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Martin O'Malley
Governor

Anthony G. Brown
Lieutenant Governor

Shari T. Wilson
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September 1, 2010

Mr. Shawn M. Garvin
Regional Administrator
U.S. Environmental Protection Agency, Region 3
1650 Arch Street (Mail Code: 3RA00)
Philadelphia, PA 19103-2029

Dear Administrator Garvin:

On behalf of Governor Martin O'Malley and the citizens of the State of Maryland, we are pleased to submit Maryland's Draft Phase I Watershed Implementation Plan (the Plan) to reduce nutrient and sediment pollution to help restore the Chesapeake Bay in accordance with the directions and guidance of the Environmental Protection Agency.

Introduction

J.P. Morgan once famously said, "The first step towards getting somewhere is to decide that you are not going to stay where you are." Three years ago, we took a hard look at our Bay restoration efforts and decided to move in a new direction. We established long term goals and short term milestones for nutrient reduction. We began relentlessly tracking our progress in achieving those goals through BayStat. We developed a series of geo-spatial maps to enable us to identify high value resources, target programs to those areas most beneficial to Bay restoration, and track our efforts geographically. We engaged the people of Maryland in extensive public outreach to mine innovative ideas to restore the Bay. And we held ourselves accountable for the results of our efforts.

This Plan builds upon that work: It provides a series of proposed strategies that will collectively exceed our 2017 target (70% of the total reductions needed to meet Maryland's accelerated deadline of 2020). Still, the Plan is, in all respects, a DRAFT. As we submit our Plan to you, we also submit it to the people of Maryland for further review, scrutiny and comment. Bay restoration does not belong to scientists, government resource managers or any specific stakeholder group; it belongs to all the people of Maryland. Any successful plan will be an essential part of the fabric that links our environmental, economic and social systems together in mutually beneficial ways.

To help meet our goal, Maryland has posted a copy of our draft plan at www.maryland.gov so that the public can review the draft. The website will also allow Marylanders to send us their comments electronically so that we can use their feedback to help finalize our plan with EPA. By continuing to fully engage our citizens, we will be able to make the most informed decisions when our Final Plan is submitted at the end of November.

The Plan includes an Executive Summary, which we are providing for ease of public review. The origins of the Plan, its development through public participation, basic content, essential characteristics and funding are described more fully below.

Origins of the Draft Plan

At the 26th meeting of the Chesapeake Bay Executive Council in 2008, Maryland committed to ambitious 2-year milestones to accelerate our on-the-ground efforts to meet nutrient reduction goals by 2020 – five years earlier than the 2025 end date agreed to by you and the other Bay jurisdictions. We then used our BayStat process to develop these milestones and put Maryland on track to meet our ultimate Bay restoration goals by 2020. This first set of 2-year milestones will be completed by December 31, 2011, and will be followed by subsequent 2-year milestones until we achieve our goals. We are optimistic that we will achieve the reductions called for in our first set of milestones on time. This work provided the basic foundation upon which this Plan has been drafted.

These milestones are only one example of the leadership of the O'Malley-Brown Administration on Bay restoration. We were the first State in the watershed to receive federal approval for our Concentrated Animal Feeding Operation program that meets the new EPA regulations and includes poultry growers for the first time. We were also the first State to require nutrient removal technology on new and failing septic systems in areas near our tidal waters. We created the Chesapeake Bay 2010 Trust Fund to fund cost-effective projects to reduce non-point source pollution. Together with Virginia, we restricted the female crab harvest yielding a tremendous increase in blue crab abundance. And we are finalizing a new plan to restore native oysters in the Bay – first recommended in the 1800s. We recently achieved a record setting commitment by farmers to plant cover crops – one of the most cost effective nutrient reduction practices available. We were the first State in the watershed to require environmental site design to reduce stormwater runoff on all new development approved after May of 2010. We have also implemented one of the most progressive sets of stormwater requirements for a MS4 permit in the Country. The hallmark of Maryland's proposed Plan is that it continues and accelerates implementation of these state-of-the art practices and programs to achieve the needed pollution reductions.

Public Participation

Along with our commitment to the 2-year milestones, we announced plans for a major outreach effort to engage local governments, businesses, other stakeholders and citizens in a more active role in restoring the health of Maryland's waterways. In 2009, we held 16 public meetings with citizens to discuss Bay restoration goals and specifically the role of Bay TMDLs, or total maximum daily loads, in achieving those goals. In 2010, we held 6 webinars, 5 regional stakeholder meetings and 4 listening sessions for key stakeholders on the same issues and also provided a full briefing at the annual Tributary Strategies Team meeting.

Going forward, we will continue to seek public comment on the Plan. We have formed a Stakeholder Advisory Committee to provide input on the Plan drafts, implementation, public outreach, best practices, necessary resources and reporting. From September 24 to October 12, we will hold 4 regional meetings to ensure people understand the Plan prior to commenting on it. We will also post the Plan on our Smart, Green & Growing website.

Our public outreach campaign has already produced a host of ideas, which are included in Appendix J of the Plan.

Content and Characteristics

Strategies: The Plan identifies 75 strategy options to reduce nitrogen, phosphorous and sediments from the wastewater, urban run-off, septics, agriculture and air pollution sectors. Maryland estimates that these strategies will provide a total reduction of 9.48 M pounds of nitrogen, which is approximately 31% more than is needed to meet Maryland's 70% reduction goal by 2017.

Economic Benefits: The actions needed to clean up Maryland's waterways will benefit our economy as well as our environment. Upgrading wastewater treatment plants, retrofitting septic or stormwater management systems, installing "living" shorelines or planting cover crops are a few examples of projects in our Plan that would maintain or create jobs.

Balance: Part of Maryland's ongoing challenge is that the Bay physically divides us: on the Eastern Shore, pollution problems are perceived as urban; conversely, on the western shore, the problem is perceived as agricultural. This Plan strikes a balance between agriculture and urban sources, treating both sectors equally.

Innovations: The Plan also incorporates numerous innovations, based on scientific research and developing technologies. There are over 15 new agricultural best-management practices which we hope will be accepted and accounted for in EPA's modeling efforts. Developing alternative uses for manure is one potentially large opportunity for farmers. Technologies that can turn manure into electricity and concentrated fertilizer are in operation elsewhere in the watershed and supported by current federal programs. The electricity produced can power local farms with the excess sold back to the grid. By-products of the process can also be sold as a precision, organic fertilizer. This reduces operating costs to farmers, reduces nutrient inputs to the Bay, and increases Maryland's renewable energy portfolio.

Another example is the emerging field of ecosystems markets. Ecosystem markets provide an opportunity to tap into private sector funding power by incentivizing the market to play a much larger role in conservation and restoration. Examples of this approach in Maryland include the RGGI program, Maryland's nascent Nutrient Trading Program, and wetland banking to meet requirements for wetlands mitigation. Several private companies operating in Maryland are well-positioned to facilitate the valuation of ecosystem services, tracking and connecting buyers (developers) with sellers (private landowners).

How the Plan Accounts for Growth

Maryland is a State that continues to grow. By 2020, Maryland's population is expected to increase by 560,000 people.

EPA requires the States reduce nutrient and sediment pollution from all source sectors, point and nonpoint, and "account for growth" in loads from all of them. EPA's guidance provides two basic means to account for growth: providing load allocations for new development or offsetting pollution from new development. In developing this approach, it was critical that the State support our existing towns and cities to the extent possible and not, inadvertently, push growth out into our farm fields and forested lands. Nutrient pollution limits on wastewater treatment plants can have the unintended consequence of limiting development in sewerred areas, including the very areas that can accommodate high densities of housing, jobs and services. There are no pollution limits on development on septic systems because there are no pollution limits for those areas. This creates an unlevel regulatory playing field. This is an important issue because development on septic systems can pollute 5 times more than development in sewerred areas.

Maryland's offset strategy will encourage growth in designated growth areas rather than in farmland and woodland areas. Target loads for new and increased sources will be designated for new development and redevelopment. In less polluting geographies per capita, such as priority funding areas, served by state-of-the-art wastewater treatment plants that accommodate relatively high densities of residents and jobs, little or no offsets will be required. In areas with higher per-capita pollution rates, greater offsets will be needed. Implementation of this growth strategy is planned for 2013 with additional research, public discussion and strategy development to precede implementation.

Funding

As Maryland plans to take its next steps to significantly improve water quality in the Chesapeake Bay, we must also recognize the fiscal environment in which we will operate in order to achieve the improvements that are needed by 2017 and 2020. Like all states across the nation, Maryland continues to face significant fiscal challenges resulting from the worst economic recession since the Great Depression. In order to balance the budget and position Maryland for future growth, we have had to make very difficult decisions over the past three years, and some very painful reductions. While we have reason to be optimistic – revenues over the past few months have come in ahead of estimates and seem to be on track to at least hold steady and our job creation efforts are seeing definite results – it would be unrealistic not to acknowledge the competing pressures on the State funds that will constrain the budgetary choices that we have to make during the next year or two.

Still, even during these difficult fiscal times, we have been able to strengthen our efforts to restore the Chesapeake Bay. For example, we have invested heavily in combating non-point source pollution as our new Chesapeake Bay 2010 Trust Fund more than doubled in FY 2011 to \$20 million, bringing the total amount to \$38.4 million in its first three years. The FY 2011 capital budget includes \$247.3 million for Chesapeake Bay restoration activities and \$65.5 million for land preservation programs.

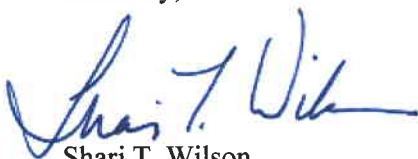
Looking forward, we expect to continue to make targeted investments in Bay restoration as our economy improves. However, it will be imperative that our final Watershed Implementation Plan select programs and strategies that are the most cost beneficial and which are targeted to the areas where science tells us that pollution reductions will be the most effective.

Conclusion

We look forward to receiving your comments, as well as comments from Maryland's citizens, over the next few months as we prepare to submit our final plan in November. In the meantime, if you or your staff have any questions or need additional information, please contact our Secretary of the Environment, Shari T. Wilson as our lead Secretary.

Thank you for your consideration. We look forward to our continued partnership and our collaborative public process, as we develop our Phase II Watershed Implementation Plan for submission in 2011, and our Phase III Plan for submission in 2017.

Sincerely,



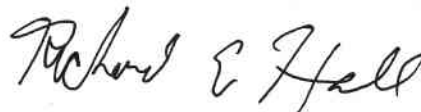
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Enclosure