



MEMORANDUM

TO: Secretary Mathew Strickler, Chair
Chesapeake Bay Program Principals' Staff Committee

FROM: Dan Nees, Senior Fellow
University of Maryland, Center for Global Sustainability

CC: Joanne Throwe
Lucinda Power
Ann Jennings

RE: **Conowingo WIP Phase 1 Financing Strategy Next Steps**

DATE: September 1, 2021

The following memorandum provides a recommended process to finalize and implement a Conowingo Watershed Implementation Plan (WIP) Phase 1 financing strategy. At the direction of the Principals' Staff Committee (PSC), each of the Bay Program Partners provided formal comments and reactions to the draft Phase 1 financing strategy that was formally submitted to the PSC by the University of Maryland on June 30, 2021. The comments we received reflected the unique needs and concerns of each Bay state and program partner; and, while there is currently no consensus on the substantive components of the plan, there is an opportunity to draft a revised plan and move forward with implementation. To that end, the next steps and action items described below, which are in direct response to the formal comments, provide a revised Phase 1 financing timeline and implementation process.

Step 1: Sign and execute a memorandum of understanding (MOU) with the Susquehanna River Basin Commission (SRBC). Establishing SRBC as the Phase 1 financing authority or institution is an extremely important step in formalizing and implementing the Conowingo WIP. Specifically, it provides a framework and foundation for the inter-state financing process that is required to implement the Conowingo WIP as designed. SRBC is a respected and stable organization, and they have shown a willingness to expand and solidify their capacity to implement the Phase 1 financing plan. Though there are states that do not intend to participate in the Phase 1 financing implementation process and will therefore not sign the MOU, those states that are interested in moving the Phase 1 process forward will benefit greatly from SRBC's engagement.

Step 2: Develop and approve a CWIP Phase 1 revenue plan. The sources of funding supporting the Conowingo WIP and Phase 1 financing strategy will ultimately be determined by the participating states and Bay Program partners, including EPA and the federal government.

While the use of State Revolving Fund (SRF) programs as a revenue guarantee does not appear to be a viable option currently, the guarantee of revenue flow and investment is obviously critical to the restoration process. Therefore, we are recommending that the PSC members representing those states that sign the MOU with SRBC form a revenue sub-committee to craft a Phase 1 revenue plan. The subcommittee will be staffed by the University of Maryland CWIP financing project team; the goal is to complete and formally adopt the plan by the end of calendar year 2021.

Step 3: Create project funding, procurement, and monitoring plan. It was clear from the Phase 1 financing strategy comments that more details are needed regarding the best management practice funding and procurement processes. To address these concerns, the project team will work in direct partnership with SRBC to provide clarity in the process by drafting a detailed funding and procurement system. To help guide this process, the financing team will convene an advisory committee comprised of Conowingo WIP steering committee members from the states that are signatories to the SRBC MOU. The advisory committee will also include representatives from the other EPA CWIP grantees (the Center for Watershed Protection and the Chesapeake Conservancy specifically) to ensure coordination among the three CWIP projects. The UMD project team will produce a draft plan by April 1, 2022; the plan will be submitted to the revenue subcommittee for approval from each of the participating Bay states.

Step 4: Draft and execute restoration contracts. The successful completion of these three steps will enable to SRBC and the participating Bay states to develop and execute restoration contracts and begin advancing water quality restoration goals by October 2022.

Conclusion. Again, the comments on the CWIP Phase 1 financing strategy reflected the unique needs, issues, and concerns of each of the Bay states. These recommended next steps are intended to help reconcile the differences among the states regarding the Phase 1 financing strategy thereby resulting in a workable path forward. Once this general timeline is approved, the CWIP financing project team will work with the participating states to draft a more detailed implementation timeline and work plan.