



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Chesapeake Bay Program Office
1750 Forest Drive, Suite 130
Annapolis, Maryland 21401

November 30, 2022

To the Members of the Conowingo Watershed Implementation Plan Steering Committee,

Thank you for your letter dated [October 17, 2022](#), expressing the Conowingo Watershed Implementation Plan (WIP) Steering Committee's continued commitment to the implementation of the Conowingo WIP. I also appreciated the discussion that was held on October 14, 2022, with the Steering Committee Co-chairs which provided me with an increased understanding of the current priorities and needs associated with the Conowingo WIP.

EPA is committed to fulfilling its role under the [Framework for the Conowingo WIP](#) (Framework) that was finalized and approved by the Principals' Staff Committee (PSC) in January 2019. There were several decisions leading up to the PSC approval of the Framework document that I want to highlight below so EPA's role in the Conowingo WIP effort and position on current and future federal funding support is clearly communicated and understood.

- [In December 2017](#), the PSC agreed to the concept to develop a separate Conowingo planning target with a separate WIP, and to pool resources to be applied by a third party in areas determined to have the most impact on Chesapeake Bay water quality as part of the plan.
- [In December 2017](#), the Management Board approved the formation of a Grants Allocation Action Team (GAAT) to develop options for revising the grant allocation formula based on the Phase III WIP planning targets and the Phase 6 suite of modeling tools. Each jurisdiction and the Chesapeake Bay Commission was represented on the GAAT, whose recommendations informed the re-allocation formula that is used to support the three EPA cooperative agreements currently in place for the Conowingo WIP.
- On October 26, 2018, then Regional Administrator (RA) Cosmo Servidio sent a letter (see Enclosure A) to the PSC jurisdictional members that documented the decisions made at the December 2017 PCS meeting that included "...all PSC jurisdictional members agreed to pool resources and to identify a process to fund and implement the Conowingo WIP." This included the process by which to re-allocate a portion of each jurisdiction's Chesapeake Bay Regulatory and Accountability Program (CBRAP) Grant and Chesapeake Bay Implementation Grant (CBIG).
- This re-allocation process and specific amounts were documented in RA Servidio's December 7, 2018, letter (see Enclosure B) to each of the PSC jurisdictional members. The letter also communicated that *"This funding is intended to support the development and implementation of the Conowingo WIP and associated two-year milestones [Cooperative Agreement Activity 1], financing strategy [Cooperative Agreement Activity 2], and tracking and reporting systems [Cooperative Agreement Activity 3]. However, the jurisdictions' and EPA's funding contributions toward Conowingo may increase or decrease over time, depending on the availability of federal funds and ability to identify alternative funding sources."*

- In [March 2018](#), the PSC approved the roles and responsibilities of EPA and the Steering Committee in the Conowingo WIP effort. Specifically for EPA, *“The EPA will: provide oversight of implementation of the Conowingo WIP and biennial reports of progress through two-year milestones; in consultation with the PSC, develop and issue the third-party RFP; and provide technical staff and contractual support to the Conowingo WIP Steering Committee as they carry out their charge from the PSC.”*
- The [January 31, 2019](#) PSC decisions related to the Framework document also reiterated EPA’s role and responsibility as part of this effort; *“EPA will: Evaluate the Conowingo WIP and provide biennial evaluations of the progress toward attaining the goals in the Conowingo WIP. EPA’s evaluations, in consultation with the PSC, and any needed improvement will be used to determine if corrections or adjustments are necessary to attain the goals of the Conowingo WIP (e.g., whether the targets need to be re-evaluated or assigned to specific jurisdictions).”*
- In response to [EPA’s evaluation of the final Conowingo WIP](#) in January 2022, the [Steering Committee sent a letter to EPA on March 21, 2022](#) that expressed the jurisdictions ongoing commitment to redirect a portion of their CBRAP or CBIG funding to support the Conowingo WIP. As a response, RA Adam Ortiz held calls with each of the jurisdictions leading up to the July 19, 2022, PSC meeting to discuss a path forward for the Conowingo WIP. The end result of those discussions and the decisions made at that [July 2022 PSC meeting](#) reaffirmed the jurisdictions’ commitment to the Conowingo WIP through a phased approach that would extend implementation past 2025. EPA will assess progress in 2026 to determine if an alternative path should be adopted.

The purpose of providing these key historical and recent decisions is to clearly articulate EPA’s role in the Conowingo WIP process. To date, only federal funding has been expended to support the Conowingo WIP. While EPA remains committed to supporting the Steering Committee’s efforts through the existing cooperative agreements, continues to provide technical assistance to the Steering Committee (e.g., modeling and GIS analysis), and recognizes the \$25 million commitment from Maryland to implement the Conowingo WIP, additional state funding is critical to getting practices on the ground in the most effective areas within the Susquehanna Basin.

EPA does not plan to re-allocate any CBRAP or CBIG funding beyond what is necessary to fund the cooperative agreements. This is consistent with EPA’s commitment to issue the Request for Applications and fund the three cooperative agreements, as documented in the [January 2019 Conowingo WIP Framework](#) and the October 2018 and December 2018 RA letters (see Enclosures A and B of this letter). As the jurisdictions agreed to develop a collaborative Conowingo WIP and to pool resources at the [December 19-20, 2017 PSC meeting](#), it is EPA’s expectation that jurisdictions take a lead role in identifying and pursuing funding sources to support Conowingo WIP implementation. This expectation is reflected in EPA’s evaluation of the final Conowingo WIP and in [EPA’s evaluation of the Conowingo 2022-2023 milestones](#). This expectation is also consistent with [EPA’s expectations for the three phases of the jurisdictions’ WIPs](#).

EPA strongly encourages jurisdictions to consider utilizing existing and/or future funding from their CBRAP grants, CBIG grants, Bipartisan Infrastructure Law funding, or from other sources to support the technical assistance needs (e.g., grant writing assistance) identified in your October 2022 letter. I am

encouraged that Pennsylvania and New York are engaged in internal discussions on how to fund Conowingo WIP implementation in their respective jurisdictions.

As stated previously, EPA is committed to fulfilling its role and associated responsibilities under the Framework document. EPA will soon be issuing its expectations for the Conowingo WIP's phased approach. The purpose of these expectations is to clearly articulate what elements EPA expects to be addressed by 2025 to provide the Agency with confidence that the Conowingo WIP load reductions will be achieved through collaborative numeric and programmatic commitments and actions.

I look forward to our continued collaboration on the Conowingo WIP.

Sincerely,

A handwritten signature in black ink that reads "Kandis Boyd". The signature is fluid and cursive, with the first name "Kandis" and last name "Boyd" clearly distinguishable.

Dr. Kandis Boyd
Director
Chesapeake Bay Program office

Enclosure A: October 26, 2018, Letter from RA Servidio to the PSC Jurisdictional Members



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

OCT 26 2018

Dear Principals' Staff Committee Members:

As a follow-up to the October 12, 2018 Chesapeake Bay Program (CBP) Principals' Staff Committee (PSC) Meeting (October 2018 PSC Meeting), I am writing to provide a summary of the decisions and actions taken to date by the CBP partnership to address Conowingo Dam infill. I also am providing an update on the U.S. Environmental Protection Agency's (EPA) FY19 CBP grant allocation process and the status of EPA's Request for Proposals (RFP) for the Conowingo Watershed Implementation Plan (WIP).

Regarding decisions pertaining to the Conowingo Dam, the 2010 Chesapeake Bay Total Maximum Daily Load (Bay TMDL) Appendix T¹ states, "EPA's intention is to assume the current trapping capacity will continue through the planning horizon for the TMDL (through 2025) ...The steady state condition is at the limits of the planning horizon for the TMDLs and, depending on conditions, could be well beyond the planning horizon." Appendix T of the Bay TMDL document also states that if the Conowingo Dam's trapping capacity was diminished before 2025, "EPA would *consider* [emphasis added] adjusting the Pennsylvania, Maryland and New York 2-year milestone loads based on the new delivered loads" and that "The states should work together to develop an implementation strategy for the Conowingo Dam..."

Due to the assumptions made about the trapping capacity of the Conowingo Dam when the Bay TMDL was being developed, the new delivered loads associated with the Conowingo Dam infill were not included in the reductions assigned to the jurisdictions sufficient to achieve the Bay TMDL allocations. Therefore, no jurisdictions were assigned the responsibility to achieve these additional reductions when the allocations were finalized in 2010. This issue is also recognized in the October 12, 2018 version of the Conowingo WIP Steering Committee's [Framework for the Conowingo Watershed Implementation Plan](#) (Conowingo WIP Framework document): "...all Bay jurisdictions recognize the benefits of Conowingo's past pollutant trapping and, therefore, all agree to work together in implementing the agreed upon plan."

Studies^{2,3} have indicated that conditions have changed since 2010 and that an additional minimum reduction of 6 million pounds of nitrogen and 0.26 million pounds of phosphorus is needed to mitigate the water quality impacts of Conowingo Dam infill. The PSC has made a series of key policy decisions on the

¹ U.S. Environmental Protection Agency. (2010, December 29). *Appendix T. Assessment of the Susquehanna River Reservoir Trapping Capacity and the Potential Effect on the Chesapeake Bay*. Retrieved from:

https://www.epa.gov/sites/production/files/2015-02/documents/appendix_t_susquehanna_dams_final.pdf

² U.S. Army Corps of Engineers. (2016, March 7). *Lower Susquehanna River Watershed Assessment, Maryland and Pennsylvania*. Retrieved from

<http://dnr.maryland.gov/waters/bay/Documents/LSRWA/Reports/LSRWAFinalMain20160307.pdf>

³ CBP Partnership Phase 6 Model Analyses



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Conowingo Dam based on updated science and data as part of the Bay TMDL's Midpoint Assessment as highlighted below⁴:

- At the December 2017 PSC Meeting, the PSC agreed to assign the total pollutant reductions attributed to the Conowingo Dam infill to a separate Conowingo Planning Target and to collectively develop a separate Conowingo WIP.
- Also at the December 2017 Meeting, all PSC jurisdictional members agreed to pool resources and to identify a process to fund and implement the Conowingo WIP (e.g., the allocation of future EPA Chesapeake Bay Implementation and Regulatory and Accountability Program grant funding to the seven Bay watershed jurisdictions).
- At the March 2018 PSC Meeting, the PSC agreed with EPA's request that the agency not have a member on the Conowingo WIP Steering Committee due to EPA's oversight role for the implementation of all the jurisdictions' WIPs, including the Conowingo WIP.
- The timing of Conowingo load reductions was discussed at the December 2017 and March 2018 PSC Meetings. Three timing options ("by 2025," "post 2025," and "beyond 2025") were presented to the PSC at the March 2018 Meeting but no decision was reached.

It is my understanding from our October 2018 PSC Meeting that some jurisdictions may wish to address these new delivered loads by 2025 regardless of the timeline which is proposed to be developed by the RFP recipient and the Conowingo WIP Steering Committee. Pursuant to its role and authority under the Bay TMDL's Accountability Framework, EPA can assign the necessary Conowingo load reductions among the seven Bay watershed jurisdictions. If a jurisdiction requests, EPA will assign the jurisdiction's respective Conowingo nitrogen and phosphorus load reductions now, as part of the Phase III WIP development process. The chart below provides each jurisdiction's nitrogen and phosphorus load reduction responsibility if these loads were distributed watershed-wide based on the CBP partnership-approved methodology to equitably calculate load reductions.

Table 1: Additional Nitrogen and Phosphorus Load Reductions Required for Conowingo Dam Infill using the Phase 6 Suite of Modeling Tools

Jurisdiction	Nitrogen Load Reductions (M lbs./year)	Phosphorus Load Reductions (M lbs./year)
New York	0.32	0.011
Pennsylvania	3.31	0.113
Maryland	1.76	0.091
West Virginia	0.19	0.015
District of Columbia	0.00	0.001
Delaware	0.32	0.005
Virginia	1.38	0.155
Basinwide	7.28*	0.392

*Distributing the 6 million pounds of nitrogen watershed-wide increases the overall amount of nitrogen delivered to the Bay since the loads are distributed to less effective basins, as opposed to only the most effective basins (e.g., the Susquehanna Basin has greater relative influence on dissolved oxygen in the Bay).

⁴ See the "PSC Actions and Decisions" document posted on each PSC Meeting page. PSC Meeting Pages can be found: https://www.chesapeakebay.net/who/meetings-archive/principals_staff_committee

Each jurisdiction will soon be receiving a letter with its FY 19 CBP grant funding amounts, which will be based on the Phase 6 suite of modeling tools and the Phase III WIP planning targets. In addition, the letter will detail each jurisdiction's projected contribution towards Conowingo WIP development and implementation. If a jurisdiction chooses to address its Conowingo load reductions (see Table 1) as part of its Phase III WIP, EPA will not reallocate any of the jurisdiction's grant funding for Conowingo WIP development and implementation. On March 7th and April 17th, 2018, the CBP partnership's Grants Allocation Action Team (GAAT) had meetings to discuss several options and preliminary recommendations regarding potential impacts of the reallocation of funds under the Chesapeake Bay Implementation and Regulatory and Accountability grant programs. EPA is closely considering those options and preliminary recommendations as EPA makes its final grant allocation decisions. Prior to EPA providing the grant funding letters, EPA plans to reconvene the GAAT to explain EPA's grant allocation methodology and related grant funding adjustments.

With respect to the draft Conowingo WIP RFP, EPA provided the draft RFP to the Conowingo Steering Committee for review in June 2018. EPA incorporated comments received into a revised draft RFP. The revised draft RFP for Conowingo WIP development and implementation is currently under review by EPA, and we plan to issue upon completion of review.

A PSC call will be scheduled to discuss this letter further. Appendices A and B of this letter lay out the sequence of decision-making and actions this Committee has taken to address Conowingo Dam infill, including the status of EPA's Conowingo WIP RFP and the grant reallocation process. Finally, and perhaps most importantly, we, as a partnership, have collectively addressed significant and critical challenges affecting the health and vitality of the Chesapeake Bay and its watershed over these last several decades. I am confident we can achieve a resolution to these current issues in a collaborative fashion, and I look forward to working with each of you over the coming months and years as we enter this next phase of Bay TMDL implementation. Please don't hesitate to contact me or Jim Edward, Acting Director of EPA's Chesapeake Bay Program Office, at 410-267-5705 or edward.james@epa.gov with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Cosmo Servidio', with a long horizontal flourish extending to the right.

Cosmo Servidio
Regional Administrator

Appendix A: Timeline of Chesapeake Bay Program Partnership Actions & Decisions on Conowingo Dam

2009 – 2010: How Conowingo Dam Was Addressed in the 2010 Chesapeake Bay TMDL & the Subsequent Benefit to the Bay Watershed Jurisdictions

Section 10.6 – Chesapeake Bay TMDL⁵

Pages 10-7 to 10-8: *“The dams along the lower Susquehanna River are a significant factor influencing nitrogen, phosphorus, and sediment loads to the Bay because they retain large quantities of sediment and phosphorus, and some nitrogen, in their reservoirs (Appendix T). The three major dams along the lower Susquehanna River are the Safe Harbor Dam, Holtwood Dam, and Conowingo Dam. In developing the TMDL, EPA considered the impact of these dams on the pollutant loads to the Bay and how those loads will change when the dams no longer function to trap nitrogen, phosphorus, and sediment.*

*The Bay TMDL incorporates the current sediment-trapping capacity of the Conowingo Dam at 55 percent, with nitrogen and phosphorus trapping capacity at 2 percent and 40 percent, respectively. That allows the sediment, nitrogen, and phosphorus allocations to the jurisdictions to reflect the actual input to the Bay. **If future monitoring shows a change in trapping capacity in the Conowingo Dam, the 2-year milestone delivered load reductions could be adjusted accordingly.** The adjusted loads may be compared to the 2-year milestone commitments to ensure that each jurisdiction is meeting its obligations. For example, if there were a reduction in the sediment-trapping capacity in the reservoir, an upland jurisdiction might need to increase its sediment-reduction efforts to meet the allocations it has been assigned in the Bay TMDL. **The jurisdictions’ sediment allocation would not necessarily change, but the jurisdictions might need to increase the level of effort in reducing sediment to account for the loss of trapping capacity in the reservoir. Changes in the sediment-trapping capacity are not expected to alter the amount of sediment that the Bay is able to assimilate and, therefore, are not expected to change the allocations in this Bay TMDL.***

*For the purposes of the Chesapeake Bay TMDL, EPA and the partners assumed the current trapping efficiencies will continue. **If future monitoring shows that trapping efficiencies are reduced, Pennsylvania, New York, and Maryland’s respective 2-year milestone delivered loads could be adjusted accordingly. Therefore, it is imperative that those jurisdictions work together to develop an implementation strategy for addressing the sediment, nitrogen, and phosphorus behind the Conowingo Dam through their respective WIPs, so that they are prepared if the trapping efficiencies decrease.***

Appendix T – Chesapeake Bay TMDL⁶

Page T-5: *“EPA’s intention is to assume the current trapping capacity will continue through the planning horizon for the TMDL (through 2025). The Conowingo Reservoir is anticipated to reach a steady state in 15 – 30 years, depending on future loading rates, scour events and trapping efficiency. The steady state condition is at the limits of the planning horizon for the TMDLs and, depending on conditions, could be well beyond the planning horizon.*

⁵ https://www.epa.gov/sites/production/files/2014-12/documents/cbay_final_tmdl_section_10_final_0.pdf

⁶ https://www.epa.gov/sites/production/files/2015-02/documents/appendix_t_susquehanna_dams_final.pdf

Under these assumptions, the wasteload allocations (WLA) and load allocations (LA) would be based on the current conditions at the dam. This represents a business-as-usual scenario in which the future diminished trapping capacity behind the Conowingo Dam is not considered in developing of the wasteload WLA and LA.

If future monitoring shows the trapping capacity of the dam is reduced, then EPA would consider adjusting the Pennsylvania, Maryland and New York 2-year milestone loads based on the new delivered loads. The adjusted loads would be compared to the 2-year milestone commitments to determine if the states are meeting their target load obligations.

Future increases in sediment and phosphorus downstream of the dam can be minimized by making implementation activities above the dam a management priority. This will decrease the overall loads of sediment and phosphorus, and extend the time until trapping capacity is reached. The states should work together to develop an implementation strategy for the Conowingo Dam and take the opportunity to work with FERC during the relicensing process for Conowingo Dam."

2012 – 2016: New Science and Data on Conowingo Dam Infill Since the Release of the 2010 Chesapeake Bay TMDL, and Development of Options to Address Conowingo Dam

- Since the completion of the Bay TMDL, the Chesapeake Bay Program (CBP) partners have assessed the changes in the trapping capacity of the Conowingo and other dams in the watershed as part of the midpoint assessment of the Chesapeake Bay TMDL.
- The CBP partnership estimates that, after fully implementing the Bay TMDL and Phase I/II WIPs, an additional reduction of 6 million pounds of nitrogen and 0.26 million pounds of phosphorus is needed to mitigate the water quality impacts of Conowingo Reservoir infill.
- Although the 2010 Bay TMDL states that EPA would consider adjusting the Pennsylvania, Maryland and New York 2-year milestone loads based on the new delivered loads due to Conowingo Dam infill, in late 2016, the CBP partnership started to develop the following options for assigning responsibility for load reductions, how to apportion those additional loads, and the timeframe upon which those load reductions would occur:

1. Susquehanna Basin Only – This option includes the area within the states of New York, Pennsylvania and Maryland that are in the Susquehanna River Basin that drain directly into the Conowingo Reservoir.
2. Susquehanna Basin + Most Effective Basins – This option includes the Susquehanna Basin (i.e. Option 1 above) plus those other basins within the Chesapeake Bay watershed within which best management practices are most effective at improving Chesapeake Bay water quality.
3. Susquehanna Basin + All of Maryland and Virginia – This option adds the Partnership states that benefitted most from the original calculation of the TMDL in 2010.
4. The Entire Chesapeake Bay Watershed – This option includes all seven jurisdictions in the Bay watershed.

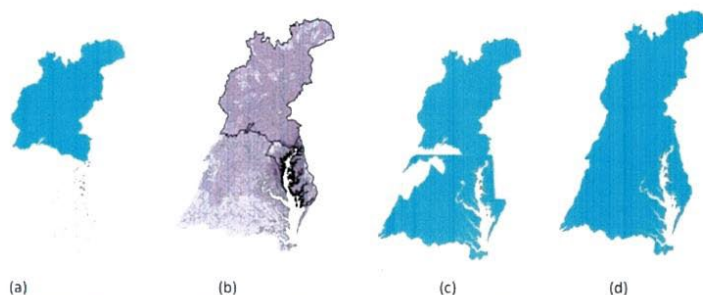


Figure 1 – Four options currently under consideration by the Bay Partnership for assigning responsibility for the additional reduction needed as a result of Conowingo infill. a) Susquehanna Basin, b) Susquehanna Basin + Most-Effective Basins (darker shades of purple = more effective basins within the watershed), c) Susquehanna Basin + All of Maryland and Virginia and d) Entire Chesapeake Bay Watershed.

There are also three options with respect to timing to account for these additional load reductions:

1. Now – The loading is incorporated now into the Phase 3 WIP and must be addressed by 2025.
2. Beyond 2025 – The loading is recognized as something that must begin to be addressed now, but the actual implementation will continue beyond 2025.
3. Post-2025 – The loading is not something that can be addressed now and will be re-visited once implementation of the Phase 3 WIPs is assessed post 2025.

Estimated Additional Nitrogen Reductions Required Under the Four Options

Jurisdiction	Susquehanna Only	Susquehanna + Effective Basins	Susquehanna + MD and VA	Entire Watershed
NY	0.57	0.50	0.36	0.32
PA	5.31	4.71	3.34	3.31
MD	0.12	0.78	1.97	1.76
WV	0.00	0.00	0.00	0.19
DC	0.00	0.00	0.00	0.00
DE	0.00	0.00	0.00	0.32
VA	0.00	0.14	1.54	1.38
Basinwide	6.01	6.12	7.21	7.28

*Units: millions of pounds

2017 – 2018: Key PSC Policy Decisions⁷ to Address Conowingo Dam

- **December 2017:** The Principals' Staff Committee (PSC) made a series of decisions to determine how the CBP partnership was going to account for the additional reductions needed due to Conowingo Dam infill, including, but not limited to:
 - The PSC recognized that reducing increased pollution as a result of the Conowingo infill and now near full capacity is an important issue for all Partnership members and as such, agreed to the concept to develop a separate Conowingo planning target with a separate Watershed Implementation Plan, and **to pool resources to be applied by a third party (with Partnership oversight) in areas determined to have the most impact on Chesapeake Bay water quality as part of the plan.**
 - The PSC also recognized that further information is needed about details on what the implementation plan will entail, **including the process by which to pool resources (e.g., the allocation of future U.S. Environmental Protection Agency's Chesapeake Bay Implementation and Regulatory and Accountability Program grant funding to the seven Bay watershed jurisdictions);** the role of public/private partnerships; funding sources supplemented by trading and banking; and a market for innovative reuse or beneficial use of dredged materials.
- **March 2018:** The PSC approved the roles and responsibilities of the EPA, the Conowingo WIP Steering Committee, and the Third Party, and to the **development of a financing strategy to help address partner concerns regarding reallocation of current federal funding and will seek to pool new funding and in-kind services for the Conowingo WIP Steering Committee.**

2018: EPA Development of the Conowingo WIP RFP

- As part of the March 2018 PSC meeting decisions, EPA agreed to develop a third-party RFP and provide technical staff and contractual support to the Conowingo WIP Steering Committee as they carry out their charge from the PSC.
- **March- May 2018:** EPA developed draft RFP.
- **June 19, 2018:** EPA sent draft RFP to Conowingo WIP Steering Committee members for review
- **July 3, 2018:** Due date for Conowingo WIP Steering Committee to provide feedback – NOTE: received substantial comments
- **July – present:** EPA continues to review the RFP for legal, policy, and funding implications.

2017-2018: EPA-Jurisdictional Collaboration on the Grant Reallocation Process

- **December 2017:** The Management Board approved the formation of a Grants Allocation Action Team (GAAT) to develop options for revising the grant allocation formula based on the Phase III WIP planning targets and the Phase 6 suite of modeling tools. The request to form such a group came from the December 4 and 5 joint meeting of the WQGIT/Modeling Workgroup. Current GAAT membership includes:
 - EPA/CBPO: Jim Edward (Chair), Lucinda Power, Rebecca Hindin, and Gary Shenk (USGS)
 - DE: Terry Deputy, Steve Williams, and Robert Palmer
 - DC: Katherine Antos
 - MD: Matt Fleming
 - NY: Lauren Townley and Ken Kosinski

⁷ A full listing of PSC decisions on Conowingo Dam infill can be found in Appendix B

- PA: Nicki Kasi
- VA: Ann Jennings and James Davis-Martin
- WV: Teresa Koon and Jennifer Pauer
- CBC: Mark Hoffman
- **March 7, 2018 and April 17, 2018:** The GAAT met to discuss and narrow down the list of options for potentially revising the grant allocation formula, which has been in place since the release of the Bay TMDL in 2010. The GAAT also discussed how the reallocation of federal funding could support development of the Conowingo WIP.
- Based on these meetings, **the GAAT developed the following preliminary recommendations (which have not yet been presented to the Management Board):**
 - **Any changes to the grant allocation formula and resultant funding would not go into effect until at least 2019. Phase-in options should be considered by EPA due to the jurisdictions' concerns regarding potential impacts to implementation funding and staffing positions**
 - **Jurisdictions will have the option of selecting which of their grants (CBIG or CBRAP) any changes to the grant allocation formula would be applied to**
 - Removed option of using 2009 as the baseline. Instead, a no action baseline will be used, which represents watershed conditions with minimal to no controls on pollutant loads
 - Added in Local Government Implementation Funding as an option (would be ~\$72K for the Conowingo WIP if agreed to)
 - Removed impacts of climate change to the grant allocation formula
 - **Agreed to delay work of the Action Team until the Phase III planning targets were finalized and released (which occurred on July 9 and July 20, respectively)**
- **August 2018 – present day:** Based on the GAAT's preliminary recommendations, EPA is conducting further analysis of grant reallocation and funding options.

Appendix B: Full History of PSC Decisions on Conowingo Dam Infill⁸

December 2016 Decisions:

- The PSC confirmed the members support:
 - Continuing ongoing work on the described evaluations supporting the making of a decision on who is responsible for additional load reductions, with an emphasis on working towards narrowing down the ranges within each of the options and providing information on how the total reductions compared with E3 levels of reduction; and
 - Evaluating how the additional loading responsibility will be assigned through consideration of both the application of the partnership's existing equity rules as well as consideration of the most cost-effective practices and locations for implementing those practices.

October 2017 Decisions:

- The PSC did not agree with the WQGIT's recommendation to remove two Conowingo modeling scenarios and requested the WQGIT to present updated data for all the options at the December PSC meeting.
- The PSC requested that the "most effective basins" option recommended by the WQGIT be added to the existing three options already identified by the PSC: Conowingo only, all-basins, and Susquehanna + MD + VA.

December 2017 Decisions:

- The PSC recognized that reducing increased pollution as a result of the Conowingo infill and now near full capacity is an important issue for all Partnership members and as such, agreed to the concept to develop a separate Conowingo planning target with a separate Watershed Implementation Plan, and to pool resources to be applied by a third party (with Partnership oversight) in areas determined to have the most impact on Chesapeake Bay water quality as part of the plan.
- The PSC also recognized that further information is needed about details on what the implementation plan will entail, **including the process by which to pool resources (e.g., the allocation of future U.S. Environmental Protection Agency's Chesapeake Bay Implementation and Regulatory and Accountability Program grant funding to the seven Bay watershed jurisdictions);** the role of public/private partnerships; funding sources supplemented by trading and banking; and a market for innovative reuse or beneficial use of dredged materials. Therefore, the PSC agreed to review and provide feedback on the current draft Conowingo Watershed Implementation Plan Framework to the drafting committee (jurisdictional and EPA representatives) by January 16, 2018.
- The drafting committee will address comments and forward the revised draft Conowingo Watershed Implementation Plan Framework to the PSC for discussion and approval at their February 2018 meeting.
- The following next steps were proposed to the PSC during the December 19-20, 2017 meeting and will be discussed further and confirmed during the February 2018 PSC meeting:
 - February 2018: Send letter from the PSC to Exelon emphasizing the importance of their continued involvement in this effort to address the water quality impact from Conowingo Dam. Release a U.S. EPA Request for Proposals (RFP) for award of a cooperative agreement or contract to provide for a

⁸ See the "PSC Actions and Decisions" document posted on each PSC Meeting page. The PSC Meeting Pages can be found: https://www.chesapeakebay.net/who/meetings-archive/principals_staff_committee

third party to facilitate the development and implementation of the Conowingo Watershed Implementation Plan.

- February - May 2018: All partners, including a representative from each of the seven Bay watershed jurisdictions, the Chesapeake Bay Commission, and the U.S. Environmental Protection Agency, work collaboratively to begin development of the Framework for the Conowingo Watershed Implementation Plan to include: 1) determining the fund manager; 2) assigning specific jurisdiction load reduction responsibilities, **including shared resources; and 3) working with EPA and other federal partners on federal funding reallocations.**
- May 2018: Determine the role of Exelon in plan implementation based on Maryland's decisions regarding 401 Water Quality Certification.
- June – Oct 2018: Select cooperative agreement/contract awardee based on the February 2018 RFP and, building on the decisions made between January and May 2018, the Partnership's oversight committee works with awardee to draft a Conowingo Watershed Implementation Plan. The plan will include local government and public engagement strategies, the identification of specific reduction practices and a timeline, funding sources, establishment of a fund manager, and the determination of any gaps and contingencies to address those gaps.
- **October 2018: Begin utilization of any federal FY19 funding allocated to the implementation of the Conowingo Watershed Implementation Plan.**
- October-November 2018: Carry out a 30 or 45-day public review and comment period on draft Conowingo Watershed Implementation Plan. Finalize the draft plan based on public comments.
- February 2019: Submit the final draft Conowingo Watershed Implementation Plan for Partnership review and comment.
- July 2019: Post the final Conowingo Watershed Implementation Plan on the Partnership's web site.
- October 2019: Begin full plan implementation utilizing funding allocated to the Conowingo Watershed Implementation Plan for federal fiscal year 2020.
- Annually: EPA will evaluate the effectiveness and progress of the Conowingo Watershed Implementation Plan, work with partners to pursue additional funding sources to help implement the plan, identify additional mitigation options, and adjust plan as necessary.
- **Summer 2023: Reevaluate and make any necessary corrections based on implementation of the Conowingo Watershed Implementation Plan and any other factors.**

March 2018 Decisions:

- The PSC agreed that the jurisdictional and Chesapeake Bay Commission (CBC) PSC members would each designate one representative to be appointed to the Conowingo WIP Steering Committee. The PSC agreed with EPA's request that the Agency not have a member on the Steering Committee due to its oversight role for implementation of all the jurisdictions' WIPs, including the Conowingo WIP.
- The PSC approved the development of a financing strategy for the Conowingo WIP. The strategy will help address partner concerns regarding reallocation of current federal funding and will seek to pool new funding and in-kind services for the Conowingo WIP Steering Committee.
- The PSC approved the roles and responsibilities of the EPA, the Conowingo WIP Steering Committee, and the Third Party.
 - The EPA will: provide oversight of implementation of the Conowingo WIP and biennial reports of progress through two-year milestones; in consultation with the PSC, develop and issue the third-party RFP; and provide technical staff and contractual support to the Conowingo WIP Steering Committee as they carry out their charge from the PSC.

- The Conowingo WIP Steering Committee will guide the development and implementation of the Conowingo WIP and financing strategy; report back to the PSC at their quarterly meetings; and seek final approval of the Conowingo WIP document from the PSC.
- The Third Party will provide assistance to the Steering Committee for development of the Conowingo WIP and financing strategy; act as a fund manager; track, verify and report progress of the Conowingo WIP; and pursue additional funding sources, consistent with the Conowingo WIP Framework document and the conditions set forth in the EPA RFP.
- The PSC approved the revised Conowingo WIP Steering Committee schedule, as presented, with the following revisions:
 - The Conowingo WIP Steering Committee will submit a draft Conowingo WIP to the PSC in January 2019;
 - The PSC will submit their final comments on the draft Conowingo WIP in February 2019;
 - The Conowingo WIP Steering Committee will then address the PSC's comments and submit the final draft Conowingo WIP for EPA and Partnership review as part of the larger jurisdictional Phase III WIP public review process; and
 - The final draft Conowingo WIP will be posted on CBP Partnership's website in March 2019 to begin a 30-45-day public review and comment period.

July 2018 Decisions:

- Note: EPA agreed to consider, along with other comments received from the Conowingo WIP Steering Committee, the following statement and question from the Local Government Advisory Committee in response to the Conowingo WIP draft Request for Proposals: "LGAC recognizes the importance of tracking, verifying and reporting practices. For many local governments, particularly those in unregulated areas (non-MS4s) this could be a significant challenge." - LGAC requests clarification of what would be asked of a contractor in terms of enhancing the capabilities of local partners to track, verify and report on practices.
- Note: PSC Chair Ben Grumbles agreed to distribute the Conowingo WIP Guiding Principles to the PSC members for review.

Enclosure B: December 7, 2018, Letter from RA Servidio to the PSC Jurisdictional Members



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029**

DEC 07 2018

Benjamin H. Grumbles
Secretary
Department of the Environment
1800 Washington Boulevard
Baltimore, Maryland 21230

Mark J. Belton
Secretary
Maryland Department of Natural Resources
580 Taylor Avenue
Annapolis, Maryland 21401

Joseph Bartenfelder
Secretary
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401

Dear Secretaries Grumbles, Belton, and Bartenfelder:

I am writing to provide Maryland's grant allocations under the Chesapeake Bay Regulatory and Accountability Program (CBRAP) and Chesapeake Bay Implementation Grants (CBIG) for Fiscal Year (FY) 2019 through 2025. This letter also includes Maryland's grant funding adjustment for the development and implementation of the Conowingo Watershed Implementation Plan (WIP).

Changes to previous levels of CBRAP grant funding are driven by the Chesapeake Bay Program (CBP) partnership's Phase 6 suite of modeling tools and the Phase III WIP planning targets, as well as the CBP partnership's decision to collaboratively address the additional nutrient loads due to Conowingo Dam infill. As stated in previous iterations of EPA's annual Chesapeake Bay Program Office Grant and Cooperative Agreement Guidance: *"In 2018, EPA conducted a midpoint assessment of progress to determine if the seven Bay watershed jurisdictions put practices in place to achieve 60% of the necessary nutrient and sediment reductions to achieve applicable water quality standards in the Chesapeake Bay and its tidal waters. As part of this midpoint assessment, the CBP partnership updated its suite of modeling tools – Phase 6 – to reflect the latest science and data, and released Phase III WIP planning targets that were developed using the Phase 6 suite of modeling tools. Consistent with how grant allocations were established in the past, EPA will use the new Phase 6 modeling tools and the Phase III WIP planning targets to update the grants allocation formula."*



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Similar to previous CBRAP grant funding methodology, the FY 2019-2025 CBRAP grant funding will reflect a combination of both base funding and formula funds. The 2014 Chesapeake Bay Watershed Agreement established all seven of the Bay watershed jurisdictions as signatories. For the FY 2019-2025 CBRAP allocations, the base funding will be adjusted to account for this transition. In addition, the formula funds were revised and will reflect the jurisdictions' combined nitrogen reductions achieved through 2017 (35% of formula funds), and the remaining load reduction commitment between 2017 and 2025 (65% of formula funds).

Changes to Maryland's CBRAP grant funding levels will be phased-in during a three-year period, and these changes will not begin until FY 2020. There will be no changes to Maryland's CBIG funding levels since that grant is intended to address any of the goals and outcomes under the 2014 Chesapeake Bay Watershed Agreement, and not just water quality. In addition, there will be no changes to any of the jurisdictions' allocations of Local Government Funding in FY 2019.

The total grant funding for the Conowingo WIP across all seven Bay watershed jurisdictions is \$200,000 each year, starting in FY 2019 and continuing through 2025. EPA's contribution to the Conowingo WIP will be up to \$300,000 each year. This funding is intended to support the development and implementation of the Conowingo WIP and associated two-year milestones, financing strategy, and tracking and reporting systems. However, the jurisdictions' and EPA's funding contributions toward Conowingo may increase or decrease over time, depending on the availability of federal funds and ability to identify alternative funding sources.

The following charts reflect Maryland's FY 2019-2025 CBRAP and CBIG allocations, as well as the FY 2019-2025 Conowingo contribution.

CBRAP Funding Adjustments Phased-in Starting in FY 2020							
Fiscal Year	2018	2019	2020	2021	2022 - 2025	Change in Funding from 2018	Phase-in Change Each Year
Maryland	\$2,758,047	\$2,758,047	\$2,686,520	\$2,614,992	\$2,543,465	\$(214,582)	\$(71,527)

CBIG Funding – No Change		
Fiscal Year	2018	2019-2025
Maryland	\$2,515,700	\$2,515,700

Conowingo Funding Adjustment	
Fiscal Year	2019-2025
Maryland	\$(48,352)

In addition to phasing-in changes to grant funding levels over a three-year period, each jurisdiction will have the flexibility to apply any funding increases or reductions up to 50% to either its CBRAP or CBIG annual grant award. Jurisdictions have the flexibility to apply all of their funding adjustment for the Conowingo against either their CBRAP or CBIG grants. EPA understands that time may be needed to plan and account for these funding adjustments. Please note that EPA makes no commitment of annual funding amounts for any fiscal year(s), as funds may be limited based on funding availability, satisfactory performance, Agency priorities, contributions from other state and federal agencies, partners, and organizations, and other applicable considerations.

I want to thank the CBP partnership's Grant Allocation Action Team for their participation and input into this process. Their feedback was considered in finalizing each jurisdiction's CBRAP and

CBIG grant allocations. I also want to thank you for your leadership on these issues and your continued commitment to restoring the Chesapeake Bay.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Cosmo Servidio', with a long horizontal flourish extending to the right.

Cosmo Servidio
Regional Administrator