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Martin O'Malley  
Governor

Anthony G. Brown  
Lieutenant Governor

Shari T. Wilson  
Richard E. Hall  
John R. Griffin  
Earl F. Hance

December 3, 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 Final Phase I Watershed Implementation Plan (the Plan) to reduce nutrient and sediment pollution to restore the Chesapeake Bay pursuant to the direction and guidance of the Environmental Protection Agency.

With the realization that a restored Chesapeake Bay is finally within our sights, we move forward today with cautious optimism. We are confident in our process based on the significant public participation we have received, the positive results we have achieved and our strong resolve to devise cost-effective solutions to implement the Plan.

### **Introduction**

Our Plan to reduce nutrient and sediment pollution provides a series of proposed strategies that exceed Maryland's 2017 target – 70% of the total reductions needed to meet Maryland accelerated deadline of 2020. The Plan commits to work hand-in-hand with all Marylanders, including local governments, stakeholder organizations, farmers, and scientists, to develop the most practical, cost effective means of implementation. In these difficult economic times, it is imperative that we make choices that are mindful both of our citizens and the enormous benefit a restored Chesapeake Bay will bring to Maryland.

In 2008, Maryland committed to ambitious 2-year milestones to accelerate 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 used our BayStat process to develop these milestones and put Maryland on track to meet our ultimate Bay restoration goals by 2020. We are happy to report that this first set of 2-year milestones will be completed by December 31, 2011. These milestones will be followed by subsequent 2-year milestones until we achieve our goals.

### **Plan Characteristics**

*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.

*Innovation:* The Plan incorporates numerous innovations based on scientific research and developing technologies. This includes revision of the “Phosphorous Index,” the tool that tells us how much phosphorous can safely be applied to farmland. 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. This reduces operating costs to farmers, reduces nutrient inputs to the Bay, and increases Maryland’s renewable energy portfolio.

Emerging ecosystems markets are embodied in the plan. We will 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).

*Accounting for Growth:* Maryland continues to grow. By 2020, our population is expected to increase by 560,000 people. EPA requires the States to reduce nutrient and sediment pollution from all source sectors and also “account for growth.” Maryland’s strategy to offset pollution from new development will be crafted by 2013 after extensive public discussion. It will encourage growth in designated growth areas rather than in farmland and woodland areas, and target loads for new and increased sources for new development and redevelopment. In less polluting geographies per capita served by state-of-the-art wastewater treatment plants that accommodate relatively high densities of residents and jobs, such as priority funding areas, little or no offsets will be required. In areas with higher per-capita pollution rates, greater offsets will be needed.

### **Public Comments**

The Plan rests firmly on the significant comments on the DRAFT Plan we submitted to you in September. Marylanders from all walks of life provided 113 sets of comments from 750 citizens, two petitions containing over 1000 signatures, and 100 different electronic comments submitted by multiple people and organizations. Over 315 people attended four public meetings to discuss the DRAFT Plan. The sophistication, depth and innovation suggested in the comments reflects enormous support for the Chesapeake Bay restoration, a desire for timelines for commitments as well as concern that restoration be carried out in the most cost effective, efficient way using new technologies, innovations and spurring economic benefit wherever possible. These comments enabled us to finalize the Plan which we are submitting today.

Based on the comments received, final strategies are selected and where possible, timelines for commitments are included. The Final Phase I Plan also is predicated on the requirements set forth by EPA that Phase II of the planning process – to occur in 2011 – will be the time to develop significantly more detailed work plans for the strategies in the Final Phase I Plan.

### Commitments

To bolster Maryland's existing commitments, where possible, timelines have been added. Many timelines include a very important step – that of working with the public – to develop the details required for successful implementation. Our commitments to upgrading our wastewater treatment plants to use state-of-the-art treatment technologies to reduce nutrient pollution, to improve controls of stormwater, to expand the upgrading of septic systems and to develop a growth strategy all include this important step.

The commitments we make also include contingencies – actions we stand ready to take in the unlikely event that our planned strategies are unsuccessful in meeting the goals. Our willingness to impose additional regulatory requirements to achieved reductions of nutrient and sediment pollution is another measure of our commitment to achieving 70% of the total reductions needed to meet our deadline of 2020.

### Costs

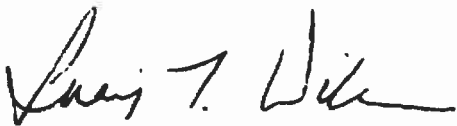
As required, the Plan outlines preliminary cost estimates. The preliminary estimated overall costs to Maryland from 2011 through 2017 could be as high as \$10 billion. While we know that all states in the Chesapeake Bay Watershed, including Maryland, must bear their fair share of the burden, we also believe that the Federal government also must play an important role in assisting the state and local share of costs and technical services. We are committed to working with the public to explore every option to develop the fairest and most cost effective set of fiscal actions for the work ahead.

### Conclusion

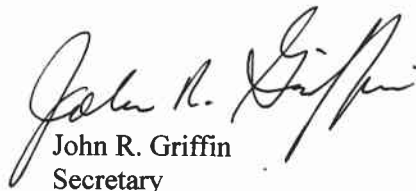
We look forward to working with all stakeholders to begin implementation of the Phase I Plan and begin the work needed to develop the Phase II Plan. In the meantime, if you or your staff have any questions or need additional information, please contact Dr. Bob Summers, who will be Acting Secretary of the Environment as of December 6, 2010, as our lead.

Thank you for your consideration. We look forward to our continued partnership and our collaborative public process.

Sincerely,



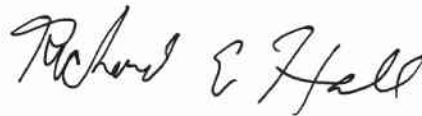
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Enclosure