

## Agenda Item 6

# The Creation of a Chesapeake Bay Financing Authority

Presented by: John Lovell, Chair  
Chesapeake Bay Policy Committee

April 13, 2005



# Overview

- A refresher on water quality goals
- The funding gap
- The role of the Blue Ribbon Panel
- The Board's charge to the Bay Policy Committee
- Summary of member comments
- CBPC recommendation



## CHESAPEAKE BAY PROGRAM

### Who's involved?

- Bay Program partners in this effort include the signatories to the Chesapeake Bay agreement -- EPA (representing the Federal government), the jurisdictions of MD, PA, VA and DC, and the Chesapeake Bay Commission (representing MD, PA and VA state legislatures).

EPA



Maryland



Pennsylvania



Virginia



District of Columbia



CBC



- The partnership for this effort was expanded through a Memorandum of Understanding to include the jurisdictions of DE, NY and WV.

Delaware



New York



West Virginia



Chesapeake Bay Program

CBP 5/28/03

Section 7: Who? When?



# Main Commitment of the Chesapeake 2000 Agreement

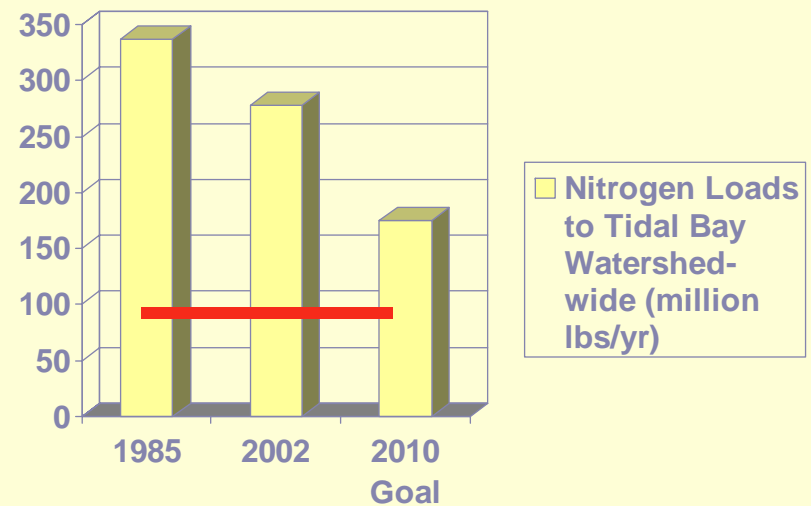
“By 2010, correct the nutrient- and sediment-related problems in the Bay and its tidal tributaries sufficiently to remove the Bay and tidal portions of its tributaries from the list of impaired waters under the Clean Water Act”





# What's Needed to Restore the Chesapeake Bay?

- Steep reductions in the amount of nutrients and sediment entering the Bay.
- A large-scale financial investment in the range of \$15 - \$28 billion.
- The political will to make it a reality.



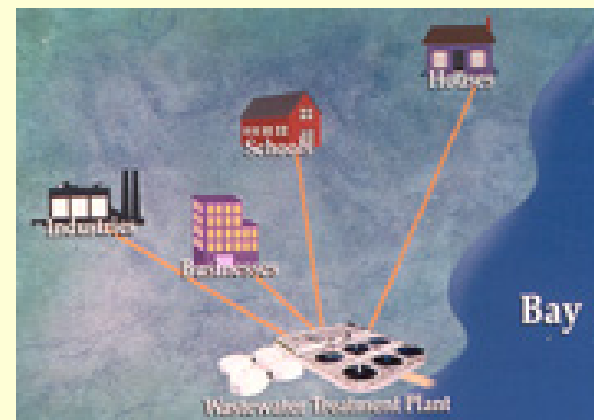
**Needed: 103 million pounds in 8 years**  
**Achieved: 60 Million pounds in 17 years**

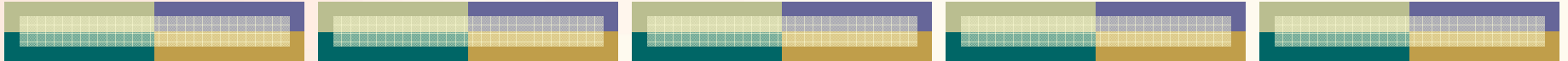


# At the local level....



- Upgrading wastewater plants: estimated between \$3 - \$8 billion
- Blue Plains alone may cost ~\$800 million
- Stormwater retrofit costs estimated at \$2.5 billion





# Panel Membership...



Left to right: Joseph Corrado, James Patrick Muldoon, John McNeil Wilkie, Phyllis M. Cole, William C. Baker, James D. Wilkins, II, The Honorable Gerald L. Baliles, F. Henry Habicht, II, The Honorable Penelope A. Gross, Terry L. Randall, Thomas J. Kelly, The Honorable Bruce Babbitt. Not shown: Nicholas DeBenedictis, The Honorable James W. Hubbard, Jim Purdue.





# The Panel's Mission

- **Evaluate possible funding sources and financing mechanisms**
- **Assess and explore financing opportunities**
- **Emphasize financing efficient pollution reductions**







# The Primary Recommendation

- Create a regional financing authority
- Prioritize and distribute funds throughout the watershed
- Emphasize effectiveness, efficiency & innovation, regardless of geography
- Capitalize at \$15 B over six years
  - 80% federal
  - 20% state
- Similar to state revolving loan funds
  - Some outright grants possible





# The Executive Council ...

- Endorsed the authority concept
  - Began seeking the federal funding commitment
- Established a committee to develop implementation details for the Authority
  - COG invited to participate





# The COG Board ...

- Was briefed by the CBPC on Jan. 12, 2005
- Approved resolution R2 -05
  - Circulate Panel's report to member local governments
  - Request review and comment
  - Task CBPC with recommending a regional position and ...
  - After Board action, communicate position to the Bay Program





# Summary of Member Comments

- Comments received from nine members
  - Included in Board package
- Most focused on primary recommendation
  - Frederick and Arlington commented on supplemental recommendations as well
- General support of a regional financing authority with various caveats
  - Frederick reserved support subject to resolution of several issues





# CBPC Recommendation

- Support establishment of regional financing authority with the following caveats:
  - Existing and future state and local expenditures for Bay-related water quality measures should count toward the state “match”  
(e.g. the current Maryland and Virginia wastewater funding programs)
  - The authority should be capitalized only by new funding, not be redirecting existing funds
  - Various management concerns should be addressed by the implementation committee





# Next Steps for COG

- Approve Resolution R11-05, directing:
  - Send a letter to the Chesapeake Executive Council outlining the COG position
    - Include the comments as an integral part of the transmission
  - Send a letter to the congressional appropriations committees and regional delegation to support full federal funding of the Authority
  - Support COG appointees to the authority planning committee
- Receive a briefing from the COG representatives when the committee's work is done

