



Martin O'Malley, Governor
Anthony G. Brown, Lt. Governor
Joseph P. Gill, Secretary
Frank W. Dawson III, Deputy Secretary

February 24, 2014

The Honorable Thomas V. Mike Miller, Jr.
President, Senate of Maryland
Office of the President
State House, H 107
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House, H 101
Annapolis, Maryland 21401-1991

Re: Submission of FY 2014 –FY 2015 Trust Fund Work and Expenditure Plan

- **Agency:** Maryland Department of Natural Resources on behalf of the BayStat Subcabinet
- **Fund Source:** Chesapeake and Atlantic Coastal Bays Trust Fund
- **Report Authority:** § 8-2A-03(d) of the Natural Resources Article

Dear President Miller and Speaker Busch:

In accordance with, § 8-2A-03(d) of the Natural Resources Article, please accept the FY 2014-FY 2015 Annual Work and Expenditure Plan for the Chesapeake and Atlantic Coastal Bays Trust Fund. This Work and Expenditure Plan:

- Provides the Trust Fund impact from Fiscal Year 2009 – 2014 (FY 09-14), including nutrient and sediment reduction, number of projects funded, total investment and other impact matrices; and
- Identifies the planned work to be funded with money from the Trust Fund for 2015 (FY 2015).

Detailed descriptions of all Trust Fund granted projects, including funding levels, progress, and site locations, can be reviewed online at http://dnr.maryland.gov/ccs/funding/track_our_progress.asp.

A hard copy of the Work and Expenditure Plan has been included for your convenience. Additional hard copies have been filed with the Legislative Library, but we are happy to provide Committee Members with hardcopies upon request. Should you have any questions or comments regarding this report, please feel free to contact Matthew Fleming, on my staff, directly at 410-260-8719, or by email mfleming@dnr.state.md.us.

Sincerely,

Joseph P. Gill
Secretary



MARYLAND'S CHESAPEAKE AND ATLANTIC COASTAL BAYS TRUST FUND

Fiscal Year 2015 Budget At a Glance

The goal of Chesapeake and Atlantic Coastal Bays Trust Fund (Trust Fund) each year is to identify projects and develop a work plan designed to maximize the Trust Fund's environmental return on investment. The Fiscal Year 2015 Trust Fund request targets \$67.44 M (\$42.44 M operating allowance and \$25 M in general obligation bonds) to accelerate State and local efforts to improve the health of the Chesapeake Bay.

Fiscal Year 2015 Trust Fund Budget

	Project Lead	FY 14 Special Fund Allowance	FY 14 Capital Fund Allowance	FY 15 Special Fund Allowance	FY 15 Capital Fund Allowance	+/-
Accountability, Verification and Management						
1. Administration and Management (1.5%)	DNR	\$414,000	-	\$636,612	-	\$222,612
2. Strategic Monitoring	DNR/UMD	\$400,000	-	\$500,000	-	\$100,000
3. Implementation Tracking	DoIT	\$200,000	-	\$200,000	-	-
4. Targeted Monitoring of Out of State Sources	DNR/USGS	\$300,000	-	\$100,000	-	(\$200,000)
Accelerating Restoration through Research and Development						
5. Manure to Energy Projects with Proven Technology	MDA	-	\$2,500,000	\$2,500,000	-	-
6. Maryland's Innovative Technology Partnership	UMD/DNR	\$750,000	-	\$1,000,000	-	\$250,000
Implementation of Local WIPs						
7. Capital Stormwater Infrastructure Projects	Competitive Solicitation	-	\$25,656,687	-	\$25,000,000	(\$656,687)
8. Cost-Effective Non Point Source Projects	Competitive Solicitation	\$6,000,000	\$2,000,000	\$9,866,472	-	\$1,866,472
9. Local Stormwater Remediation	Local Grants	-	-	\$2,787,717	-	\$2,787,717
10. Community Mini-Grants/Small Non-profits	Competitive Solicitation	-	-	\$250,000	-	\$250,000
Implementation of the State's WIP						
11. Maryland's Cover Crops Program	MDA	\$10,000,000	-	11,250,000	-	\$1,250,000
12. Nutrient and Sediment Reductions on State Lands	DNR	\$6,336,000	\$6,343,313	\$6,000,000	-	(\$6,679,313)
13. Grants to Farmers	MDA	\$2,000,000	-	\$2,000,000	-	-
14. Manure Transport	MDA	\$500,000	-	\$750,000	-	\$250,000
15. Conservation Reserve Enhancement Program Incentive	MDA	\$500,000	-	\$500,000	-	-
Implementation Technical Assistance						
16. Agricultural Technical Assistance	MDA	\$2,600,000	-	\$2,600,000	-	-
17. Stormwater Permit Expeditors	MDE	\$750,000	-	\$750,000	-	-
18. Field Restoration Specialists	DNR/UMD	\$750,000	-	\$750,000	-	-
FUND SOURCE SUB TOTAL		\$31,500,000	36,500,000	42,440,801	\$25,000,000	(\$559,199)
		\$68,000,000		\$67,440,801		

"Having the Trust Fund money helps us meet our TMDL goals and all of our other water quality Bay Watershed Implementation Plan goals."

- Rob Ryan

**Environmental Protection
Baltimore County**

Martin O'Malley, Governor
Joseph P. Gill, Secretary



Accountability, Verification and Management ~ \$1,436,612

- 1. Administration and Management:** The Fiscal Year 15 Budget will provide 1.5% of the total operating allowance to DNR to provide fiscal oversight; manage grant programs including RFP development, project review, contract and project development and management; coordinate with BayStat agencies, the BayStat Scientific Advisory Panel, DBM, and DLS, and report to the General Assembly.
- 2. Strategic Monitoring & Assessment:** The Fiscal Year 15 Budget will provide \$500,000 to DNR and UMCES to develop and implement monitoring strategies, collect and analyze data for trends, provide biological monitoring in Trust Fund watersheds and comparison watersheds, and to communicate the results of the Trust Fund restoration efforts.
- 3. Implementation Tracking:** The Fiscal Year 15 Budget will continue to provide \$200,000 to the DoIT to provide hosting, application, maintenance, and data support services for Maryland's IMAP including the Trust Fund mapper which provides implementation information including cost, match, estimated nutrient reduction and status.
- 4. Targeted Monitoring of Out of State Sources:** As required by the budget committees, the Fiscal Year 15 Budget will provide \$100,000 to DNR for year three of a three year initiative to quantify the impact of nutrient and sediment loads from out of state tributaries. DNR implemented enhanced non tidal nutrient and sediment load monitoring at 3 key locations on streams entering Maryland from adjacent States – PA, WV and VA in FY '13.

Accelerating Restoration through Research and Development ~ \$3,500,000

- 5. Manure to Energy Projects with Proven Technology:** The Fiscal Year 15 Budget will continue to provide \$2,500,000 to MDA to support the Animal Waste Technology Fund. These funds will be used to support technologies that provide promising alternatives for utilization of excess animal wastes such as energy production. This program not only supports the sustainability of Maryland's animal industries but will also assist with implementation of the new nutrient management regulations and accelerate water quality goals.
- 6. Maryland's Innovative Technology Fund:** The Fiscal Year 15 Budget will provide \$1,000,000 to the Innovative Technology Fund, established with the goal of accelerating Chesapeake Bay restoration through the development of new innovative technologies. The Innovative Technology Fund is made possible through funding from the Trust Fund, the Environmental Protection Agency's Chesapeake Bay Implementation Grant (CBIG) and in partnership with the University of Maryland's Industrial Partnership (MIPS) and the Mtech Ventures Program.

Implementation of Local Watershed Implementation Plans (WIPs) ~ \$37,904,189

- 7. Capital Stormwater Infrastructure Projects:** This Fiscal Year, the Trust Fund will provide \$25,000,000 in General Obligation Bonds (GO Bonds) for the most cost-effective nutrient and sediment reduction projects in areas of the State that have been heavily impacted by prior development. Over the past three fiscal years, Governor O'Malley has targeted almost \$100 M in GO Bonds for "construction ready" local structural stormwater projects that store, treat and infiltrate stormwater runoff management practices such as bioretention, impervious surface removal and wetland and floodplain restoration. In response to the solicitation released in the Fall of 2013, the State received 49 submissions and \$77 million for urban stormwater management projects from a variety of county, municipal, NGO, and public/private partnerships. Proposals were predominately from Maryland's MS4 municipalities. Grants made available will be awarded on factors including the maximum amount of reduction per dollar spent and the ability to commence construction during FY 15.

- 8. Cost-Effective Non Point Source Projects:** This Fiscal Year, the Trust Fund will provide \$9,866,472 to projects that both geographically and by practice will deliver the greatest, most cost-effective and measurable non point source pollution reduction per Trust Fund dollar. Grants are awarded on a competitive basis to projects that target and reflect the State's diverse landscapes, challenges and sources of pollution. In addition to supporting large-scale and long-term initiatives, the State will invest in projects that will include effective and efficient techniques for reducing non point source pollution in targeted geographic areas; support new methods and partnerships to resolve specific restoration challenges, and; incorporate innovative strategies that have the potential to drive down costs and expand the effectiveness of certain restoration practices, such as wetland; buffer; floodplain restoration; and stormwater management.
- 9. Local Stormwater Remediation Grants:** This Fiscal Year, the Trust Fund will provide \$2,787,717 in grants to local jurisdictions to defray the costs of providing storm water pollution control services to State facilities less than 5 acres and not subject to separate storm water permits issued by the State. These grants will be based on factors including the amount of impervious surface on the State facilities serviced in each jurisdiction and the comparative degree of local effort. The grants will be directed to each jurisdiction's local stormwater restoration fund to be used solely for the planning, design, and construction of stormwater restoration projects.
- 10. Community Mini-Grants/Small Non-Profits:** This Fiscal Year, the Trust Fund will provide \$250,000 to non-profit organizations that are working to improve the condition of their local watershed through on-the-ground restoration and community engagement. Community Mini-Grants are awarded on a competitive basis and will result in projects that reduce non point source pollution not only through infrastructure but through community outreach initiatives to promote sustainable landscaping and improved practices for managing runoff.

Implementation of the State's Watershed Implementation Plan ~ \$20,500,000

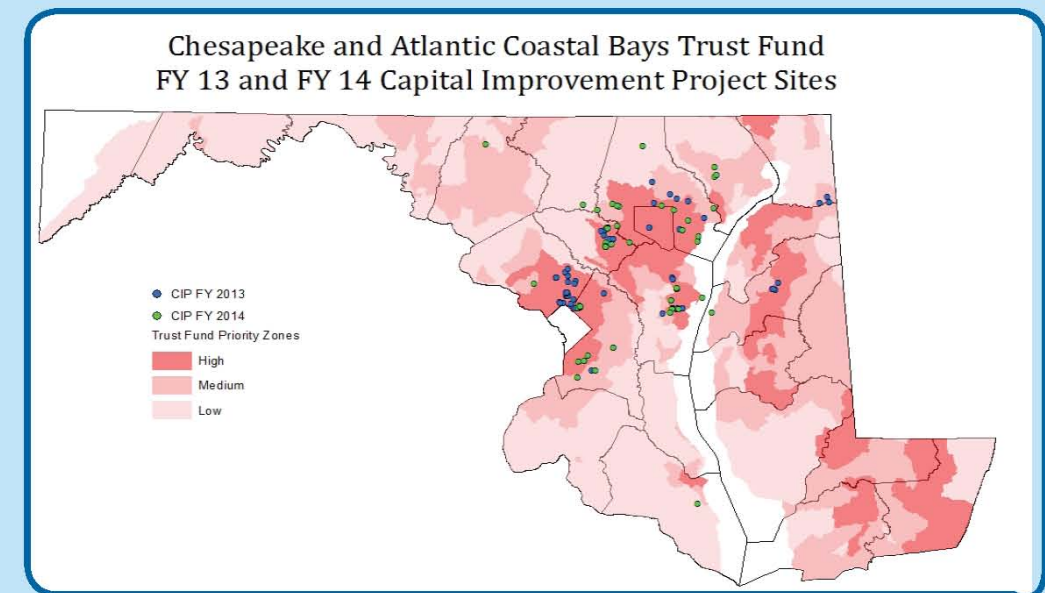
- 11. Maryland's Cover Crops Program:** This Fiscal Year, the Trust Fund will provide \$11,250,000 to supplement Maryland's Chesapeake Bay Restoration Fund to MDA's Cover Crop Program. Cover crops are critical to Maryland achieving the reduction of nutrients necessary to meeting the State's WIP.
- 12. Nutrient and Sediment Reductions on State Lands:** This Fiscal Year, the Trust Fund will provide \$6,000,000 for the implementation of nutrient and sediment reduction projects on State lands. Since 2011, DNR has undertaken a comprehensive effort to identify and design nutrient reduction opportunities on its own land as well as at other State owned facilities. Projects include forested buffers; reforestation; wetland restoration; stream and floodplain restoration; stormwater retrofits; and other bioremediation projects.
- 13. Grants to Farmers (Nutrient Management Regulations):** The Fiscal Year 15 Budget will continue to provide \$2,000,000 to MDA to assist farmers with implementing the new nutrient management regulations. This funding will help offset the infrastructure costs to implement or enhance manure storage and provide incentives for improved management of manure and other sources of crop nutrients. Manure storage contains animal waste in structures to protect it from weather to reduce nutrient runoff until it can be used as a crop fertilizer when conditions minimize environmental impacts or to be transported to another location. Manure incorporation integrates animal waste into the soil at the time of application utilizing low disturbance technology.
- 14. Manure Transport Program:** The Fiscal Year 15 Budget will provide

\$750,000 to MDA to transport excess manure away from farms with high soil phosphorus levels to other farms or locations that can use the manure agronomically to minimize phosphorus runoff. Trust Fund dollars will leverage funds already provided by the poultry companies and state general funds traditionally used to support manure transport.

- 15. Conservation Reserve Enhancement Incentive:** The Fiscal Year 15 Budget will continue to provide \$500,000 to MDA to support the Conservation Reserve Enhancement Program (CREP). BMPs targeted include grass and forest stream-side buffers, wetlands and permanent stabilization of highly erodible land. Water quality bonds provide the state's share of funding to implement these BMPs. Trust Funds are used to provide the state \$100 per acre signing incentive for new and re-enrolled acres.

Implementation Technical Assistance ~ \$4,100,000

- 16. Agricultural Technical Assistance:** The Fiscal Year 15 Budget will continue to provide \$2,600,000 to MDA to support agricultural technical assistance positions in the Soil Conservation Districts. In total, the Trust Fund now supports 39 SCD position needed to assist farmers in the implementation of agricultural best management practices as identified in the State's Watershed Implementation Plan.
- 17. Water Management Permit Expeditors:** The Fiscal Year 15 Budget will continue to provide \$750,000 to MDE to expedite state review of qualifying stormwater and wetland restoration projects and to protect the quality of the State's ground and surface waters.
- 18. Field Restoration Specialists:** The Fiscal Year 15 Budget will continue to provide \$750,000 to DNR to increase the level of field specialists to assist State and Local partners identify, engineer, design and provide construction and construction oversight assistance of priority Chesapeake Bay restoration projects.



Between FY 13 and FY 15, Governor O'Malley has directed nearly \$100 M in General Obligation Bonds to accelerate the State's efforts to reduce nutrients and improve the health of the Chesapeake Bay. The map above displays Capital Improvement projects implemented with the General Obligation Bonds to date.

TRUST FUND

Between 2009 and 2014

Funding is generated through motor fuel and car rental tax in Maryland



Towards TMDL



invested:

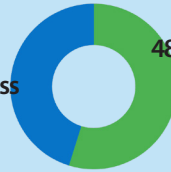
\$191M in nonpoint source pollution reduction
+
\$109M in leveraged funds



implemented:

890 funded project sites

402 in progress



removed to-date:

2.2 million lbs Nitrogen
243,522 lbs Phosphorus
17,527 tons Total Suspended Solids



restored:

1180 acres of forest planted on State land
312 acres of wetlands restored



engaged:

32,190 students engaged in restoration



employed:

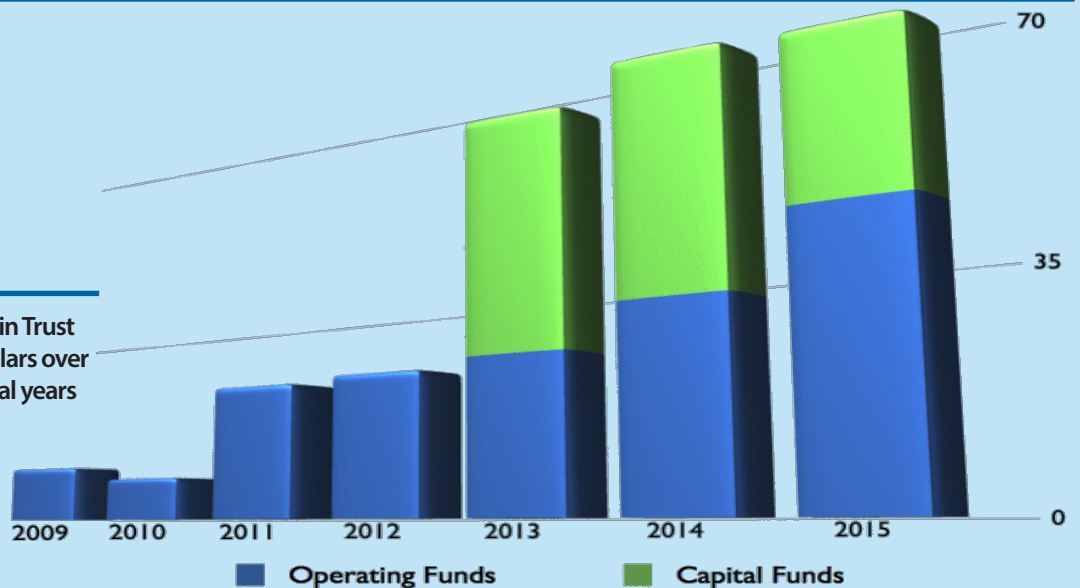
885 direct and indirect jobs supported

Since 2009



growth:

640% increase in Trust Fund dollars over seven fiscal years



Track Our Progress!

The Trust Fund Tracker was created to allow Marylanders to track projects funded through the Chesapeake & Atlantic Coastal Bays Trust Fund. With this tool, Marylanders can:

- Search by fiscal year, county, and legislative districts
- Discover details about restoration projects and funded partners in their region
- View pictures, follow progress, and more...

http://dnr.maryland.gov/ccs/funding/track_our_progress.asp

