

Congress of the United States
Washington, DC 20515

October 30, 2006

The Honorable Rob Portman, Director
Office of Management and Budget
Executive Office Building
Washington, DC 20503

Dear Director Portman:

The Congressional Chesapeake Bay Watershed Task Force thanks you for your continued strong support for Bay restoration and protection. Through federal and state leadership, the partnership of local governments, organizations and citizens, and by the new and innovative initiatives proposed in the President's budget over the past few years, we have made progress toward a clean Bay. This Administration has provided new funding for Chesapeake Bay restoration efforts through the U.S. Environmental Protection Agency's (EPA) Targeted Watershed Grants, the U.S. Department of Agriculture's Conservation Innovation Grants, and agricultural programs that support the Delmarva Conservation Corridor program. These commitments have contributed significantly to the improvements we are seeing in the Bay, and we urge you to continue your leadership in providing strong federal support for Bay restoration and protection in the President's Fiscal Year 2008 Budget.

By matching federal dollars, Bay restoration partners have contributed significantly to the achievement of these successes, continuing necessary restoration and important research. Although we are making progress toward the partnership's 2010 goals, we believe much more can and should be done to reach these goals.

As you know, during the 109th Congress we joined 16 Members from the Bay Watershed U.S. House of Representatives Delegation to introduce H.R. 4126, the Chesapeake Bay Restoration Enhancement Act. This legislation is designed to help the Bay restoration partnership achieve as much of its 2010 goals as possible and to address recommendations made by the Government Accountability Office in its October 2005 report, entitled *Chesapeake Bay Program: Improved Strategies Are Needed to Better Assess, Report, and Manage Restoration Progress*. This legislation calls for a holistic and crosscut budget planning approach for Chesapeake Bay restoration, and we encourage you to implement this approach in FY 2008.

EPA PROGRAMS

Chesapeake Bay Program -- \$40 million

The Chesapeake Bay Program is authorized by Section 117 of the Clean Water Act at \$40 million annually. The Program is authorized to coordinate, manage, and provide implementation assistance for Bay restoration, including a Small Watershed Grants Program. Through the *Chesapeake 2000* agreement, the Bay partners -- including the federal government, the states of Maryland, Virginia, Pennsylvania, Delaware, West Virginia, and New York, the District of Columbia, and the Chesapeake

Bay Commission -- have set very ambitious water quality and other restoration goals that must be met in order to restore the Bay and to protect public health and the environment.

We recommend full funding of the Program, which includes various types of technical assistance and monitoring grants, data gathering and analysis, computer modeling capabilities, and general operations. We also recommend that EPA expand the amount of technical and financial support that it supplies to the state and local governments and private interests for activities to improve water quality and habitat, through Implementation Grants to the states and the Chesapeake Bay Small Watershed Grants program.

Of the \$40 million, we urge the Administration to specifically include the Chesapeake Bay Small Watershed Grants program in the President's FY 2008 Budget Proposal at a funding level of \$10 million. Population growth -- at a rate of 100,000 new residents annually -- and development are large and growing sources of nutrient and sediment pollution to the Bay and its tributaries. Local governments bear the most responsibility to control the impacts from this development, and they are often ill-equipped to plan or implement actions that will prevent or reduce future nutrient and sediment pollution. The Chesapeake Bay Small Watershed Grants Program, administered by the National Fish and Wildlife Foundation, is the only program specifically designed to give money and technical assistance to local governments and non-profit groups to take local action to help the Bay. This program, currently funded at \$2 million annually, leverages about four times that amount of money for on-the-ground restoration and pollution prevention projects every year. While this approach serves as a model for federal and local estuarine restoration partnerships across the country, the current investment for this program in the Bay region is too small to have a significant impact toward meeting the *Chesapeake 2000* agreement water quality goals by 2010.

Targeted Watershed Initiative -- \$10 million

In addition to funding for the Chesapeake Bay Program itself, the President, in his FY 2005 Budget Proposal, requested \$10 million for the national Targeted Watershed Initiative and designated that it be used for Chesapeake Bay nutrient reduction efforts. Congress funded this request at \$8 million in FY 2005, and then at \$6 million in FY 2006. Projects funded by this program contribute directly to quantitative reductions in nutrients and sediments that enter the Bay and include improvements to the efficient use of nutrients on farms and improvements to stormwater management systems. Because this program uses technology and scientific understanding developed through the Bay Program to focus on specific reductions to nutrients and sediment entering the Bay, it presents the most immediate and direct opportunity to achieve water quality restoration in the watershed. We encourage you to consider funding this program at the highest level possible in the FY 2008 budget request, but at the very least at \$10 million.

We recommend that this money be designated for implementation of restoration projects as outlined in the state Tributary Strategies, and that the entire 64,000 square mile Bay watershed be eligible.

Blue Plains Wastewater Treatment Plant -- \$66 million

Blue Plains is the largest advanced wastewater treatment plant in the world, with a capacity of 370 million gallons per day. It covers 150 acres in Washington, D.C. and serves all of the nation's capital with its many government buildings, as well as ratepayers in the surrounding counties of Montgomery, Prince George's, Fairfax and Loudoun. Currently, the facility discharges 7.54 million pounds of nitrogen into the tidal Potomac every year, by far the single largest source of pollution in the entire

Bay watershed, contributing the equivalent of nutrient runoff from more than 6,000 of the region's farms. The special regional nature of the facility, its tremendous impact on the Chesapeake Bay, and its high price tag make this a very unique situation with added federal responsibility. Total cost for full implementation of nutrient reduction technology at Blue Plains is estimated to be \$450 million. This \$66 million request would immediately leverage \$43 million in state and local funds and pay for an initial upgrade capable of reducing the facility's discharge by up to 5 million pounds of nitrogen annually.

Section 106 State and River Basin Commission Funding -- \$227.289 million

The President's FY 2007 budget request for the Section 106 grants program was \$221.661 million – a 2.5 percent increase over the prior year. The value of the Section 106 funding to both the States and the interstate agencies is not unique to the Chesapeake Bay region – it is a core program for watershed restoration nationwide, and we urge you to again increase this program by 2.5 percent in the President's FY 2008 budget request to ensure that at least \$227.289 million is allotted.

The Task Force contacted EPA Region III Administrator Donald S. Welsh earlier this year to encourage EPA to support the Chesapeake Bay Non-tidal Monitoring Network through the states' use of Section 106 funds. Mr. Welsh responded to us very positively by sharing the Federal commitment to this Network in the recently signed Memorandum of Understanding (MOU), *Cooperative Efforts for Monitoring and Assessing Water Quality in the Streams and Rivers of the Chesapeake Bay Watershed*. This MOU was also agreed to by the six states and the District of Columbia that are in the Bay watershed, as well as by the Susquehanna River Basin Commission and the Interstate Commission on the Potomac River Basin, all of which play a key role in the Monitoring Network. We strongly support a continued and increased commitment to funding Section 106 grants.

ASSISTANCE TO FARMERS

Agriculture is the largest single source of nutrient and sediment pollution to the Chesapeake Bay and, as such, represents a tremendous opportunity to reduce pollutants through programs that are demonstrated to be only 1/6th the cost of infrastructure improvements for point-source pollution. In addition, sustainability of farming in the rapidly-changing Bay watershed landscape is critical to the Bay's restoration and, as demonstrated by the New York City Watershed Agreement, is more cost-effective than attempting to meet growing water infrastructure funding gaps. In their commitment to restoring Chesapeake Bay water quality, the states are relying on agriculture to provide 68 percent of the nitrogen reductions, 64 percent of the phosphorus reductions and 90 percent of the sediment reductions.

It is estimated that farms in the six-state Chesapeake Bay watershed receive only 1 percent of the total national funding for commodity and conservation payment. Yet, this area represents 3.2 percent of U.S. farmland acreage and contributed \$12 billion to the nation's total agricultural cash receipts.

The partners of the Chesapeake Bay Program, in their state-approved tributary strategies, have identified a total need of \$700 million per year for agricultural practice activities in order to meet the nutrient and sediment reduction goals needed to remove impairments to the Bay ecosystem. These activities and practices are specifically identified by watershed. It is estimated that farmers would cover 25 percent of these costs and that the remaining \$525 million would be split between federal and state government assistance. Assuming the states cover half of the cost, the remaining federal share would be \$262.5 million. Since the U.S. Department of Agriculture (USDA) estimates that the Natural Resources Conservation Service (NRCS) spent approximately \$78 million in FY 2004 on

various types of natural resource issues in the Bay watershed, the need for new USDA money in FY 2008 is \$184.5 million. While we understand that there is no line item identification for this in the President's budget, we encourage the President to support this funding to the states, and in turn, to encourage state governments to spend the funding in a manner consistent with their approved tributary strategies.

In light of the cost-effectiveness of investing in agricultural programs, there are several key agricultural programs that are critical to meeting the Bay's restoration deadlines. In addition to the general funding mentioned above, we encourage the President to support the following specific programs and funding levels:

Agricultural Management Assistance Program (AMA) -- \$20 million

This program is of growing importance to the Chesapeake Bay. Along with the Environmental Quality Incentives Program (EQIP), the AMA has enabled farmers in the Chesapeake Bay watershed to better manage water use and animal waste and to control harmful nutrient and sediment runoff. This truly regional and innovative program provides key cost-share and incentive payments to farmers in five of the Bay watershed's six states that are among the 15 states eligible to participate in the AMA. We strongly urge the Administration to support the continuation of the AMA and to fully fund this program as authorized in the Agricultural Risk Assessment Act of 2000 and the 2002 Farm Bill.

Conservation Innovation Grants (CIG) -- \$10 million

The 2002 Farm Bill allows USDA to use EQIP funds for competitive grants for innovative projects. The Chesapeake Bay has already been identified as a Conservation Priority Area by the Farm Bill, and the Secretary of Agriculture has the authority to increase the amount of Bay watershed land enrolled in numerous Farm Bill conservation programs. We urge the Secretary to utilize this authority and to substantially increase the Chesapeake Bay set aside for CIG. This past year, \$20 million was available to competitively fund projects through CIG, \$5 million of which NRCS allocated for Chesapeake Bay watershed-specific projects. These grants have been very successful, and there is an increasing demand for more innovative restoration work in the agricultural sector.

We urge USDA to double the set aside for the Bay region to \$10 million in 2007. Ultimately, we would prefer that NRCS more than double the amount it designates for CIG grants nationwide and still maintain a one-quarter set aside of that funding for Chesapeake Bay projects.

Delmarva Conservation Corridor -- \$5 million

Agriculture accounts for approximately 40 percent of the nutrient pollution entering the Chesapeake every year. On the Eastern Shore of the Chesapeake Bay, or Delmarva Peninsula, agriculture contributes about 70 percent of all the nutrients that wash off the land and into the Bay. Nowhere in the entire Bay watershed is farming more a part of the local economy and landscape than in Delmarva. The Delmarva Conservation Corridor pilot program was authorized under Title II of the 2002 Farm Bill and seeks to protect and conserve natural resources and make farming profitable, thereby preserving Delmarva's rural way of life.

In FY 2005, the USDA announced a set aside of \$5 million for grants to farmers in Delaware,

Maryland, and Virginia. We appreciated and supported this action then, and urge you to continue this important program by allocating at least \$5 million in the FY 2008 Budget Proposal.

DEPARTMENT OF THE INTERIOR PROGRAMS

Maintaining Fish Health -- \$2 million

In recent years there have been a number of fish health and reproductive problems within several river systems of the Chesapeake watershed that appear to be associated with “emerging” contaminant issues and loss of habitat. These include: (1) fish kills and the subsequent finding of intersex in smallmouth bass in the Potomac River; (2) major fish kills of smallmouth bass and sunfish in the Shenandoah and Susquehanna Rivers; (3) a high prevalence of cancers in bullhead catfish from the Anacostia (Washington, DC) and South Rivers (Annapolis, MD); and (4) poor reproductive success of yellow perch in western shore tributaries. Potential causes of reproductive problems and increased disease susceptibility include a loss of suitable habitat conditions, poor water quality and riparian zone alteration.

In FY 2008, we recommend that you include \$2 million, split between the U.S. Geological Survey (USGS) and the U.S. Fish and Wildlife Service (USFWS), to allow for concurrent collections of water, sediment, and fish tissue; contaminant analyses, histopathological and biochemical analyses; and habitat assessments to identify causes of the poor fish health and habitat conditions. The results would be used in FY 2009 and 2010 to address these causes with management practices to improve the health of fish populations in the Bay watershed.

National Fish Habitat Initiative/Restoring Fish Populations -- \$1 million

The Chesapeake Bay region has been a national leader in fish passage and/or dam removal projects to restore migratory fish populations. An organized and concerted effort coordinated through the Chesapeake Bay Program has already restored 1,838 miles of historic prime habitat for migratory and resident fish. Last year, EPA, the six Bay watershed states and the District of Columbia committed to complete 100 more projects which will open 1,000 miles of high quality tributary habitat to migratory fish by 2014.

The region has a long list of priority fish passage projects, ready for implementation, and a severe shortage of funds to complete them. We urge the President to designate the Chesapeake Bay watershed as a Priority Area under the National Fish Habitat Initiative and to set aside \$1 million in the FY 2008 budget for the USFWS under this Initiative to fund these critical ready-to-go projects.

Non-Tidal Water-Quality Monitoring and Assessment Network -- \$1.5 million

The Chesapeake Bay state partners have developed tributary strategies to reduce nutrient and sediment pollution to meet EPA issued water-quality standards for the tidal Bay by 2011. The USGS has led the design and implementation efforts for the Chesapeake Bay Non-Tidal Water-Quality Monitoring Network to assess improvements and better target management actions to improve water quality of local streams and the tidal Chesapeake. Of the 200 sites needed for a complete Network, 64 have been fully implemented and 18 sites have been partially implemented, four of which are scheduled to be completed this calendar year.

Last fall’s federal agreement to *Enhance Federal Cooperative Conservation in the Chesapeake*

Bay Program addressed one aspect of the GAO Report to Congress, by asking USGS to enhance the Bay Program's monitoring data and to lead federal efforts for monitoring and assessment of water quality management actions. Monitoring sites will also be coordinated with the location of EPA Targeted Watershed Grants and USDA Conservation Innovation Grants.

The implementation of the Non-Tidal Monitoring Network began in 2004, and USGS has leveraged funding from EPA and the states. Each site costs approximately \$45,000 per year to operate and maintain, with an additional one time cost of \$7,500 for installation of stream-gage equipment. We strongly urge you to continue support for this critical assessment tool, and to include \$1.5 million in the President's FY 2008 Budget proposal for USGS to add another 28 sites to the Network – bringing the Network to more than half complete.

OYSTER RESTORATION -- \$25 million

In 2000, the Chesapeake Bay Program partners – the governors of the states in the Bay watershed, the Mayor of the District of Columbia and the Federal government – agreed to the goal of a tenfold increase in the population of native oysters in the Bay by 2010. The cost estimate for this commitment was \$100 million. The oyster industry in both Maryland and Virginia is teetering on collapse, and this restoration may be its last hope. Additionally, some in the scientific community believe an even larger increase would confer significant additional benefits in the areas of water quality, dissolved oxygen and submerged aquatic vegetation. In order to meet the 2010 goal of at least a tenfold increase in oysters, an infusion of \$25 million in FY 2008 -- split between NOAA and the Army Corps of Engineers -- is critical to any chance of success.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Chesapeake Bay Observing System -- \$3 million

In addition to non-tidal monitoring, a Chesapeake Bay Observing System (CBOS) is being developed to establish a bay-wide network of monitoring buoys for the Bay's main stem and tidal open water. The integration of new and existing observing capabilities will allow for the collection and dissemination of critical information in real time, leading to more accurate analysis and effective ecosystem management of Chesapeake Bay resources. The CBOS is a component of the U.S. Integrated Ocean Observing system called for in the President's Ocean Action Plan, and there are also plans to have three to five buoys of the Chesapeake Bay Interpretive Buoy System along the Captain John Smith Historic Water Trail. Information from these buoys will be used to provide ecological, historical and cultural interpretation along that Water Trail and will contribute to the safety and enrich the experience of Trail users. It costs \$150,000 to purchase and \$50,000 to operate and maintain each buoy. We urge you to include \$3 million in the President's FY 2008 Budget for NOAA's Chesapeake Bay Office, to fund 15 new CBOS buoys at key locations and incorporate them into the Chesapeake Bay Interpretive Buoy System.

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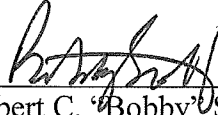
Thank you for your consideration of these requests. Much has been accomplished over the years, but much still needs to be done to restore the Chesapeake Bay to full health. One thing is certain -- we would not have been able to accomplish what we have without Federal support and leadership, and we will not be able to finish the job without it. We urge you to continue to provide the type of leadership that will again make the Chesapeake the envy of the world.

For additional information, please contact Edith Thompson (Rep. Gilchrest) at (202) 225-5311, Ilana Fisher (Rep. Scott) at (202) 225-8351, Darcie Brickner (Rep. Davis) at (202) 225-1492 or Karen Robb (Rep. Van Hollen) at (202) 225-5341.

Sincerely,



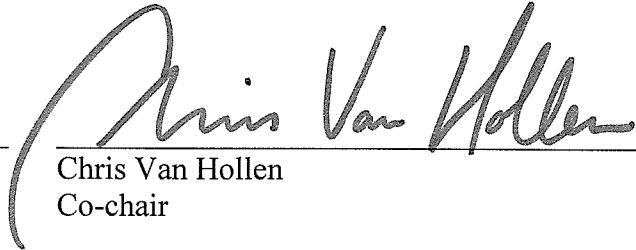
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