



**Memorandum of Understanding
between
The State of Maryland
and
The United States Department of Defense**

This Memorandum of Understanding is entered into this 19th day of July, 2006, to evidence and affirm the commitment of the United States Department of Defense and the State of Maryland to take actions to restore the Chesapeake Bay by upgrading wastewater treatment at facilities owned by Department of Defense and by implementing nonpoint source pollution control measures on Department of Defense property in the Chesapeake Bay Watershed.

WHEREAS, the Parties recognize that Chesapeake Bay is a national treasure and that restoration of water quality in Chesapeake Bay and its tributaries is a very high priority of the citizens of Maryland and the United States; and

WHEREAS, the States of Virginia, Maryland, and Pennsylvania, the District of Columbia, the Chesapeake Bay Commission and the U.S. Environmental Protection Agency representing the federal government, have signed historic agreements, including the Chesapeake 2000 Agreement, that established the Chesapeake Bay Program Partnership to protect and restore the Chesapeake Bay ecosystem; and

WHEREAS, on October 7, 2005 the Department of Defense, the U.S. Environmental Protection Agency and other Federal Agencies renewed their commitment to the goals of the Chesapeake Bay Program by signing the "Resolution to Enhance Federal Cooperative Conservation in the Chesapeake Bay Program";

WHEREAS, Governor Robert L. Ehrlich, Jr. proposed, the legislature of the State of Maryland has passed, and the Governor has signed the Bay Restoration Act, which requires that residents of Maryland that contribute to the discharge of nutrient-laden wastewater contribute to the Maryland Bay Restoration Fund in proportion to their contribution of wastewater; and

WHEREAS, the Department of Defense has many employees working in the State of Maryland that contribute over 9.4 million gallons per day of wastewater to the Chesapeake Bay and its tributaries;

WHEREAS, the Maryland Department of the Environment has estimated that the Department of Defense's payments to the Maryland Bay Restoration Fund would be about \$900,000 per year;

WHEREAS, the Department of Defense, over the last three fiscal years, has invested over \$15 million for projects in Maryland that contribute to improving the Chesapeake Bay's ecosystem; and

WHEREAS, the Department of Defense is a major participant in the ongoing Chesapeake Bay restoration effort and has agreed, as provided in this Memorandum of Understanding, to implement nutrient control measures in support of Maryland's Bay Restoration Act;

NOW THEREFORE, the Parties agree as follows

1. The Parties will continue to work cooperatively to develop National Pollutant Discharge Elimination System (NPDES) permits for Department of Defense owned wastewater treatment facilities consistent with the ***NPDES Permitting Approach for Discharges of Nutrients in the Chesapeake Bay Watershed***, published by the U.S. Environmental Protection Agency and adopted by all of the Chesapeake Bay Watershed states in December 2004 (copy attached).
2. The Department of Defense will comply with these permits and, where necessary to meet Maryland's regulatory requirements and the federal Clean Water Act, install Enhanced Nutrient Removal (ENR) upgrades at its wastewater treatment facilities.
3. Provided that the Department of Defense is able to successfully carry out its commitments as described in 1 and 2 above, Maryland will not seek to collect Maryland Bay Restoration fees for Department of Defense owned wastewater treatment facilities.
4. The Department of Defense will continue to implement watershed improvement projects in Maryland consistent with the Chesapeake Bay 2000 Agreement, Department of Defense guidance, and state and federal requirements. In addition, the Department of Defense will provide an annual report, based on the annual report to the U.S. Environmental Protection Agency (Federal Spending Inventory Report), to the Maryland Department of the Environment, summarizing the projects implemented, including the costs and, where such information is readily available, estimates of the nutrient reduction benefits or a brief description of other benefits contributing to

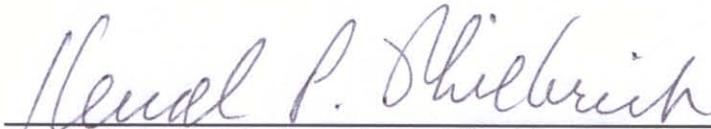
improvements in the water quality of Chesapeake Bay and its tributaries. Examples of the types of projects that the Department of Defense will include in its report are: shoreline restoration to reduce erosion, sediment and nutrient loading to the Bay; stream buffer or wetland creation or enhancement; and other projects that the Department of Defense believes will contribute to a healthier Bay.

5. Provided that the Department of Defense is able to successfully carry out its commitments as described in 4 above, Maryland will notify wastewater utilities that serve Department of Defense installations not to seek the Maryland Bay Restoration fee from Department of Defense installations.
6. The Department of Defense will invite Maryland to participate in the environmental planning of major construction projects impacting the Maryland portion of the Chesapeake Bay watershed associated with Base Realignment and Closure Commission recommendations in 2005 for the purpose of jointly identifying methods to reduce or minimize the release of nutrients to the Bay from these activities.
7. The Department of Defense agrees to invite Maryland to participate in the screening of major installations in Maryland in the Chesapeake Bay watershed for the purpose of identifying where water quality assessments and/or nutrient management plans may be needed.
8. The Parties will meet annually to discuss progress in the implementation of wastewater treatment plant upgrades and other nutrient control projects addressed in this Memorandum of Understanding.
9. Nothing in this Memorandum of Understanding relieves the Department of Defense from its other obligations to comply with Maryland pollution control laws or regulations. All commitments arising from this Memorandum of Understanding shall be subject to the availability of appropriated funds. Nothing in this document shall be interpreted to require obligation or payment of funds by the Department of Defense in violation of the Anti-Deficiency Act, 31 U.S.C. § 1341 et seq. By entering into this Memorandum of Understanding, neither Party concedes any legal position with respect to the Maryland Bay Restoration Fund. Each Party reserves to itself any defenses and rights available under applicable law.

10. This Memorandum will remain in effect until amended by mutual agreement of the Parties. Either Party may terminate the Memorandum of Understanding upon 30 days written notice.

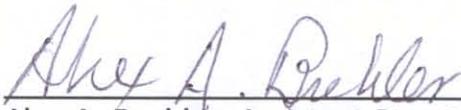
Signed this 19th day of July, 2006

For the State of Maryland:

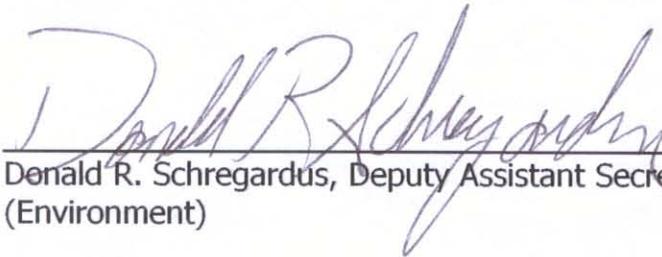


Kendl P. Philbrick, Secretary of the Maryland Department of the Environment

For the United States Department of Defense:



Alex A. Beehler, Assistant Deputy Under Secretary of Defense
(Environment, Safety and Occupational Health)



Donald R. Schregardus, Deputy Assistant Secretary of the Navy
(Environment)