



# 2022 Webinar Series



## *Funding Initiative for Clean Water & Conservation*

Wednesday, June 22nd, 2022

Presented by

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**Harry R. Hughes**  
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# WHAT EXACTLY IS THE “CHESAPEAKE BAY STEWARDSHIP FUND”?

NFWF’s CBSF is a **pooled funding mechanism** drawing resources from federal agencies, private companies, and other foundations that provides:

- **Competitive grants programs** that advance the goals and outcomes of the Chesapeake Bay Program partnership’s 2014 Watershed Agreement and NFWF’s 2018 Chesapeake Bay Business Plan
- **Technical assistance support** for applicants and grantees to help them build partnerships, develop competitive proposals, and ensure impact and replicability of successful projects
- **Direct grant support** for critical networking, information-sharing, and convening partners and pooled funding efforts that support CBSF priorities



# CBSF PRIMARY OBJECTIVES

- 1. Improving local and regional water quality** through nutrient and sediment pollution reductions
- 2. Restoring and protecting key Chesapeake bay species and habitats**
  - *Forestland protection for Eastern brook trout and other at-risk freshwater species*
  - *Wetland and marsh protection for black duck and other at-risk waterfowl and marsh birds*
  - *Grassland and pollinator habitat protection for at-risk pollinators and grassland birds*
- 3. Fostering an engaged and diverse citizen and stakeholder presence** that will build upon and sustain progress



NFWF

# CBSF COMPETITIVE GRANTS PROGRAMS

	INNOVATIVE NUTRIENT AND SEDIMENT REDUCTION GRANTS	SMALL WATERSHED GRANTS   CHESAPEAKE “WILD”	
		IMPLEMENTATION	PLANNING AND TECHNICAL ASSISTANCE
PRIMARY FUNDER	U.S. EPA	US.EPA   U.S. FWS	U.S. EPA   U.S. FWS
PRIMARY OBJECTIVE	<b>Accelerate the rate and scale of water quality improvements</b> through coordinated and collaborative efforts of sustainable, regional-scale partnerships	<b>On-the-ground actions</b> to protect and restore water quality, species, and habitats in the Bay watershed	Enhance local capacity to implement future on-the-ground actions through community-based <b>assessment, planning, design, and other technical assistance-oriented activities</b>
PROGRAM TIMELINE	Fall solicitation / Spring awards	Spring solicitation / Summer awards	
AWARD RANGE	\$500,000 - 1,000,000	Up to \$75,000	\$75,000 - 500,000*
MATCH REQUIREMENTS	<b>Base Program:</b> 1:1 non-Federal <b>Infrastructure Funding:</b> Not required*	<b>SWG Base Program:</b> 1/3 of request   <b>Infrastructure Funding:</b> Not required* <b>WILD:</b> 1:1 match requirement, up to half from non-DOI federal sources	
FY23 FUNDING (EST.)	\$20,000,000	\$31,500,000	\$3,500,000
LAND CONSERVATION COSTS ELIGIBLE?	Transaction costs only; Prospective projects must also include restoration (WQ improvement)	<b>SWG:</b> Transaction costs only <b>WILD:</b> Direct costs of easement or fee title acquisition	

# STRATEGIC USE CASES FOR CBSF FUNDING

- **Strategic leveraging of larger federal and state funding programs** by funding the capacity, planning, and designs necessary to access and deploy funds
- **Coordination and collaboration across organizations and sectors** to leverage capacities, resources, and networks to scale restoration and conservation outcomes
- **Piloting new and novel approaches** in financing, program design, and delivery beyond standard federal or state structures
- **Delivering multi-benefit projects** that protect and improve water quality, restore and conserve species and habitat, and enhance climate resilience for wildlife and human communities



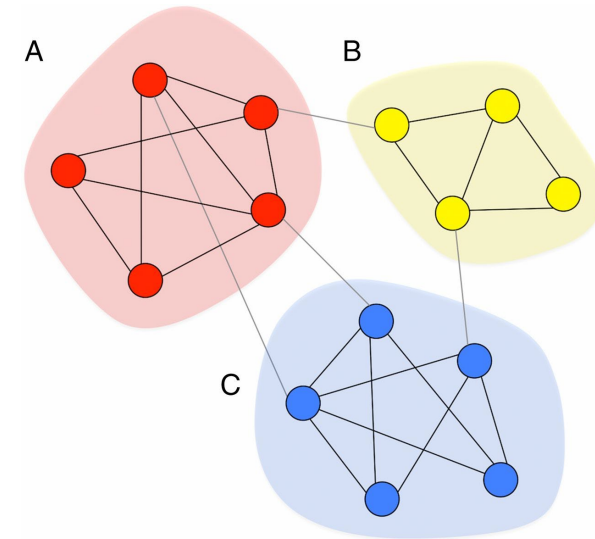
# Chesapeake Bay Funders Network

## Our Vision

The Chesapeake Bay Funders Network envisions an environmental movement that is rooted in diversity, equity, inclusion, and justice that strives to ensure all residents in the region enjoy and benefit from clean water, clean air, and open space in their community.

## Our Mission

In pursuit of this vision the Chesapeake Bay Funders Network builds and mobilizes **a network** of grant-makers to listen, share and develop collaborative strategies that shift social, economic, and political systems toward a healthy, natural environment and just, equitable communities.





# Who Are We?

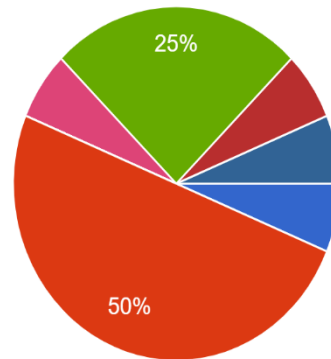
## Who we are:

- 30 grant-maker members
- Over 100 who engage here and there
- Mostly staffed organizations
- Members fund a wide range of places, issues and strategies

## Who we are not:

- A source of funding/grants
- A gatekeeper or application portal to funders
- Governing body of the region's environmental funders

Organization Type  
16 responses



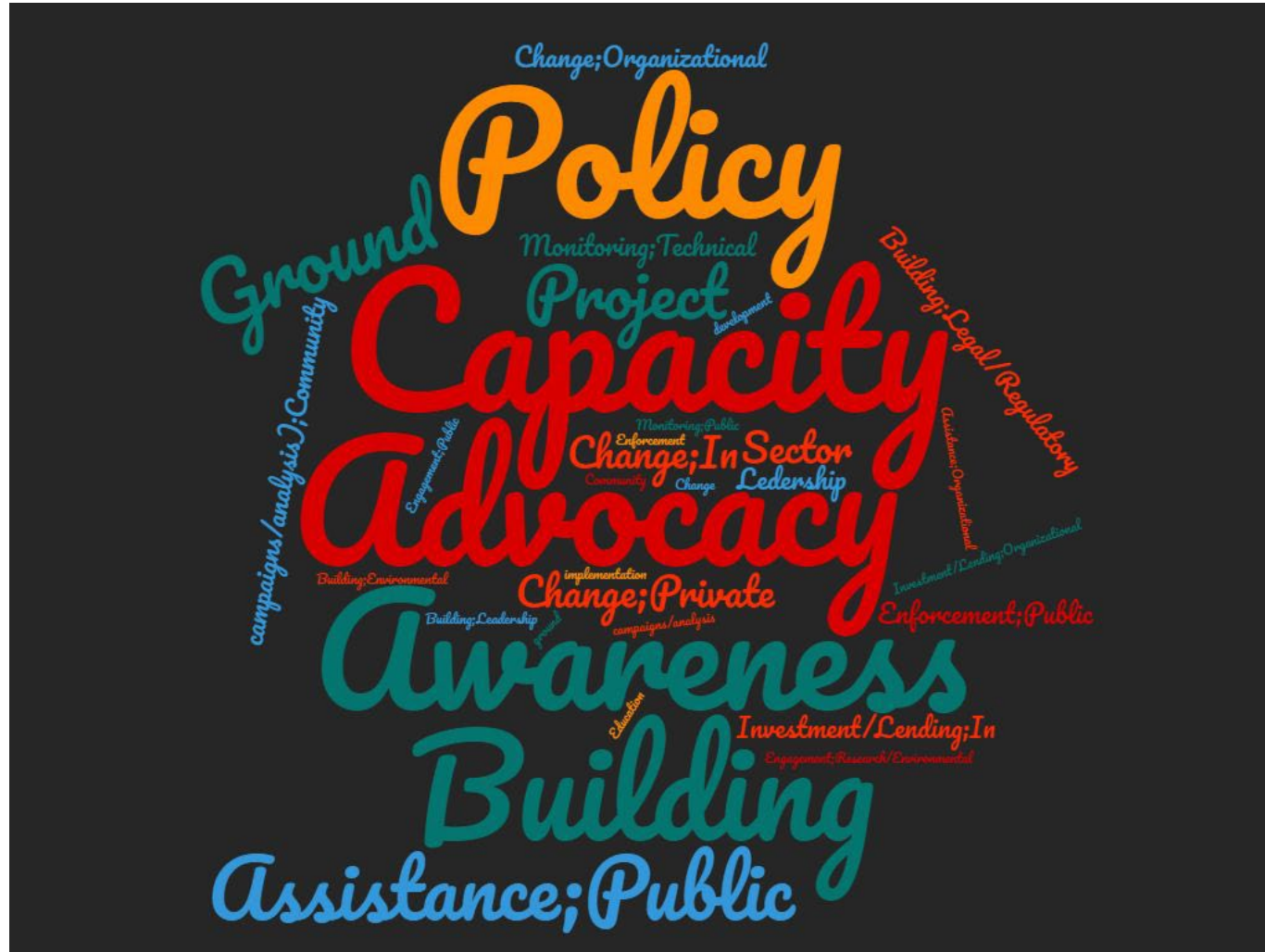
- Community Foundation
- Family Foundation
- Health Conversion Foundation
- Company Sponsored Foundation/Cha...
- Individual (directly or via a donor advis...)
- Donor Advised Fund or Privately Man...
- Private Operating Foundation
- Non Profit Re-Granting Organization

▲ 1/2 ▼





# What strategies do some CBFN members support?



# What Do We Do?

- **Elevate the voices of those most impacted** and work to **address the racism and power structures** that lead to environmental injustice
- **Deepen funder knowledge** on scientific, political, and social dimensions of key systems influencing our region's environment to surface the needs and opportunities that call for a coordinated action
- **Pool funds and align grant-making** for scaled, deeper, and longer-term impact
- Foster **cross-sector partnerships, civic engagement, and community leadership**
- Include practitioners in the work to **learn, analyze, and develop strategies** for the region
- **Cultivate trust, transparency, and accountability** among the grantmaking community

# Chesapeake Bay Funders Network

[www.chesbayfunders.org](http://www.chesbayfunders.org)

## Steering Committee

5 people, region and issue wide

## Civic Engagement

Align funding to build progressive power and coalitions to advance policy reform

## Land and Water Initiative

build capacity and partnerships for targeted land and water conservation  
Partner: Land Trust Alliance

## Agriculture/Soil Health Workgroup

Advance regenerative agriculture through policy, networks, financing

## Capacity Building Initiative

build organization and collaborative capacity for regional environmental and community health goals.  
Partner: Chesapeake Bay Trust

## Urban Water Workgroup

Educate funders on intersection of water, climate, economics and equity



## Washington Regional Food Funders

Working toward of a more sustainable, nutritious, and equitable food system in the region.

## VA Climate and Energy

Advance equitable, resilient and enduring climate policy in VA



# General Trends and Opportunities

- Escalating climate impacts on people and environment
- Racial equity mandate
- Emerging regional food and Ag narrative that connects equitable access, crisis/climate resilience, sustainability and profit
- Unprecedented threats to democracy and political division
- 2025 Bay Program Deadline and calls for new frame and approach
- Historic federal funding investments in infrastructure with new priorities and financial tools
- ...





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## **Water Quality and Conservation Finance in Maryland**

Forever Maryland

June 22, 2022

# Innovative Finance Mechanisms for Land Conservation



The Conservation Finance Act of 2022 defines Environmental Outcome as:

- “A commodity that is modeled or directly measured as a single, quantifiable, and certified unit of improvement to the environment, including a nutrient or carbon benefit.”

The Clean Water Commerce Act of 2021 authorizes \$20M in BRF for:

- The purchase of environmental outcomes, mainly cost-effective Nutrient reductions with priority given to those with co-benefits



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# Bipartisan Infrastructure Law of 2021

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BIL provides three pots of funding for SRFs over the next five years. In the first year (FFY22) it provides Maryland with the following funding:

- Any Eligible Project:
  - \$43,401,000 for the Clean Water SRF for any eligible project
  - \$32,892,000 for the Drinking Water SRF for any eligible project
- Lead Remediation:
  - \$51,797,000 for the Drinking Water SRF for lead service line replacement, including planning, identification and design (includes inventories)
- Emerging Contaminants Remediation:
  - \$2,278,000 for remediation of emerging contaminants with a focus on PFAS/PFOA for the Clean Water SRF
  - \$13,813,000 for remediation of emerging contaminants with a focus on PFAS/PFOA for the Drinking Water SRF
- Funding is intended to be in addition to annual appropriations, and is available “until expended”
- 100% of the capitalization grant for emerging contaminants must be used for additional subsidy
- 49% of the annual capitalization grant for any eligible project and lead service line replacement must be used for additional subsidy.



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# State Revolving Fund (SRF) Overview

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## **Maryland Water Quality Financing Administration (MWQFA).**

- Administers about \$400M/year of state and federal funding for built water, sewer, and stormwater infrastructure as well as natural blue and green infrastructure.

## **Clean Water State Revolving Fund (est. 1987) (CWSRF):**

- Provides low-interest and loans and grants for wastewater treatment plants.
- Development and implementation of watershed financing partnerships

## **Drinking Water State Revolving Fund (est. 1996) (DWSRF):**

- Low interest loans to protect drinking water supplies and source watersheds.
- Technical assistance for capacity development and asset management

## **Eligibility** for funding:

- local governments,
- water and sewer authorities,
- private entities that provide public services,
- non-profits such as watershed and neighborhood associations, and
- Land Trust Alliance accredited land trusts.



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# Maryland State Grants and Policy Overview

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**The Maryland Bay Restoration Fund (BRF)** was established in 2004 to help the State meet nutrient reduction targets established by the Chesapeake Bay Program and TMDL—Total Maximum Daily Load by the established deadline of 2025.

- Provide grants to communities with regulated stormwater discharges (MS4's) for:
  - implement green infrastructure including stream restoration and tree plantings.

**The Maryland Water Supply Grant:**

- Provide funds to water utilities to help protect source water and reduce costs of water treatment and maintaining Safe Drinking Water Act compliance.

**The Clean Water Commerce Act** uses \$20M a year in BRF funds

- To purchase nutrient reduction outcomes from wastewater and restoration projects.
- 20% of these funds must be invested in Disadvantaged Communities



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# MWQFA (MWIFA) Loan and Grant Programs

- **Water Quality Revolving Loan Fund (Clean Water State Revolving Fund)**
- **Drinking Water Revolving Loan Fund (Drinking Water State Revolving Fund)**
- **Bay Restoration Fund / Water Supply Grant**

<b>Clean Water Funding</b>	<b>Additional Subsidy/Grant</b>	<b>FY22</b>
CWSRF Base (\$7.867M GO + \$38.435 EPA + \$130.701M Repayments)	50% per project for a DAC, up to \$1.5M	\$176,823,133
CWSRF Supplemental (Bipartisan Infrastructure Law)	Up to 49% of appropriation	\$43,401,000
CWSRF Emerging Contaminants (Any CEC's including in stormwater)	100% of appropriation	\$2,278,000
Bay Restoration Fund (Minor WWTP's receive priority per statute)	Up to 50% per MS4 stormwater project	\$75,000,000
<b>Drinking Water Funding</b>		<b>Clean Water Total = \$297.5M</b>
DWSRF Base (\$4.034M GO + \$14.724M EPA + \$39.09M Repayments)	50% per project for a DAC, up to \$1.5M	\$57,848,539
DWSRF Supplemental (Bipartisan Infrastructure Law)	Up to 49% of appropriation	\$32,892,000
DWSRF Emerging Contaminants (PFAS priority, can address any CEC's)	100% of appropriation	\$13,813,000
Water Supply Grant (Targeted to small systems in DAC's under order)	Up to 87.5% of total costs, up to \$1.5M	\$2,556,284
		<b>Drinking Water Total = \$107.1M</b>



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# Maryland Clean Water Commerce Act of 2021

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- Authorizes Bay Restoration Fund to purchase environmental outcomes. Funding of \$20M/year from the BRF may be spent on cost-effective N load reductions that are measured or modeled based on existing Chesapeake Bay Program methodology.
- Contracts for nitrogen reductions may be between 10 and 20 years in duration.
- Prices and load reductions will be agreed upon and specified for each contract.
- Ranking based on annual N load reduction and delivery factors to the Chesapeake Bay.



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# Maryland Clean Water Commerce Act of 2021

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## Specific Uses of Funds

35% of CWCA funding dedicated to BMP's for:

- Agriculture
- Silviculture
- Horticulture
- Aquaculture

10% of funds for landscape restoration projects with lifespan of at least 10 years

20% of funds for stormwater management projects and green infrastructure in environmental justice communities with a socioeconomic score of 80+ in the MDE Environmental Justice Screening Tool. (<https://mdewin64.mde.state.md.us/EJ/>)



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# Maryland Clean Water Commerce Act of 2021

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100 points maximum in CWCA scoring system

- 60 points for cost-effectiveness of Nitrogen reductions based on quintiles of applications received (60, 45, 30, 15, 0 points/quintile)
- 40 points maximum for co-benefits
  - 10 points for mitigation or resilience measures
  - 10 points for environmental health in EJ areas
  - 10 points for water quality standard attainment
  - 10 points for implementing natural filter practices
  - 5 points for Phosphorus load reductions (quintiles)
  - 5 points for sediment load reductions (quintiles)



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# Maryland Conservation Finance Act of 2022

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- Establishes that natural blue and green infrastructure receives equal consideration for funding as traditional water, sewer, and stormwater drainage infrastructure
- Maryland is the first state in the nation with a policy of allowing pay for performance contracting for social and environmental outcomes.
- First state in nation to define Blue and Green Infrastructure in statute:
  - Oyster Reefs, Freshwater Mussels, Seagrass Beds and Submerged Aquatic Vegetation, Shellfish Aquaculture, Living Shorelines, Natural Stormwater Assets, Tree Plantings, Community Pocket Parks
- Establishes Green and Blue Infrastructure Policy Advisory Commission and Task Force on State and Local Government Accounting for Natural Capital
- Defines environmental outcomes to establish foundation for markets
  - Creates metrics and standards to facilitate private and institutional investment in Maryland's communities and the Chesapeake Bay



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# Watershed-Scale Management and Restoration

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Goal: Promote active management of forests for ecosystem service benefits such as water quality



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# Watershed-Scale Management and Restoration

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Not just tree plantings,  
active management  
and restoration of  
native ecosystems



Water quality funds  
can restore natural  
ecosystems and  
add ecosystem  
service benefits.



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# Riparian Buffer Restoration and Protection

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Goal: Protect riparian buffer and forests to improve drinking water quality, provide habitat, prevent forest fire, and manage trash and debris entering rivers and the Bay



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# Accounting Practices for Natural Infrastructure

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- Environmental Outcomes
  - Foundation of sound trading markets to ensure that state, private, and non-profit investment produces measurable and certified outcomes.
- **Task Force on State and Local Government Accounting for Natural Capital:**
  - State agencies including MDE, MDA, MDNR, DBM, State Treasurer, the Chesapeake Bay Commission, University of Maryland Environmental Finance Center, County Governments, City Governments, CPA's, CFO's of water utilities, sustainability experts, and environmental non-profits by statute will all be represented on the Task Force.
- **MDE's Carbon and Nutrients Workgroup**
  - Integrate carbon, nutrient, and sediment accounting to track tree planting, carbon sequestration, and water quality progress,
  - Coordinate disadvantaged community standards internally and update funding prioritization systems.



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# Trees for Trout Partnership – MDE/MDNR/USFS

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# Maryland Forest Finance Implementation Tool

THE MARYLAND FOREST FINANCING IMPLEMENTATION TOOL

*Questions for the audience:*

*Who has used the FFIT so far?*

*Who would like to schedule a time to receive detailed guidance from MDE?*

Proprietary MDE/EPA calculator to provide prospective applicants estimates of cost per acre per pound of pollutant reduced (TN, TP, and TSS), Impervious Acre (EIA) cost per acre, and cost per MS4 Credit



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# Questions?

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