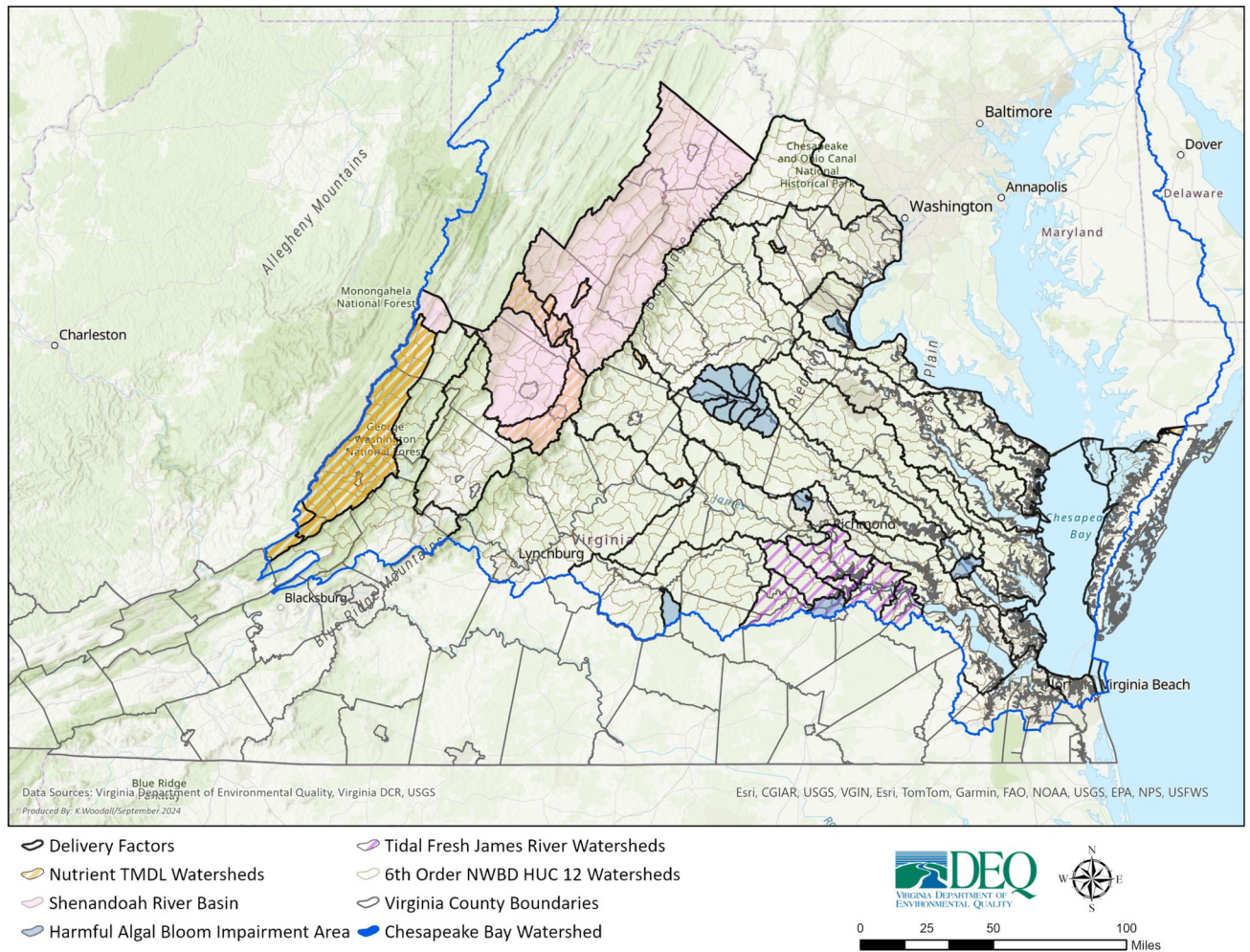
APPENDIX A

Chesapeake Bay Delivery Factors

Stream to Bay Delivery Factor for Stream Banks				
BASINNM	HUC	N_df	P_df	S_df
Eastern Shore/Chesapeake Bay	02080111	0.86	0.75	0.18
James	02080108	0.79	0.68	0.19
James	02080201	0.36	0.41	0.27
James	02080202	0.41	0.58	0.42
James	02080203	0.55	0.48	0.30
James	02080204	0.56	0.57	0.31
James	02080205	0.57	0.46	0.20
James	02080206	0.63	0.53	0.17
James	02080207	0.41	0.27	0.08
James	02080208	0.68	0.69	0.23
Potomac/Shenandoah	02070001	0.53	0.60	0.45
Potomac/Shenandoah	02070004	0.71	0.53	0.35
Potomac/Shenandoah	02070005	0.56	0.65	0.56
Potomac/Shenandoah	02070006	0.70	0.59	0.48
Potomac/Shenandoah	02070007	0.84	0.63	0.46
Potomac/Shenandoah	02070008	0.66	0.53	0.35
Potomac/Shenandoah	02070010	0.57	0.52	0.19
Potomac/Shenandoah	02070011	0.74	0.61	0.28
Rappahannock	02080102	0.85	0.56	0.18
Rappahannock	02080103	0.64	0.84	0.61
Rappahannock	02080104	0.77	0.52	0.20
York	02080102	0.64	0.43	0.12
York	02080105	0.39	0.29	0.05
York	02080106	0.42	0.33	0.15
York	02080107	0.73	0.46	0.17
York	02080108	0.76	0.66	0.24



APPENDIX B



Rationale for Identifying Priority Waters

The layers included in [this map](#) identify the areas in Virginia’s Chesapeake Bay watershed which are prioritized for the pay-for-outcome program. The prioritized areas reflect local water quality concerns and are described below. Project locations which are contained in one or more, where overlaps occur, of the prioritized regions described below will be considered to have nutrient delivery factors for nitrogen (N) and phosphorus (P) of 1.0 for purposes of project evaluation. Locations not included in any of the prioritized areas discussed below will have the nitrogen delivery factor as established by DEQ’s nutrient trading program aligned by 8-digit HUC.

Nutrient TMDL Watersheds

This layer includes watersheds where a Total Maximum Daily Load has been completed for a nutrient pollutant to address a local impairment. This may include nitrogen, phosphorus or specific forms of N and/or P.

2024 HAB Catchments

This layer includes the draft 2024 harmful algal bloom (HAB) impairments and the immediate catchments draining into these waterbodies. Specifically, the local HAB watersheds represent the intersect between the draft impaired HABs and the 12-digit hydrologic units. While local TMDLs have not been completed for these draft impairments, Virginia recognizes that nutrient inputs generally drive eutrophication and the resulting algal blooms. Therefore, these waterbodies are being prioritized.

Tidal Freshwater James River

Six HUC-10 watersheds in the James River basin have been prioritized. These watersheds drain into the section of the tidal James River that is consistently not attaining chlorophyll-a criteria due to excessive nutrient loadings. Additionally, these watersheds also include water bodies that are not meeting dissolved oxygen criteria (e.g., Lake Chesdin) which may be influenced by nutrients inputs.

Shenandoah River Basin

The entire Shenandoah River Basin is prioritized recognizing the benthic algae and algal mats that have been observed in the North Fork Shenandoah River, South Fork Shenandoah River and mainstem of the Shenandoah River. While the algal growth has not resulted in impairment listings, nutrient inputs in the Shenandoah River Basin may be contributing to the observed local benthic algae and algal mats, and also impact the Chesapeake Bay.