

**Background and Synopsis of the
Chesapeake Bay Watershed Blue Ribbon Finance Panel Report
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Background

For more than twenty years, on behalf of its member governments, the Metropolitan Washington Council of Governments (COG) has been a strong advocate for restoration of the Chesapeake Bay and its tributary rivers and streams in the Washington region. With more than twenty-five percent of the population of the Chesapeake Bay watershed residing in our region, we share a special responsibility for doing our share to clean up the Bay. COG is pleased to report that our region, especially our municipal wastewater treatment plants and local stormwater management programs, are on the leading edge of implementing new and exciting technologies needed to meet the Bay's restoration goals.

COG has also been at the forefront of advocating for sound science, equitable funding, and a strong role for local governments in crafting the policies governing the Bay clean-up.

Recently, there has been a flurry of activity and new reports concerning the restoration of the Bay. The focus of these efforts has been on what is needed to achieve a clean Bay, and how to pay for it. COG is pleased to let you know that the Board and its Chesapeake Bay Policy Committee, as well as the Water Resources Technical Committee, have been in the forefront of advocating for COG's members on these issues. Membership on these committees is drawn from throughout the region and includes elected officials and senior environmental managers in your governments and associated wastewater utilities. The Board believes our voice is being heard and is helping shape the direction of the clean-up effort.

COG has long advocated that successfully restoring the Bay requires a federal-state-local partnership, regarding both the science and the policies governing the cleanup effort, and how to fund the cost of a clean Bay. COG has been heartened that in the past several years, recognition that the cost burden must be shared at all levels of government has been increasingly apparent through the actions of the states and federal government to provide dedicated funding for Bay restoration projects.

With this background in mind, COG seeks your comments on the proposals and recommendations of the Chesapeake Bay Blue Ribbon Finance Panel concerning how to pay for a clean Chesapeake Bay.

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Synopsis of Chesapeake Bay Blue Ribbon Finance Panel Report

(from the EPA Chesapeake Bay Program's web site)

The Chesapeake Bay Watershed Blue Ribbon Finance Panel was charged with developing innovative solutions to financing the multi-billion dollar Bay restoration effort. On December 9, 2003 the Chesapeake Executive Council asked the panel "to consider funding sources to implement the tributary strategies basin-wide, and to make recommendations regarding other actions at the federal, state and local level to the Executive Council."

In the months that followed, the panel accordingly:

- **Evaluated** possible funding sources and financing mechanisms for reducing nutrient and sediment pollution throughout the Bay watershed;
- **Assessed and explored** financing opportunities from federal, state, local and private sources
- **Emphasized** financing efficient pollution reductions from storm water, air emissions, agriculture and sewage treatment plants.

Saving a National Treasure: Financing the Cleanup of the Chesapeake

On October 27, 2004, the Chesapeake Bay Watershed Blue Ribbon Finance Panel called on Bay states and the federal government to make a six-year, \$15 billion investment in the creation of a **regional Finance Authority** charged with prioritizing and distributing restoration funds throughout the Bay's 64,000-square-mile watershed.

In its 40-page report, "Saving a National Treasure: Financing the Cleanup of the Chesapeake Bay," the panel praised the work of the Chesapeake Bay Program for its "unparalleled cooperative efforts and pioneer[ing] clean-up strategies that have resulted in measured gains in reducing the flow of pollutants into the Bay." But it also concluded that "The Program cannot meet the future challenges of restoring the Bay because it lacks the funds to do so."

In addition to calling for the creation of a financing authority, the report outlines specific recommendations for financing pollution reductions from agriculture, municipal and industrial wastewater treatment, development and air deposition.

The report dedicated most of its focus on the creation of a regional Financing Authority that would:

- be funded though a **80/20 ratio of federal and state funds** – resulting in a \$12 billion investment from the federal government and \$3 billion from Bay watershed states;

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- **generate sustainable revenue streams** to adequately fund long-term Bay restoration programs;
- provide funds to all sectors of Bay pollution, but **specifically address agriculture and wastewater treatment** , and
- **prioritize and distribute funds across state boundaries** in all parts of the Bay watershed.

About the Blue Ribbon Panel

The 15 panel members included:

- High-level business leaders of major companies, financial and economic experts;
- Stakeholders with experience in storm water, agriculture, air emission and wastewater treatment plant funding and pollution control; and
- Current and former local, state and federal officials with financing expertise.

The Mayor of the District of Columbia and the governors of Delaware , Maryland , New York , Pennsylvania , Virginia and West Virginia each appointed one member to the panel. The remaining members were nominated by Chesapeake Bay Program partners, including the Chesapeake Bay Commission and the U.S. Environmental Protection Agency .

Additional information is available on the Internet at:

<http://www.chesapeakebay.net/blueribbon.htm>

Copies of the Blue Ribbon Panel Report can be ordered at:

<http://www.chesapeakebay.net/pubs/blueribbon/index.cfm>

Comment Guidance Document

The COG Board seeks member feedback by March 11, 2005, on the Blue Ribbon Finance Panel in two parts:

Part I – We seek your comment on endorsement of the Panel report to establish a Chesapeake Bay Financing Authority capitalized by \$12 billion in federal funds and \$3 billion in state funds.

Part II – We seek your comment on a series of 22 other recommendations.

To assist you in this effort, we have prepared the attached comment guidance document for your use. Should you have any questions or require further assistance, please contact:

Ted Graham, Water Resources Program Director, 202-962-3352 or
tgraham@mwkog.org.