

ENVIRONMENTAL ADVISORY COUNCIL
Lansing, Michigan
Thursday, May 21, 2009, 1:00 – 4:00 p.m.

Environmental Advisory Council (EAC) Members in attendance: Jon Allan, Sandra Batie, Steve Chester, Brad Garmon, Brian Jonckheere, Larry Merritt, Rick Plewa, Del Rector, David Rinard, Doug Roberts, Raymond Scott, Mike Shriberg, Andy Such, and Gildo Tori.

Department of Environmental Quality (DEQ) Staff in attendance: Gerry Avery, Frank Baldwin, Liz Browne, George Bruchmann, Lynn Fiedler, Kim Fish, Tom Godbold, Amy Hicks, Jim Kasprzak, Frank Ruswick, Julie Sims, Maryam Borton, and Trevor Ryan.

Guests: Donna Stine, Governor's office; and Chris Klaver, Gongwer.

OPENING

Frank Ruswick opened the meeting by welcoming everyone and describing the structure of this meeting. Frank described that the agenda was designed to address the numerous comments received from the EAC and DEQ senior managers on the current project and to generate discussion around three major sets of questions: 1) What is the nature of the "problem" the project is designed to address? 2) What is our goal? 3) What is the role of the EAC in achieving that goal? Through those discussions, the planning committee is hoping to develop a shared understanding of what the project is about, bring this project into better focus, and garner suggestions for next steps.

Frank introduced two DEQ student interns: Trevor Ryan, who is working with Environmental Science and Services Division's (ESSD) grants and loans; and Maryam Borton, who is working on the No Child Left Inside Program.

CURRENT ISSUES

Frank Ruswick provided an update on the wetlands program and the relinquishment of Part 404 authority under the Clean Water Act. Since then, the workgroups that were created by Senator Birkholz and Representative Warren to focus on people's concerns with the program and have been looking at finding ways to fund and retain it. Frank explained the focus is on two aspects; first, finding bridge funding to retain the program; and second, amendments to Part 303 to address some areas in the program that can be improved immediately.

An advisory council would be formed to address longer-term program improvements.

Liz Browne, Chief, Land and Water Management Division (LWMD), provided an update on discussions with the U.S. Environmental Protection Agency (U.S. EPA) and the U. S. Army Corp of Engineers (Corp) regarding how the program would transition if it was relinquished. LWMD is working on finding ways to make our database available to the Corp.

Director Chester provided an update on an Executive Directive issued in November 2007, that required the DEQ to develop an Environmental Justice Plan (Plan). A workgroup was established in July of 2008, to help develop the Plan. The public participation subcommittee of the workgroup has started outreach efforts using focus groups to gain insights on issues to consider. The next discussions are scheduled for June 11, 2009, in Saginaw; June 23, 2009, in Benton Harbor; and the Tip of the Mitt Watershed Council is hosting a luncheon on June 12, 2009. A draft Plan is expected to be completed by November 2009.

Director Chester provided an update on the restructuring of ESSD. As of May 31, 2009, ESSD will no longer be a stand alone division. An Office of Pollution Prevention and Compliance Assistance has been created and will be funded by waste reduction fees. The grant and loan programs will return to each program area (e.g., coastal management program returning to LWMD). Staff who have worked on grants and loans will largely continue to work on the same projects, just in a different capacity. Seven positions were transferred to the Department of Energy, Labor, and Economic Growth (DELEG),

Director Chester provided an update on the current budget situation. The DEQ has currently been managing for budget reductions by not filling vacancies created as staff leaves. However, the DEQ now anticipates a further 8% reduction in general fund for fiscal year 2010 on top of that proposed in the Governor's budget submission. This would result in the lowest amount of general fund support the DEQ has ever had. Director Chester indicated this will cause backlogs and issues throughout the department.

Members asked how new federal funds may impact the state's budget. The Director indicated his interest in finding ways to receive federal funds and has recently sent correspondence to the U.S. EPA Administrator to request either reducing or eliminating the match requirement for the \$475 million that may be available for Great Lakes Restoration in 2010.

PROJECT FRAMEWORK

Sandra Batie presented and facilitated a discussion on the project framework (see handout).

Sandra is a professor at Michigan State University (MSU) in Agriculture Environmental Policy and conducts research on food, agriculture, and environmental policy issues at the state, federal, and international level.

She began her presentation by introducing the subcommittee that is working between the EAC meetings to frame the project; including EAC members Chuck Hersey, Jon Allan, Frank Ruswick, Mindy Koch, and help from Julie Sims. Sandra described the purpose of the project as to carefully consider the needs of future environmental management based on projected economic, environmental, and social trends. The goal is to be informed about what drivers may be acting upon the structure and function of the DEQ, what they will entail, and how they will influence the ability of the DEQ to fulfill its mission. She went on to explain that the intent of the subcommittee is not to direct or control the discussion; rather, it is to marshal the necessary information, models from others, and experts to inform the discussion.

Sandra recognized the considerable amount of uncertainty and ambiguity associated with this project and explained how the subcommittee considers these unresolved issues during discussions. Three main uncertainties associated with this project at this time include determining the boundaries of the project, identifying the constraints to change, and establishing a time frame for this project to encompass.

Sandra explained one basic assumption is that the past will not be prologue with respect to environmental management and that we need to be proactively thinking about how the trends presented so far will impact the future. Another assumption is that the current trajectory of the DEQ of incremental adjustments is likely not going to be able to react to the pace and size of change given the projected economic, social, and environmental trends.

Sandra defended these assumptions with discussion on some of the major drivers influencing the pace and size of change. These drivers include changes in Michigan demographics such as aging population; declining average incomes; declining employment; declining hunters and fishers; changing structure of Michigan's economy away from manufacturing; improved scientific understanding of the functions of ecosystems; reduced public funding of the DEQ; a changing appreciation for and understanding of the natural world; and changing attitudes of the general public and businesses toward environmental management. Sandra noted that some of these drivers contradict each other making predictions difficult and uncertain. Yet, given these uncertainties and anticipated eventual

outcomes, Sandra indicated the importance to be as informed as possible about both the trends and alternative responses.

Sandra complimented the DEQ on accomplishments made thus far and how the DEQ has come a long way. However, it is important to have an open discussion about alternative models. She mentioned that Eric Scorsone of MSU will be joining the EAC meeting in July to discuss alternative governance models and also recommended the book, *The New Environmental Regulation*, by David Fiorino.

Members pointed out that the current structure will likely be affected in the near future with the potential restructuring of government being led by the Governor's office. The Governor is looking at the current structure and planning to downsize the number of departments from 18 to 8. Another challenge associated with the future of government will be ways to communicate with stakeholders. The assumption is that there will be a greater role for stakeholder involvement in government decision-making yet there are limited resources to do so.

Questions were raised by EAC members and DEQ staff regarding how realistic it is to have more collaborative decision-making process in the future and what tools would be used to encourage collaborative decision-making. The current public participation process, including attendance at public meetings, has seen a decline in participation of stakeholders. Public participation processes may have to adapt with the current shift in technology including using Web sites like Twitter or Facebook. But, are these appropriate tools to use and how can we avoid their misuse?

A DEQ staff member questioned the need for this project and stated that the current system adapts to change overtime and questioned why we can't do that now. There was discussion regarding the significance of the change and how we need to inform ourselves and prepare so that we are not only reactive. Members discussed how in this hyper-competitive world (primarily due to changes in technology), we can't wait and we need to be proactive. Change is happening too quickly to adapt and we should find innovation and opportunity to lead this wave of change.

Director Chester acknowledged the need to maintain a solid foundation and also raised several questions regarding current constraints and findings of a recent survey of the department. One significant question raised and discussed was regarding identifying issues that are limiting our efficiency to address concerns. This raised discussion about the command and control system which has been effective in addressing issues. However, they may not adequately address 'wicked problems,' such as dioxin contamination in the Saginaw Bay watershed.

There was further discussion about how the future of environmental management could work towards informing stakeholders rather than using enforcement first.

Consensus among members was that governmental agencies could be more effective and efficient, but funding is limiting opportunities to be involved in more outreach and education or collaborative approaches.

A member recommended another book, *A Necessary Revolution*, by Peter Senge. It focuses on avoiding negative consequence versus achieving a desired outcome. This concept spurred discussion among members and staff regarding the role of government including how to encourage and motivate people to do the right thing. A member identified the importance of motivation, education, and accountability to encourage people to do the right thing. The Director provided an example of using carrots vs. sticks and allowing firms to be treated differently for having a good track record. One way to do this is to share real time data with the public (e.g. Toxic Release Inventory).

POSSIBLE FUTURES

Jon Allan, Consumers Energy, presented and facilitated a more detailed discussion on assumptions of our current state of the environment; possible alternative futures; and discussion on governance models.

Jon began his presentation with defining what governance means. According to Wikipedia, governance relates to decisions that define expectations, grant power, or verify performance. Basically, governance is what a government does.

Jon presented a slide that characterized this project into three phases. Phase I includes the information that has been presented over the past few months including examining key trends and discussing the history of both the DEQ and DNR. In this Phase, we should develop a 'shared vision of the future' based on what we have heard. Phase II moves towards a set of shared assumptions about the future to a 'point of view.' This includes identifying constraints to effective decision-making, looking at alternative models of agency decision-making under complexity and uncertainty, and developing the dominant and alternative trajectories for our future environment. Phase III is the where the EAC decides what can or should be done. This may either take the form of making recommendations to the department or possibly implementing a pilot project.

Jon presented a slide on some key guiding questions including what future state are we talking about, are our individual decisions facilitating environmental quality and ecological function, how do the DEQ and DNR decisions fit together, how is the ecological system functioning, and what is guiding our decisions. These questions generated considerable amount of discussion among the EAC members and the SMT.

Discussion regarding these key guiding questions began with a discussion of what is encompassed in environmental protection. One member suggested we start first with the environment and then see how government plays into that. Another member mentioned that the scope of responsibilities goes beyond the environment and should focus on the quality of life. A member suggested that the environment also includes the social system. Members discussed a definition of quality of life which includes job, prosperity, and the environment. This raised the typical dichotomy of jobs vs. the environment; whereas, defined above, they both influence the quality of life. A member then questioned why then is the DEQ separated from the Department of Energy, Labor, and Economic Growth.

Members discussed whether our individual decisions are facilitating environmental quality and providing for quality of life? A member suggested that when the government regulates, it over-regulates. Another member suggested that in some instances there may be some environmental benefit, but at what cost? Additionally, there has been a shift in business where they typically have environmental staff in house. This shift may be a transition point to allow for more collaboration and less regulation by government.

Jon continued to facilitate discussion by presenting a set of transition points including loss of resources, social and economic trends, and impact individual decisions have on the environment. The discussion focused around whether the current system is the right system for the future. The current system is protective of human health, but is it the optimal system to facilitate decisions of the future state of the environmental and quality of life. Currently, the system appears to be in a death spiral with never ending budget cuts.

This topic led into a discussion about landscape level decisions and the agencies ability to conduct trade-offs. A member provided an example using air; the current structure does not allow for making trade-offs at the landscape level. Kim Fish, LWMD, mentioned how the wetlands program was actually designed to be a more integrated, landscape level program but is viewed as an independent program by the public and Legislature. A possibility for the future of the wetlands program is to transition back to its original intent.

Members added to the discussion a few key questions that should be considered including where (state or local level) should decisions be made, who has the appropriate decision-making authority, what is the role of government in decision-making and facilitation of decisions, and what is the role of governance?

Jon shared a slide with 6 different governance models including: “hold our ground” model, expanded permissive model, structural model (re-organizational), directive model (what do we want the environment to look like), facilitative model (change role of government as decision maker to convener and facilitator), and the unwinding model (devolving the role of government). The models presented

generated discussion around the timing of even having this discussion given the considerable amount of uncertainty and the ability of the EAC to even inform this decision.

Jon clarified that the intent of this discussion is not about giving anything up necessarily; rather, to generate discussion about the desired future model. Members discussed the role of the department as being based on science and that a more facilitative role would be challenging. Additionally, of the models presented, members discussed how it would be inappropriate to choose just one model as the desired future model and suggested that rather than being mutually exclusive, it would be more of a blend of the models. This could serve as a toolbox to making landscape-level decisions and using the most appropriate model for specific situations.

Members discussed the need to understand issues, identify problems, and find agreement of future of environment and natural resource management. As mentioned previously, Eric Scorsone will be presenting governance models at the next meeting and Dr. Joe Arvai, Professor of Judgment and Decision-Making, MSU, will be presenting case studies of collaborative decision-making models at the EAC meeting in July. These presentations will help facilitate discussion and help us develop a vision for the future.

Frank wrapped up today's discussion with a brief summary of common themes and main points heard. Frank suggested that the use of the word 'problem' has been used through out the discussion but used in two different ways – avoiding a bad result or overcoming obstacles to achieve a desired result. This essentially corresponds with an earlier discussion about whether we should be reactive to change or be proactive and attempt to influence it.

Frank discussed the potential roles in addressing issues recognizing three interrelated continuums: The amount of control the EAC/DEQ has to address and issue; the time frame over which change occurs; and whether changing activities/tools or systems and structures.

Frank shared his perspective from what he has heard from the EAC on characteristics of the ideal future which includes a relationship between the role of the department and governance, state of the environment, and quality of life. Some of the characteristics of this ideal include treating the environment and economy together, not separate; having appropriate compartmentalization and integration; moving towards more holistic decision-making; having available the skills to use efficient and effective tools and mechanisms; need to have support of the system to make optimal decisions to achieve ideal; pay attention to trade-offs and hierarchy of values; and understand appropriate roles and responsibilities including government, individual actions, and local stakeholders.

Frank reviewed some of the constraints that have been raised to achieve the ideal future including insufficient information, resources, legal structure, and public participation. Additionally, it is important to focus on goals and what we are trying to achieve; but, also need to determine if our goal is to either simply avoid the worst or to achieve some desired future state.

CLOSING BUSINESS

The June EAC meeting will be held at the Henry Center with a cash bar from 4 p.m. – 6 p.m. Everyone is encouraged to attend and participate in the social event. This event will allow more time to have open discussion about this project and the role of the EAC.

Dr. Eric Scorsone, MSU, will be joining us in June to discuss his work with other governmental agencies on alternative governance models and Dr. Joe Arvai, Professor of Judgment and Decision-Making, MSU, will be presenting case studies of collaborative decision-making models at the EAC meeting in July. These presentations are intended to help facilitate discussion and develop a vision for the future.