

The background is a dark teal color with various financial symbols and numbers scattered across it. Symbols include the dollar sign (\$), euro (€), yen (¥), and pound sterling (£). Numbers are in different sizes and colors (teal, light green, yellow). Some numbers are accompanied by upward or downward arrows, suggesting trends or changes. The overall theme is finance and economics.

What is Changing in the Fiscal and Financing Arenas?

Chesapeake Bay Program
Biennial Strategy Review System Kickoff Meeting
February 8-9, 2017

Hello!

We are Dan Nees, Jag Khuman,
Paul Marchetti, and Jim Edward

We are here to talk about Fiscal and Financing issues.

You can find us at: dnees@umd.edu; jag.khuman@maryland.gov;
pmarchetti@pa.gov; and edward.james@epa.gov

1. Where is Finance Headed?

Presenter: Dan Nees

A photograph of a long, straight asphalt road stretching into the distance. The road is flanked by rolling hills covered in sparse, dry vegetation and patches of snow. The sky is overcast and grey. The text "Where Are We Going?" is superimposed in the center of the image.

Where Are We Going?

2. A State Perspective on Finance

Presenter: Jag Khuman

Key Grant/Loan Sources of Water Quality Funding

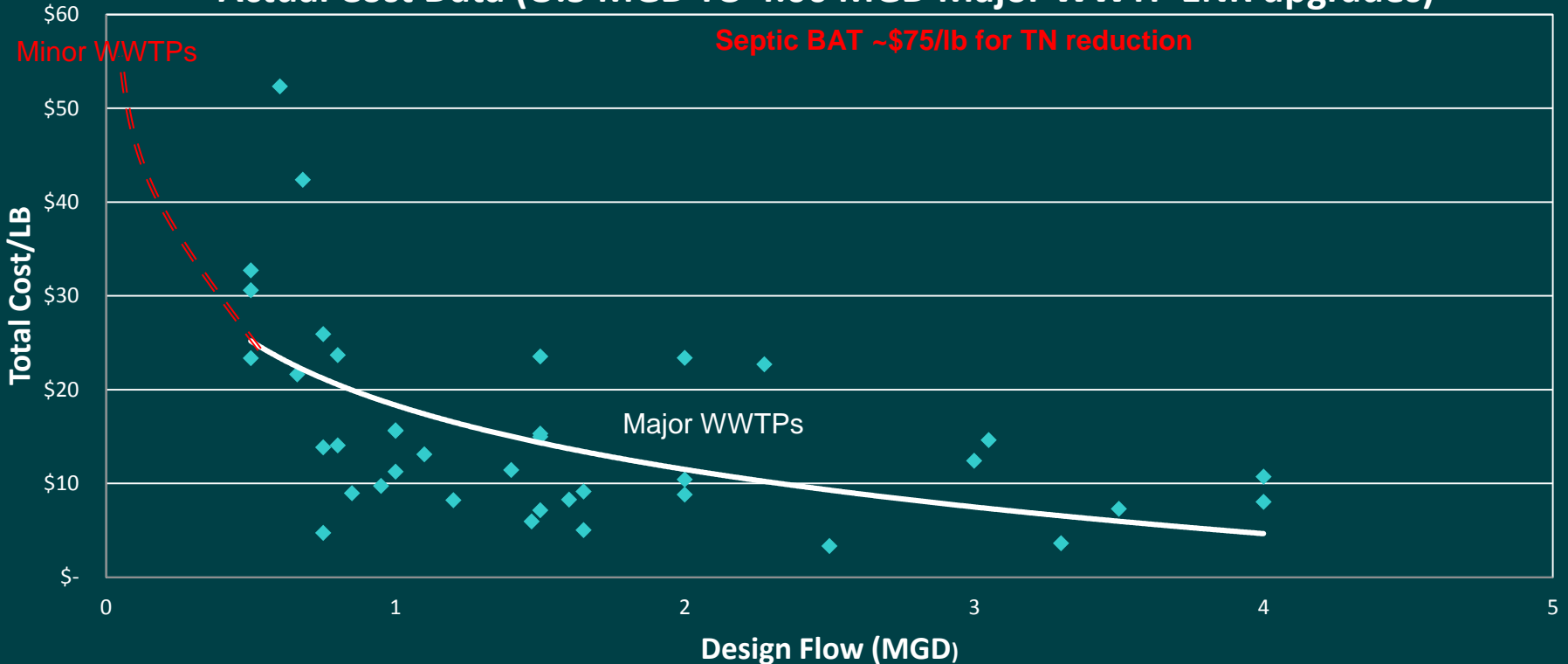
Program	Type/Budget	Primary Purpose
Bay Restoration Fund* (Septic & Wastewater Funds)	Grants: FY 2018: \$85M	Nutrient Reduction ENR (\$60M), Septic BAT (\$15M), Cover Crops (MDA \$10M)
Chesapeake & Atlantic Bays (2010) Trust Fund	Grants: FY2018: \$50M	Non-Point Source Pollution Prevention (DNR)
Water Quality Revolving Loan Fund**	Loans (low interest): FY 2018: \$330M (included \$200M in revenue bonds)	WQ Improvement Capital Projects

* Starting FY 2018, in addition to funding Enhanced Nutrient Removal at Wastewater Treatment Plants, the expanded uses include grants for upgrading Aging Sewerage Infrastructure, Septic to Sewer Connections, and Stormwater Best Management Practices undertaken by local governments (e.g., MS4 Permit Compliance).

** The Fund is authorized to add financing capacity by selling revenue bonds, if needed.

Annualized (20-yr life cycle) Cost/lb Nitrogen Reduction at WWTPs

Actual Cost Data (0.5 MGD TO 4.00 MGD Major WWTP ENR upgrades)



Cost Efficiency – Ever More Important Going Forward

Chesapeake & Atlantic Bays (2010) Trust Fund

- Pay for Performance Model
- Nutrient lbs reduced per State dollar invested

Bay Restoration Fund

- Cash Purchase of Nutrients (Cost/lb)
 - up to \$10M/yr
- Enter into a multi-year payment contract
- Clean Water Commerce Act of 2017 (HB417 & SB314)





Maryland Department of the Environment

Maryland Water Quality Financing Administration

1800 Washington Boulevard

Baltimore, MD 21230

410-537-3119

www.mde.maryland.gov/wqfa

1800 Washington Boulevard | Baltimore, MD 21230-1718

410-537-3000 | TTY Users: 1-800-735-2258

www.mde.maryland.gov

3. Making Solutions Pay

Presenter: Paul Marchetti





4. Fiscal (Budget) Issues

Presenter: Jim Edward



What Do We Know?

- Historical EPA/CBP and Federal Funding
- CBARA Report Findings
- CBP Funding Uncertainties FY2017 and Beyond...
- Potential Reductions



EPA Chesapeake Bay Funding

(Dollars in Millions)

Fiscal Year	Total Enacted
2011	\$54.4
2012	\$57.3
2013	\$54.3
2014	\$70.0
2015	\$73.0
2016	\$73.0
2017	
TOTAL (FY 2011-2017)	\$382.0



FY2016 EPA CBP Budget Highlights

- \$73 Million Total
- \$6 million - Innovative Nutrient and Sediment Reduction Grants
- \$6 million - Small Watershed Grants

- \$29.3 million - State Implementation and Accountability Program Grants

- \$12.6 million - Chesapeake Bay Implementation Grants (CBIG)
- \$11.2 million - Chesapeake Bay Regulatory and Accountability Grants (CBRAP)
- \$5.0 million - Local Government Assistance Grants

- \$4.9 million - State Tidal and Non-Tidal Monitoring Grants
- \$385,000 - SAV Monitoring Aerial Survey
- \$400,000 - Citizen Monitoring Network
- \$250,000 - High Resolution Land Cover Data

- \$285,000 - EFC Financing Workshops
- \$500,000 - State WIP Assistance Funds
- \$350,000 - BMP Expert Panels
- \$900,000 - Goal Team Funding for Workplan Implementation



Federal Agency CBP Funding Levels*

Fiscal Year	Amount	Mandate
FY2011	\$486,648	E.O. 13508
FY2012	\$459,412	E.O. 13508
FY2013	\$430,355	E.O. 13508
FY2015	\$496,753	CBARA
FY2015	\$521,270	CBARA
FY2016	\$536,421	CBARA
FY2017	\$490,261	PresBud – CBARA
TOTAL	\$ 3,421,120**	

* Funding only for federal agencies on Federal Leadership Committee

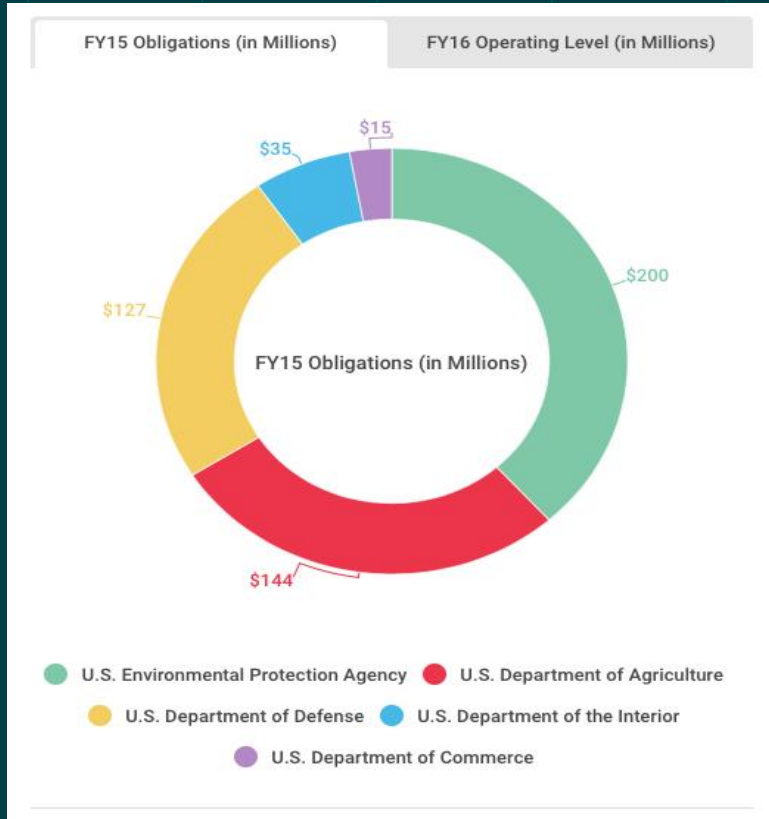
** Annual Average = \$488,731

Fiscal 2016 Funding for Watershed Restoration



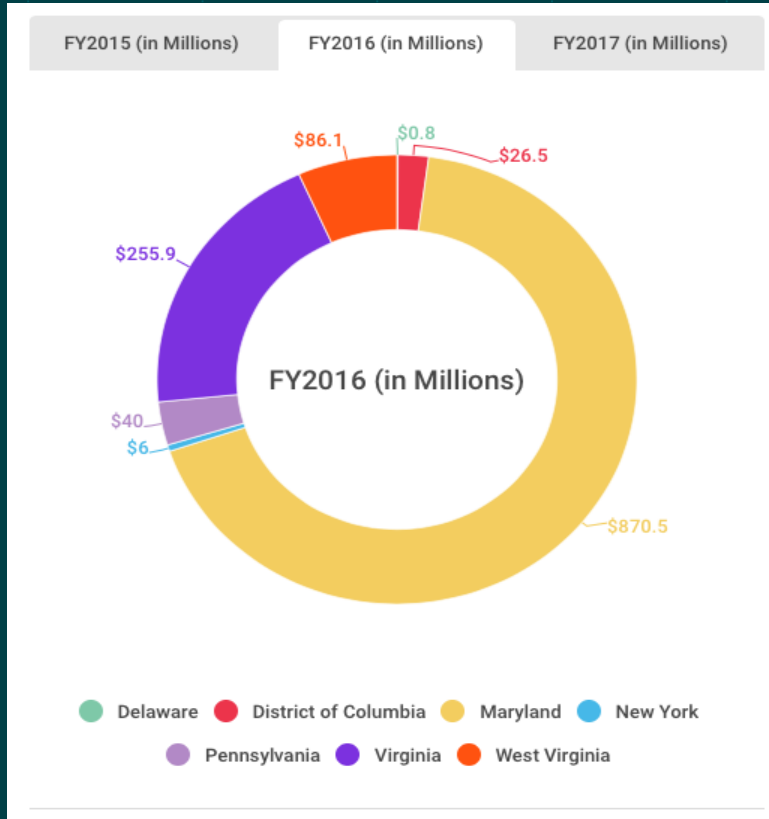
Spending for Watershed Restoration

Federal Agency Spending



Spending for Watershed Restoration

State Program Spending



FY 2017 and Beyond...



—o CBP Funding Uncertainties

—o Potential Reductions:

- CBIG/CBRAP Grants & Local Gov't Grants
- INSR/SWG Grants, etc.
- GIT Funding from EPA/CBP
- WIP Contract Support
- Others?





Policy and Program Decisions

Are Finance Decisions



→ Often policy and program decisions are closely related to the federal and state fiscal budget formulation and implementation

→ Policy and program decisions can (and should) be an important financing tactic for your Management Strategies for the related Biennial Plan Actions





Example: Vital Habitats Goal Implementation Team

- Expanded Partnership to include the other groups, partnerships, and ventures, like the Black Duck Joint Venture and Atlantic Coast Joint Venture



- These ventures and the CBP that have both a vested interest and have not traditionally been involved with the Chesapeake Bay Partnership – the Habitats GIT recognized and leveraged the common goals, formed a new partner relationship, established synergy, and.....



- Through this tactical policy and program decision brought new (to the Bay Program) resources (other federal, state, regional), both budgetary and human capital, to accomplish the Black Duck strategy and actions



Thanks!

Any questions?



1. What are the possible sources of funding outside the CBP that you anticipate would support this work? Who has the most at stake?
2. How would those anticipated sources of financing be leveraged?
3. What are the specific metrics that can be used to determine project funding/success? Are those metrics currently incorporated into the existing workplan template?

