

**Request for Proposals Round 8
June 2010**

Summary

The Great Miami River Watershed Water Quality Credit Trading Program is announcing the availability of funds for agricultural management practices that reduce nutrient discharges into rivers and streams in the Great Miami River Watershed. Projects will be chosen for funding by the Trading Program's Project Advisory Group and be ranked with the lowest cost/per pound of nutrient reduction receiving the best ranking. Projects that are chosen for funding will enter into a Project Agreement with The Miami Conservancy District and receive funding as soon as the Project Agreement is executed by both parties. Funded projects will require an annual inspection by Soil and Water Conservation District (SWCD) staff.

Any funds that are not allocated in the funding round eight (8) will be carried over to the next funding round.

Producer Payments:

SWCDs will be given the entire award amount once the projects are approved for funding and the Agreements are signed. However, SWCDs should expect to make payments to producers over the life of the project. For ongoing field practices, equal annual payments over the life of the project are desirable. For projects involving construction of facilities or other capital investments with a 15 to 20-year life expectancy, a payment of 60% of the total project can be made during the construction phase and the remaining 40% of the project paid in equal annual installments.

Eligibility:

SWCDs within the eligible hydrologic unit codes (HUCs) of the Great Miami River Watershed may submit project proposals for funding. Eligible projects must be within the Trading Program project area (map attached).

Owner/operators must be NRCS EQIP-eligible which includes: not exceeding their \$450,000 Payment Limitation, not exceeding the Adjusted Gross Income provision, and complying with the Highly Erodible Land (HEL) and Wetlands Conservation provisions.

Eligible projects should include new best management practices (not already installed) that are not currently in contract with another cost-share program.

Applications with staff costs that exceed producer payments will not be eligible.

Dates and Deadlines:

Project Proposals will be accepted from June 21st through August 20th, 2010. Applicants will be notified of chosen projects no later than August 27th, 2010 and projects may be implemented as soon as the Project Agreements are executed.

Addresses:

Project Proposals must be postmarked no later than August 20th and addressed to The Miami Conservancy District at the following address.

The Miami Conservancy District
ATTN: GMR Trading Program Project Proposal
38 East Monument Avenue
Dayton, Ohio 45402

For Further Information about this Request for Proposals:

Dusty Hall
dhall@miamiconservancy.org
(937) 223-1271

OR

Sarah Hippensteel
shippensteel@miamiconservancy.org
(937) 223-1271

Application Process:

Applications must be created using the Project Application form available from The Miami Conservancy District. Copies of the Project Application form and the Project Agreement can be downloaded from http://www.miamiconservancy.org/water/quality_credit.asp.

OR you may request a paper copy from the contacts listed above.

- Applications will be considered incomplete without original signatures and all required information and attachments.
- *Please paperclip your application – do not use staples.*
- Applications must be postmarked by the deadline.

Background:

Tremendous improvements in surface water quality have been made over the last three decades. This progress has primarily been the result of reducing pollution from industry and wastewater treatment plants. Despite these gains, about half of the nation's rivers, streams, and lakes still fail to meet water quality standards. To address the remaining water quality challenges, new incentive-based strategies will be necessary. Water quality credit trading is an innovative, market-driven way of spending every dollar to improve surface water quality in the best way possible.

The Great Miami River Watershed Water Quality Trading Program (Trading Program) utilizes a watershed framework to improve water quality. For example, a downstream wastewater treatment plant is facing expensive upgrade requirements which will require them to reduce the amount of pollutants they discharge as allowed in their National Pollutant Discharge Elimination System (NPDES) permit. They could invest money upstream that will fund less expensive agricultural management practices and achieve better water quality. Because the improvements are made upstream the quality of the water that flows past the downstream treatment plant will improve and so does all of the water in between. The customers of the wastewater treatment plant benefit from lower costs because expensive upgrades are avoided and everybody benefits from cleaner water. The Water Conservation Subdistrict (WCS) of The Miami Conservancy District is implementing this Water Quality Credit Trading Program so that the Great Miami River Watershed and other downstream receiving waters can benefit from this innovative strategy.

Water quality credits are generated from pounds of phosphorus (TP) and pounds of nitrogen (TN) that are prevented from discharging into the Great Miami River Watershed's rivers and streams. Water quality credits only originate from an activity undertaken voluntarily i.e. not otherwise required by local, state, or federal law or existing contractual agreement. Water quality credits may be purchased by permitted dischargers, who become eligible buyers, for the purpose of complying with regulations related to the particular nutrient for which the credit is generated.

Eligible buyers are public entities that (1) hold a NPDES permit, (2) have their NPDES permit modified to reflect their participation in the Trading Program and (3) participate in funding the Trading Program.

Water quality credits will mainly be generated by implementing management practices that reduce the discharge of nutrients from agricultural land uses. The specific agricultural management practices that generate credits will be proposed by local soil and water conservation professionals. They will work directly with agricultural producers to identify and propose management practices that work best to accomplish the desired nutrient reduction. Reductions will be quantified using the Load Reduction Spreadsheet and verified through inspections. Water quality monitoring will be conducted by SWCDs at a portion of the projects where producers volunteer to allow monitoring. Water quality will also be measured with a continuous monitoring program on a subwatershed scale.

The Project Advisory Group, with broad-based stakeholder representation, developed project criteria and will use it to review proposals and make recommendations for funding specific projects.

Sub-Watersheds of the Great Miami River

