

**PARTNERSHIP AGREEMENT  
BETWEEN  
THE UNITED STATES DEPARTMENT OF AGRICULTURE  
AND  
THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGARDING WATER-QUALITY TRADING**

**Purpose and Initial Statement of Mutual Interest:**

This agreement is hereby entered into by and between the U.S. Department of Agriculture (USDA) and the U.S. Environmental Protection Agency (EPA) (subsequently referred to as the agencies) to establish a collaborative framework to support water-quality trading and other market-based approaches for ecosystem services, consistent where applicable with the protection of water quality pursuant to the Clean Water Act (CWA).

Under appropriate circumstances water-quality trading may provide an alternative approach for regulated entities to comply with the CWA requirements, including water-quality-based effluent limits in National Pollutant Discharge Elimination System permits. Such trading would allow regulated entities to purchase and use pollutant-reduction credits generated by other sources in an appropriately defined watershed. Cost savings and other economic incentives are key motivators for parties engaged in trading. Water-quality trading that protects water quality can also provide additional environmental and economic benefits, such as air-quality improvements, enhanced wildlife habitat, carbon capture and storage, and new income and employment opportunities for rural America.

The agencies believe that market-based approaches, such as water-quality trading, may have the potential to achieve water quality and environmental benefits more cost-effectively and efficiently than might otherwise be achieved through single-entity regulatory approaches.

The agencies would like to strengthen their implementation of policies and programs that encourage water-quality trading. Both agencies recognize that their respective policies, programs, plans, and activities may significantly affect efforts by the other agency to support water-quality trading.

The agencies have opportunities to work collaboratively with each other to help improve the credibility, integrity, and transparency of water-quality trading programs across the Nation. Cooperative management and technical-assistance efforts can improve resource management and protection; improve public services; accelerate implementation where appropriate; provide a better understanding of each agency's goals, objectives, and programs; and help minimize conflicts.

**Background:**

- A. The USDA's Natural Resources and Environment (NRE) mission area leads the agency's efforts to ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change while enhancing our water resources. NRE provides oversight for the Natural Resources Conservation Service (NRCS). NRCS works with landowners through conservation planning and assistance designed to benefit the soil, water, air, plants, and animals and that results in productive lands and healthy ecosystems. NRE and NRCS collaborate with USDA's Office of Environmental Markets to facilitate the participation of America's farmers, ranchers, and forest landowners in environmental markets pursuant to Section 2709 of the Food, Conservation, and Energy Act of 2008, Pub. L. 110-246 (16 U.S.C. § 3844).
- B. The EPA oversees implementation of many environmental statutes, including the CWA (33 U.S.C. §§ 1251 *et seq.*) and its implementing regulations. The EPA provides assistance, handbooks, toolkits, and training to support water-quality trading. To that end, the EPA issued a Water Quality Trading Policy in January 2003 and its Water Quality Trading Toolkit for Permit Writers in August 2007, among other things.

**Authorities:**

The EPA enters into this agreement pursuant to sections 104(a) and 104(b) of the Clean Water Act, 33 U.S.C. § 1254(a) and (b).

The USDA enters into this agreement pursuant to the Soil Conservation and Domestic Allotment Act, 16 U.S.C. §§ 590a-590f, Public Law 74-46, and Section 1245 of the Food Security Act of 1985, 16 U.S.C. § 3845, as amended by section 2709 of the Food, Conservation, and Energy Act of 2008, Public Law 110-246.

**Goals:**

The USDA and the EPA intend to:

- Coordinate and enhance communications and outreach to states, agricultural producers, regulated sources, and interested third parties on water quality trading program development and implementation;
- Engage expertise across agencies in the review of grants, loans or technical assistance programs focused on water quality trading;
- Share information and consult, where appropriate, concerning the development of rules and guidance that have the potential to affect water quality trading;
- Collaborate on developing tools and information resources for states and credit generators to guide decision making, reduce costs in program design and implementation, improve environmental performance, and foster appropriate consistency and integrity across regional initiatives; and
- Co host a workshop by 2015 and periodically thereafter for the purpose of sharing tools and resources available to assist in stakeholder decision making and opportunities.

In furtherance of these goals, the USDA and the EPA also intend to:

- A. Form an interagency workgroup to meet monthly;
- B. Host annual planning sessions to identify goals for water quality trading and other ecosystem service market-based approaches for the coming year; and
- C. Establish designated agency representatives for water quality trading and for implementation of this agreement.

**Limitations:**

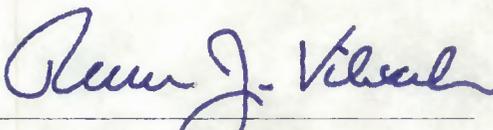
This is a voluntary agreement that expresses the good-faith intentions of the agencies and is not enforceable by any party. This agreement is not intended to be legally binding nor is it capable of generating any contractual obligations. This agreement does not create any right or benefit enforceable by anyone not a party to this agreement. This agreement does not create any right or benefit, substantive or procedural, enforceable by law or equity, by persons who are not party to this agreement, against the USDA or the EPA, their agencies, their officers, or employees or any other person. This agreement does not direct or apply to any person outside of the USDA and the EPA.

Each agency will bear its own costs and retains full responsibility and authority to execute and accomplish its programs. All commitments made by the agencies in this agreement are subject to the availability of appropriated funds and budget priorities. Nothing in this agreement, in and of itself, obligates either the USDA or the EPA to expend or transfer any appropriations or funds or incur other financial obligations. Nothing in this document shall be construed as authorizing either agency to provide any goods or services to the other agency or requiring that either agency enter into any contract, financial assistance agreement, or interagency agreement, or otherwise incur a financial obligation. Specific work projects or activities that involve the transfer of funds, services, or property among the various agencies and offices of the USDA and the EPA will require execution of separate agreements and be contingent upon the availability of appropriated funds. Such activities must be independently authorized by and handled in accordance with appropriate statutory authority. This agreement does not provide such authority. Negotiation, execution, and administration of each such agreement must comply with all applicable statutes and regulations.

The USDA and the EPA and their respective agencies and offices will handle their own activities and utilize their own resources, including the expenditure of their own funds, in pursuing these objectives. Each party will carry out its separate activities in a coordinated and mutually beneficial manner.

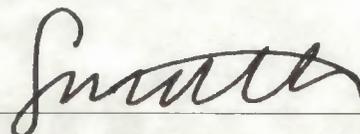
**Effective Date:**

This agreement is effective when signed by both parties and remains in effect for 5 years from the date of execution. It should be reviewed periodically to renew commitments and consider any necessary changes. This agreement may be extended, modified, or amended at any time but only through the mutual written consent of the parties. Either party may terminate its participation in this agreement by providing written notice to the other party at least 30 days in advance of the desired termination date.



Thomas J. Vilsack  
Secretary  
U.S. Department of Agriculture

Date: NOV 18 2013



Gina McCarthy  
Administrator  
U.S. Environmental Protection Agency

Date: NOV 18 2013