

Chesapeake Bay Environmental Finance Advisory Committee
Draft Option Paper
March 25, 2013

Purpose

On January 10, 2013, the Chesapeake Bay Program Management Board approved development of a set of options for a finance advisory committee for consideration at the March 2013 Management Board meeting. This paper responds to that request.

Background

The efforts being made by federal, state, and local governments to protect and restore the Chesapeake Bay and its watershed demand significant investments to achieve success. Such investments require financial strategies, tools, coordination, and partnership. The Chesapeake Bay Program began to address these needs by sponsoring environmental finance workshops and webinars in 2012 and 2013, but a greater effort is needed to support Bay Program partners.

Options

	Issue	Option A	Option B	CBPO Recommendation
1	<i>Status</i>	The new committee should be constituted as part of an existing organization such as the EPA Environmental Finance Advisory Board or Goal Implementation Team 6.	The new committee should be constituted as an advisory committee with the same status in the Chesapeake Bay Program Partnership as the Citizens Advisory Committee (CAC), Local Government Advisory Committee (LGAC), and Science and Technical Advisory Committee (STAC).	Option B. The complexity and broad-reaching salience of finance issues demands that they be handled by a group with autonomy and high-level accountability.
2	<i>Scope</i>	Chesapeake Bay Environmental Finance Advisory Committee (CBEFAC) should focus exclusively on issues related to financing for water quality improvements.	CBEFAC should focus on financing issues to support all goals of the Chesapeake Bay Program partnership.	Option B. While CBPO's efforts on the Chesapeake Bay are primarily related to improving water quality, the work of other partners often has ancillary benefits for water quality. Furthermore, the Chesapeake Bay Partnership exists to support the goals of all partners.
3	<i>Scope</i>	CBEFAC should focus on either public finance or private finance for improving the Chesapeake Bay and its watershed.	CBEFAC should focus on both public finance and private finance for improving the Chesapeake Bay and its watershed.	Option B. Restoring the Chesapeake Bay and its watershed will require coordination among all financial sectors.
4	<i>Membership:</i>	CBEFAC formal membership	CBEFAC formal membership	Option B. Limiting the size of

	<i>Committee Size</i>	should be open to all interested individuals.	should be limited in number, but should include representatives from all Bay watershed jurisdictions.	the advisory committee will allow better management of the group. Ad hoc members may be included in specific projects. EPA recommends that CBEFAC include no more than 13 members, with one member, appointed by the Governor or the Mayor of DC, representing each of the watershed jurisdictions. If multiple names are nominated from each jurisdiction, the Chesapeake Bay Program Director will make the final selection. The remainder of members will be nominated by the Chesapeake Bay Program director with input from program partners.
5	<i>Membership: Qualifying Credentials</i>	CBEFAC formal membership should not be predicated on professional credentials and experience.	CBEFAC formal membership should require demonstration of professional credentials and/or practical experience with some finance related expertise, for example: public sector financing; private sector financing; capital project financing; economics; banking; and/or other market based fields as deemed necessary for the function of the committee. It is the intention that no more than half the members shall be employed by institutions headquartered in the Chesapeake Bay watershed.	Option B. The technical nature of the issues anticipated to be handled by CBEFAC suggests that specific credentials for members are necessary. EPA recommends that about one-third of CBEFAC's formal members demonstrate expertise in public finance and that the remainder demonstrate expertise in private finance.
6	<i>Membership: Term</i>	The length of time a member can serve will be open ended.	The length of time a member can serve on the committee will be limited to no more than five consecutive years.	CBPO recommends that the length of term members can serve be limited to ensure that members have appropriate time to provide meaningful and consistent input and to ensure rotation of new members with

				appropriate expertise as new issues arise.
7	<i>Operations</i>	CBEFAC's workplan should be based on issues raised for consideration by members of the Chesapeake Bay Program partnership.	CBEFAC's workplan should be based on issues CBEFAC members identify and raise to the attention of the Chesapeake Bay Program Management Board.	CBPO recommends that CBEFAC should operate in manner that allows its workplan to include projects raised both by program partners and by CBEFAC members. CBPO further recommends that CBEFAC consider a model of operations similar to that used by STAC, including workshops that allow stakeholders to participate in the development of reports that include recommendations.