

ENVIRONMENTAL ADVISORY COUNCIL
Lansing, Michigan
Thursday, March 18, 2004 – 1:00 – 4:00 p.m.

Members in attendance - Jack Bails, Bill Beckman, Janis Bobrin, Barry Cargill, Steve Chester, James Clift for Lana Pollack, Wil Cweikel, Chuck Hersey, Terry Link, Steve Luzkow, Terry Miller, Frank Mortl, Paul Murray, Bill Murphy for Don Inman, Pamela Pugh, Allen Reilly, Jr., Debby Rowe, Dr. Janet Vail, Dave VanderHaagen for Wayne Wood, and Donele Wilkins.

DEQ Staff in attendance - Linda Albro Sparks, Frank Baldwin, George Bruchmann, Dennis Fedewa, Hal Fitch, Anastasia Gormely, Carol Hefferan, Vince Hellwig, Andy Hogarth, Mike Jackson, Richard Parsons, Frank Ruswick, Pat Spitzley, and Jim Sygo.

OPENING

Frank Ruswick began the meeting by welcoming everyone to the first meeting of the second year of the EAC, and indicated that this was the first meeting for the newly appointed members. Introductions followed. Frank noted that based on the EAC's public involvement recommendations, the Remediation and Redevelopment Division has invited two district staff to attend the EAC meeting: Carol Hefferan from Plainwell District Office and Richard Parsons from Saginaw Bay District Office.

Frank summarized the agenda for the meeting. We will begin addressing issues raised by the EAC at the February meeting, as well as further describing a long-term agenda. We will be having a budget presentation by Dennis Fedewa. We will also spend some time on current events and ongoing Department of Environmental Quality (DEQ) business.

DISCUSSION – CURRENT TOPICS

Director Chester indicated that North Carolina has filed a Section 126 petition today against Michigan and other states under the Federal Clean Air Act. A state can file such a petition, if it believes emissions from other states are preventing it from meeting air quality standards. North Carolina is trying to compel EPA to implement control measures for upwind states like Michigan. Vince Helwig indicated that 13 states were included in the petition. It appears that, with the exception of South Carolina sources, utilities will be the primary target of control measures under the petition.

Director Chester indicated that there has been some pressure for Michigan to file a Section 126 position, but the DEQ has steadfastly resisted it. Michigan prefers to work with upwind states and has been successful in that regard. Once a Section 126 petition has been filed, states lose control of the process. There was a short discussion among EAC members of the implications of the Section 126 petition for Michigan.

Director Chester turned to the budget issue. He described a budget agreement that had been reached in July 2003, under which the DEQ would receive revenue from several new fees. These included fees in the solid waste, groundwater discharge, stormwater and surface water (NPDES) programs. At this point, only the solid waste fees have been passed. The lack of groundwater fees presents the most immediate problem since there are no federal revenues in

that program. The DEQ had requested \$1.7 million for this program, but after the Legislature exempted a variety of sources, the fee program would raise only \$300,000. On top of that, the fee package has not passed the Legislature. As a result, the DEQ has informed legislators and permittees that the DEQ will be unable to administer the groundwater program if fees are not in place by April 1, 2004. This is extremely important from an environmental standpoint. It could also have important economic implications as food processors, developers, some manufacturers, and others rely on groundwater discharges for their operations. The NPDES program will be in a similar situation, if fees are not enacted within a few months.

The EAC discussed the implications of the DEQ's inability to administer these programs. One member noted that the law would remain in effect even if the DEQ had no funds to administer the program, and questioned how the DEQ would respond to the needs of those who were legally required to obtain discharge permits. Director Chester indicated that the DEQ might be subject to lawsuits as a result, but that he has a fiduciary responsibility and can not spend money without Legislative appropriations.

Another member described a news story he had heard on the radio about the situation and it implied that it was the DEQ's choice to end the program. The DEQ should ensure that the public understands that the situation is the result of the Legislature's failure to act. Another member indicated that the Ann Arbor public radio station has accurately reported the story.

Director Chester went on to describe that the situation looks more hopeful for the NPDES and stormwater fees. It appears that an agreement has been reached on the issue of rulemaking authority that is holding up this fee package. As a result, the package could be enacted very soon.

An EAC member noted that air quality non-designation decisions will be coming in mid April. Director Chester agreed that these decisions will have important implications for Michigan, and indicated that the DEQ is working very closely with SEMCOG on the issue.

A member raised an issue associated with the Clean Corporate Citizen program. There is a long-standing concern that standards for selection are set too low. Director Chester indicated that the DEQ is preparing a refinement to the program under which a special designation would be offered for additional community and environmental activities. This could be a timely topic for EAC discussion.

An EAC member raised an issue associated with diversion of water from Lake Huron. There is a current proposal under which Lake Huron water would be bottled and shipped to army bases around the world. This has created interest in the Bay City area. Director Chester indicated that Governor Granholm had recently announced a significant water management plan titled the Water Legacy Act. He agreed that this could be an important topic for EAC discussion and will ask Ken DeBeaussaert, Director of the Office of Great Lakes, to attend a future EAC meeting for this purpose.

Director Chester indicated that he would like to hear from the EAC on how the DEQ could support economic growth while maintaining and enhancing the environment. He is especially interested in identifying impediments to attracting and retaining environmentally friendly companies. A member responded that there are technology transfers from universities and research monies could be used to foster companies known as "green gazelles": fast growing companies trying to solve environmental problems. Another member described an example of innovative things being done in Minneapolis regarding Brownfield redevelopment in distressed

neighborhoods. The EAC had a general discussion about economic development potential and how incentives can affect economic decision-making.

A member asked how the DEQ relates and coordinates activities with other State departments. That can have important implications for both the environment and the economy. Director Chester described an interdepartmental workgroup that has been formed by Department of Labor and Economic Growth (DLEG) Director David Hollister. This workgroup includes Department of Transportation, Department of Community Health, Treasury Department, Agriculture Department, DLEG and DEQ. Director Chester also indicated that the DEQ is taking steps to implement recommendations of the Land Use Leadership Council. The DEQ's land use activities may be another important topic for EAC consideration.

The discussion turned to the implications of the impending non-attainment area designations. Director Chester indicated that it will be important that Michigan have flexibility in how to address non-attainment areas. A member indicated that control of mobile sources will be an important component of this effort. Another member drew an analogy to grants and loans used to encourage development in renaissance zones. Perhaps there is something similar that could be done with respect to non-attainment areas. EAC members discussed current redevelopment initiatives as they relate to air quality and land use issues. A member indicated that much air quality improvement could be gained from the use of cleaner fuels.

Director Chester indicated that this discussion had highlighted a number of issues that could be the focus of future EAC consideration. The EAC will need to set priorities on the most important issues for discussion.

PRESENTATION – DEQ BUDGET

Dennis Fedewa, Financial and Business Services Division Director, made a presentation regarding the DEQ budget which included a power point presentation and two handouts - Department of Environmental Quality Budget and Funding History and Major Items from Past Fiscal Years. See Attachments 1 and 2.

Director Chester asked the EAC to focus on the loss of General Fund (GF) dollars. This has dropped from \$101 million in FY02, to \$56 million in FY04. The proposed FY05 has only \$38 million in GF. In a relatively short period of time the DEQ has lost substantial general funding. This needs to be considered in conjunction with inflationary costs and the additional responsibilities given to the DEQ during this period. The Legislature added over \$1 million in new obligations to the DEQ in FY03 without any additional funding.

Dennis Fedewa explained that the DEQ had lost 120 positions due to early out retirement. This has created a substantial burden on remaining staff.

The EAC discussed the State's overall budget situation and how it is impacting the DEQ budget. It is believed that the budget problems are structural, and that matters are not likely to improve until at least FY07. This will present continuing pressures on the DEQ budget, the need to cut costs and find new funding sources. A member suggested that often innovation comes from crisis and that this could create an incentive for the DEQ to look at new ways of doing things. Director Chester indicated that the DEQ has been trying to do more with less for several years and that there is a limit to budget savings from increased operational efficiencies. At some point

the Legislature and the public has to make difficult choices about which services are to be provided and which aren't.

A member suggested that the State could gain significant revenues if Congress were to pass pending legislation providing certain energy tax credits. This proposal was included in the energy bill. The EAC discussed several provisions of the energy bill and its chance of passage.

DISCUSSION – FUTURE TOPICS

Frank asked that the EAC turn its attention to setting priorities for future discussion. Developing recommendations for improving public involvement in DEQ activities had consumed nearly all of the EAC's attention for a year. It is now time to find new projects, although perhaps one that will also allow timely consideration of other current issues before the DEQ.

The EAC had a general discussion of topic for possible consideration. Those discussed included:

Budget

Social Justice

Sustainable development

Internal operations of the DEQ

What is the proper level of government for provision of various services?

Risk communication

How can DEQ support urban development?

How to encourage watershed management?

Environmental indicators

Director Chester indicated that the DEQ has on-going workgroups on some of the issues raised. Part of monthly discussions before the EAC may be on the progress of these workgroups. He is interested in longer term issues, such as social justice. A member agreed, and indicated that a number of other states, including New York, New Jersey, and California, had developed policies on social justice. Michigan needs to have a similar longer-term vision on these issues, including environmental health. Another member suggested that these same issues can be viewed through the concept of sustainable development.

A member suggested that the EAC read the DEQ's 2003 Environmental Indicators Report. That information might be helpful in assessing whether Michigan is using the appropriate indicators and what the indicators imply for environmental policy.

Frank indicated that a number of significant issues had been raised, and that the EAC needed a process for choosing among them. A member suggested that EAC members indicate their preferences by e-mail. Frank agreed to provide a summary of the issues for EAC members to use in choosing their preferences. A member suggested that this summary include issues that had been raised at the February meeting.

The meeting was adjourned.

Meeting notes by Linda Albro Sparks and summary by Frank Ruswick.