



Chesapeake Bay Program
A Watershed Partnership

Background

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On June 28, 2000, the Chesapeake Executive Council signed *Chesapeake 2000* – a new and far-reaching agreement that now guides Maryland, Pennsylvania, Virginia, the District of Columbia, the Chesapeake Bay Commission, and the U.S. Environmental Protection Agency in their combined efforts to restore and protect the Chesapeake Bay.

Chesapeake 2000 contains more than one hundred commitments that will lead Bay restoration efforts in the decades to come. Sound science and sensible public policy are the backbone of the agreement, financial limitations are not.

Since its signing, Bay Program partners have been working together to find the financial resources needed to meet *Chesapeake 2000's* goals to protect and restore the Bay for future generations.

Restoring and Protecting the Chesapeake – How much will it cost?

The Chesapeake Bay Commission's "Cost of a Clean Bay" Report

The Chesapeake Bay Commission, a tri-state legislative body with representatives from Maryland, Pennsylvania and Virginia, recently completed a fiscal analysis of the more than 100 commitments in *Chesapeake 2000*, the most recent Bay restoration agreement.

The analysis, "The Cost of a Clean Bay: Assessing Funding Needs Throughout the Watershed," estimates that it will cost approximately \$18.7 billion to meet Bay protection and restoration goals between 2003 to 2010. According to the report, approximately \$5.9 billion is projected to be available through current funding mechanisms, leaving about a \$12.8 billion funding gap – or \$1.6 billion per year – through 2010.

Estimating the "Value" of the Chesapeake Bay

In 1989, the value of the Bay was estimated at \$678 billion. Since Bay restoration efforts will provide positive economic benefits for the regional economy, economists believe the Bay's value will increase. For example, cleaner, less polluted water may add more commercial fisheries and eco-tourism dollars to Bay state economies. Likewise, expanded underwater grass beds and improved dissolved oxygen levels may improve regional revenues by enhancing hunting, fishing and other recreational opportunities. Property values in certain areas may also increase as problem waterbodies are restored.

The Cost of Improving Water Quality

The Commission's report provides a big-picture look at costs associated with restoring the Bay. Of the total \$18.7 billion price tag, approximately 60% – or \$10.8 billion – is attributed to achieving the nutrient and sediment reduction goals set forth in *Chesapeake 2000*. Reaching these goals will provide the water quality necessary for the Bay's plants and animals to thrive, and ultimately remove the Chesapeake Bay from the federal list of impaired waters.

The reported costs for meeting the nutrient and sediment goals include estimates for pollution reductions from agricultural lands, septic systems, new and retrofitted storm water measures as well as upgrades to wastewater treatment plants. The analysis also shows that point source controls, such as upgrades to wastewater treatment plants, on average are one-half the cost of nonpoint source controls throughout the watershed.

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The Chesapeake Bay Program is restoring the Bay through a partnership among the U.S. Environmental Protection Agency representing the federal government, the State of Maryland, the Commonwealth of Pennsylvania, the Commonwealth of Virginia, the District of Columbia, the Chesapeake Bay Commission, and participating citizen advisory groups.



What's Included in the Commission's Estimate

The Commission's cost estimate includes funds spent on Bay-related projects in the states of Maryland, Pennsylvania and Virginia, which comprise the Commission's membership. Delaware, New York, West Virginia and the District of Columbia were not included in the analysis.

Additionally, only a portion of federal funding spent on Bay-related efforts was included. The report incorporates only federal funding given directly to states and does not include those used directly by federal agencies for Bay restoration or awarded to local governments and nonprofit organizations.

The Chesapeake Bay Program's Federal Agencies Committee, which includes representatives from all federal agencies involved in Bay-related issues, is currently in the process of quantifying the amount of

funding directly spent by federal agencies on Bay restoration projects.

Understanding the costs associated with the current Bay agreement allows restoration leaders to target funds to maximize environmental benefits. For example, the analysis shows that preventing pollution from reaching the Bay's waters is less expensive than removing it.

The figures included in the report were developed by the Bay Commission in cooperation with the three states. Although each state manages its programs differently, a basic set of assumptions was developed to insure that the final analytical assumptions were comparable. Cost estimates were identified based on historical knowledge of funding sources available in previous years, while projections were based on the states' assumptions concerning the necessary actions required to meet each *Chesapeake 2000* commitment.

Projected *Chesapeake 2000* Costs and Income by State

(in billions of dollars)

Chesapeake 2000 Goals	Maryland	Pennsylvania	Virginia	Total
Living Resources				
Cost	0.1	1.2	0.1	1.4
Income	0.1	0.1	0.1	0.2
Vital Habitat				
Cost	0.4	0.5	0.1	1.0
Income	0.2	0.2	0.1	0.5
Water Quality				
Cost	3.9	3.1	4.5	11.5
Income	1.7	0.2	0.2	2.1
Land Use				
Cost	1.5	1.4	1.3	4.2
Income	1.5	0.9	0.7	3.1
Community Engagement				
Cost	0.5	0.1	0.1	0.7
Income	0.1	0.1	0.1	0.1
Total				
Cost	6.4	6.2	6.1	18.7
Income	3.5	1.4	1.0	5.9
Funding Gap	2.9	4.8	5.1	12.8

source: Chesapeake Bay Commission

For more information or to order a copy of the Commission's report, "The Cost of a Clean Bay: Assessing Funding Needs Throughout the Watershed," visit the Commission's website at www.chesbay.state.va.us.

For additional information about restoring Chesapeake Bay water quality, visit www.chesapeakebay.net.