

Tim Icke
U.S. Environmental Protection Agency
Office of Wetlands, Oceans and Watersheds
EPA West Building, Room 7313E
1301 Constitution Avenue, NW
Washington, DC 20004

August 13, 2008

Re: "Targeted Watersheds Grants for Water Quality Trading or Other Market-Based Projects to Reduce the Hypoxic Zone in the Northern Gulf of Mexico," Funding Opportunity Number: EPA-OW-OWOW-08-04, Catalog of Federal Domestic Assistance (CFDA) Number: 66.439.

Dear Mr. Icke:

On behalf of the City of Columbus, Ohio, Department of Public Utilities, I am writing in support of the Ohio State University's grant application for funding under the above-referenced funding opportunity. In its grant application, OSU proposes to conduct a Priority I Market Feasibility Study for a nutrient water quality trading program in the Upper Scioto River Watershed. The Department, subject to the approval of the Columbus City Council, will provide \$50,000 towards the 25% local funding match required under this funding opportunity. The Department is also prepared to provide in-kind services in support of the study. A brief discussion of our reasons for supporting OSU's grant application follows.

The City of Columbus, Department of Public Utilities is the regional wastewater and drinking water utility serving over one million people in Central Ohio. Columbus draws its drinking water from and discharges its wastewater to the Upper Scioto River Watershed. The Scioto River is a tributary of the Ohio River. The headwaters of the Upper Scioto are located in a major corn and soybean producing region. These agricultural activities are the source of most of the phosphorus and nitrogen loadings to the watershed and the resulting nutrient impairment of the Upper Scioto.

Ohio EPA is in the process of developing numeric water quality criteria for nutrients that will likely result in stringent water quality based and/or technology based phosphorus and nitrogen limits in the NPDES permits for Columbus' wastewater treatment plants. Columbus' consulting engineers estimate that meeting the least stringent limits that may emerge from this process may require up to \$385 million in new wastewater treatment infrastructure.

In addition, for a number of years, Columbus, as the regional drinking water utility in Central Ohio, has participated in local water quality partnerships that administer programs aimed a drinking water source protection. Columbus in

partnership with the United States Department of Agriculture ("USDA") has provided funding for USDA Environmental Quality Incentive Programs ("EQIP") and Conservation Reserve Enhancement Programs ("CREP") that pay farmers to engage in conservation land management practices that reduce nutrient run off. As a result, drinking water treatment costs at Columbus' drinking water treatment plants have been substantially reduced.

Given the substantial potential infrastructure costs associated with meeting expected nutrient limits and Columbus' continuing drinking water source protection efforts, Columbus is committed to determining whether a nutrient trading program in the Upper Scioto is feasible. A successful nutrient trading program in the Upper Scioto will provide a cost effective alternative to building additional wastewater treatment infrastructure, will enhance Columbus' source water protection efforts, and will result in greater overall water quality improvements in the watershed. In addition, a successful trading program in the Upper Scioto will contribute to the reduction of the hypoxia zone in the Gulf of Mexico.

For these reasons, Columbus requests that you give serious consideration to OSU's grant application. Your attention and consideration in this matter are appreciated. If you have any questions, or if I can be of further assistance, please contact me.

Sincerely yours,

Tanya Arsh
Director
Columbus Department of Public Utilities