

ENVIRONMENTAL ADVISORY COUNCIL
Lansing, Michigan
Thursday, June 21, 2007 1:00 – 4:00 p.m.

Members in attendance: Jon Allan, Steve Chester, Tim Faas, David Gard, Mary Ann Heidemann, Chuck Hersey, Larry Merritt for Andrew Hobbs, Brian Jonckheere, Vincent Nathan, Del Rector, Doug Roberts, David Rinard, Mike Shriberg, Brian Beauchamp for Lisa Wozniak, Paul Zugger.

DEQ Staff in attendance: Linda Albro Sparks, Anna Baumgras, Roland Bowler, Tamar Gontovnik, Vince Hellwig, Jim Kasprazk, JoAnn Merrick, Skip Pruss, Frank Ruswick, Jim Sygo.

Guests in attendance: Angela Riess, SEMCOG.

OPENING

Frank Ruswick welcomed members and reviewed the agenda. Director Steve Chester's attendance will be from 1:00 to 2:00 p.m. due to another major meeting conflict.

CURRENT ISSUES

Director Chester discussed the great success of the DEQ/DNR/Agriculture Leadership Academy which resulted in an outstanding class that we hope will groom the next group of academy members. Due to the success of the academy SEMCOG has hired one of the leadership academy graduates, Angela Riess who formerly worked for Department of Agriculture and is joining us at the EAC meeting today.

DEQ Deputy Director Skip Pruss discussed the Kolke Creek case, which involves a creek located in Otsego County. This area has close proximity to oil and gas development site Hayes 22 previously owned by the Shell Oil Company. A few years ago Merritt Energy acquired it. This site had historical problems and an investigation uncovered four plumes of groundwater contamination that are close to a residential development called Wilderness Valley. DEQ staff worked with Merit Energy and identified a number of alternatives to remediate this site and authorized a discharge of groundwater treated to remove contamination to Kolke Creek. DNR gave an easement for the pipeline. Anglers of the AuSable filed suit to enjoin this treatment system as Kolke Creek is a tributary of the AuSable River. Litigation has occurred the last two years. The State lost in Otsego Circuit Court as the judge ruled that the discharge violated the Natural Resources and Environmental Protection Act (NREPA) and added that this flow violates the rights of downstream riparians. Most importantly this plume continues to migrate. Merritt Energy acquired property and they were exploring groundwater discharge as an alternative. The Judge indicated the credibility of the DEQ experts was affected because they were the ones who supported the permit and authorized remediation. DEQ doesn't plan on appealing the decision.

Director Chester reported judges in the past have stated that experts on the other side were more credible, but we have never seen this analysis of DEQ credibility in a written decision before now.

Director Chester spoke briefly about the CAFO bills that have been passed in the Senate, now waiting House action.

Jim Kasprzak, DEQ Financial and Business Services Director gave a brief update on the budget. The House approved the DEQ \$1 million more from the general fund than the Governor's budget. No additional progress has been made on the DEQ FY08 budget.

Frank Ruswick mentioned that the solid waste surcharge of \$7.50 per ton is being discussed in the Legislature. Almost all of the revenue collected from the surcharge would go to local government with about one-third dedicated to recycling efforts. At this time the Senate has not taken up this package of bills.

An EAC member shared an observation that having decisions passed down from a judge that basically questions the credibility of the department reinforces that credibility is a significant issue that the department faces. Director Chester stated that most of the DEQ decisions are not highly controversial, but they can be very much so. He cited the example of dealing with land and water management issues, such as protecting wetlands.

An EAC member commented that sometimes public relations at the local level may help the department overcome credibility issues. Great success in public relations has been done with the coastal zone program.

PRESENTATION

Chuck Hersey from SEMCOG made a presentation called "Overview of Environmental Program Funding". The PowerPoint presentation is attached.

DISCUSSION

An EAC member wondered if we were able to design a poll and ask people how they feel about what we could learn about environmental protection. The idea is to design programs around the answers, and will there be a willingness from the public to fund such programs. The public might feel more favorable toward funding environmental programs through a targeted bond rather than a tax increase.

Chuck Hersey responded that most people don't understand environmental programs. The public has a willingness to pass bonds and to pay once they understand what the funds are going to pay for. Unfortunately, bonds do not address the structural problems in Michigan's budget. The public generally isn't willing to pay for environmental programs in favor of, for example, keeping a police officer. We tend to underfund things that have long term implications. Chuck Hersey indicated that the problems need to be identified before you can discuss the solutions.

An EAC member commented that the general public's costs for infrastructure such as water and sewer are relatively a very good deal. If you did a comparison of the costs of bottled water vs. tap water, the fee for tap water service is far below the value the infrastructure provides.

Members further discussed continued state funding of environmental programs, including examining current programs to determine which ones are considered critical. An examination should be made of current programs to determine if they are accomplishing what they should. Another member commented that we do ourselves a great disservice in assuming these programs will continue. A suggestion was made that the department should have a Plan B in place should revenues not be available. Another member suggested turning over responsibility for Brownfield programs to local governments.

PRESENTATION

Rachel Kutzsch from Heart of the Lakes did a presentation titled “Conservation Funding – Comparison of the States”. After the presentation she distributed a handout titled “Establishing a National Benchmark for State Funding of Natural Resources Conservation and Management Preliminary Summary of Findings”. Rachel Kutzsch encouraged members to go to www.heartofthelakes.org for further information.

DISCUSSION

A member suggested that Michigan needs to look at establishing a comprehensive strategic plan that will hopefully result in a dialogue that could mean more investments in this state. How should we increase investment to operate? Some members didn't feel it was fair to compare Michigan to every other state. For instance, Wyoming is a low populated arid state, and Michigan is a highly populated humid state.

Rachel Kutzsch asked members to look at similar states such as Illinois, Iowa, and some of the northeastern states. You will find Michigan at the bottom in terms of funding for natural resources.

A member suggested that we should couple this information around SEMCOG's presentation and determine our priorities. Use both presentations to find new approaches and discussions for the future.

One member asked if we were to sell \$100 million in bonds, would that return Michigan to one of the top tier states in terms of conservation budgets. Frank Ruswick thought that would only occur if there was money available to be spent, not just raised through the sale of bonds. Frank Ruswick inquired about what the polling said about a willingness to pay for natural resources and conservation. Rachel Kutzsch responded that Heart of the Lakes did some polling in February and May and 75 to 85 percent supported increased funding for natural resources. The specific solutions to increase funding for conservation favored in the poll were an increase one one-eighth of a percent in the sales tax and a mineral tax on non-renewable minerals. She noted that most citizens are not versed in Michigan's state budget process.

An EAC member asked whether they had looked at this data in comparison to private conservation spending such as conservancy organizations and environmental groups. Rachel Kutzsch stated Heart of the Lakes has not done that comparison. Frank Ruswick thought there would be a complicating factor as far as how to account for the difference in roles. He didn't know how this could get to the heart of the perception issue.

Rachel Kutzsch discussed the Conservation Summit which was held in February 2007. A meeting was convened a month later to talk about different funding options, everything from state park charges to license plates. DEQ staff is still having discussions with leadership in the Governor's Office and the Legislature on funding for environmental programs.

Frank Ruswick thought it was important to point out the need for a strategy to raise money in a coordinated and complimentary fashion. Will these revenue streams make a coherent whole?

Members commented that now is the time to build a green infrastructure. The public needs to know that this will be part of a whole package that would include fees on polluters. The bonding suggestion could be part of the solution. Michigan public is willing to pay, if it's matched by other pieces such as fees on polluters.

Another member commented that the DEQ strategic planning process has some pitfalls. You lose perspective on how all these programs work together over time. Education programs may fall to the bottom of the list; however, they have tremendous impact.

Frank Ruswick suggested that a long term strategic planning process would need two components. First, what do we need to do to manage our environment on a sustainable basis? Second, what is needed to encourage people to make the right environmental choices over time and what is the role of government and the role of others? It's not do we do this program or that program, it's a much more abstract discussion.

A member asked Rachel Kutzsch who were the participants in the Conservation Summit. She responded about 350 people attended including business organizations, agency staff and organizations such as Michigan Environmental Council, Michigan United Conservation Club, Travel Unlimited, Ducks Unlimited, Forest Associations and others. Many groups attended the Summit in February and subsequent meetings. The Summit participants are looking at different solutions that have worked in other states such as real estate transfer increase, restructuring trust fund, and a mineral tax.

Director Chester commented that it was a very open Summit. Doug Roberts, a current EAC member from the Michigan Chamber of Commerce was there, along with a wide representation of other groups which resulted in broad based discussions. The point has been made from both the business and the environmental community that DEQ should not become a fee for service organization. DEQ already administers 53 fees resulting in increased accounting responsibility.

A member thought it would be interesting to poll the states that have programs with higher funding to see if their programs were rated as successful, and then poll the states with lower funding and see if their programs were rated as unsuccessful.

Director Chester observed that it seems as though other countries such as Europe and Japan view public service quite differently than the United States. Why is that? Is there an opportunity to return the public's view of public service to a place of honor?

Discussion led to several comments and observations as it related to cultural differences between countries like the United States, Europe, and Japan. Government involvement, economic status, and public service are different in all countries.

Summarized by Linda Albro Sparks.