

Communication from the
Department of Administration
Regarding Environmental
Impacts of the 2011-2013
Proposed Biennial Budget

Department of Administration

June 9, 2011

Communication Outline

- Federal, state and local budget impacts on environmental and energy policy
- Overview of environmental impacts of the 2011-2013 biennial budget
 - Major indirect budgetary impacts
 - Major direct budgetary impacts
- Next Steps

Federal, state and local budget impacts on environmental and energy policy

- Major energy efficiency and renewable energy cuts at the federal level
- State policy impacts outside the budget process
- Local outlook for energy efficiency and renewable energy

Major Indirect Budgetary Impacts

- Eliminate Office of Energy Independence
- Cost-effective statewide energy policy
- Eliminates certain fuel and energy efficiency state gov't requirements
- Others, like mass transit
- Push back on recycling
- Some positives like bond revenues for nonpoint/urban runoff or contaminated site repair

Indirect Budgetary Impact: Mass Transit

Mass Transit

Governor's Budget Proposal

- Decrease funding for mass transit (\$7 million cut to Milwaukee County)
- Move transit funding to the general fund

Joint Committee on Finance

- Maintain transit funding in the transportation fund

Southeast WI Regional Transit Authority (SERTA)

Governor's Budget Proposal

- Eliminated \$100 million in bonding authority to provide capital improvement grants to SERTA

Joint Committee on Finance

- Eliminated all regional transit authorities

Direct Budgetary Impact: NR 151

- Original rule: Require municipalities to reduce total suspended solids in storm water by 40% by 2012
- Cost-effectiveness issue: ~ \$1.5 million/per percentage point of TSS removal, & other pollutants are of greater concern to SE WI water quality
- Governor's Budget Proposal**
 - Repeal and recreation of NR 151 to not contain requirements more stringent than those under the federal Clean Water Act.
- Joint Committee on Finance (JCF)**
 - After budget introduction, Governor recommended that NR 151 not be deleted and recreated, but make certain provisions not enforceable
 - JCF adopted the following motion:
 - Prohibit DNR from enforcing any reduction greater than 20%
 - If a municipality has achieved a reduction in total suspended solids exceeding 20% from no controls on the effective date of the bill, they are to, to the maximum extent practical, maintain all BMPs
- City meets > 20% removal via MMSD treatment of storm water from the Combined Sewer Area
- Maintaining other rule provisions such as those pertaining to new construction erosion control are favorable
- City can reallocate \$1 million of planned storm water BMPs in capital improvement plan to higher priorities

Direct Budgetary Impact: Recycling

Governor's Budget Proposal

- Elimination of recycling mandate on municipalities
- Elimination of recycling grant
- Raid tipping fees to help finance economic development fund

Joint Committee on Finance

- Restored the recycling mandate with modifications to current landfill disposal restrictions. Persons would be prohibited from placing certain materials in garbage containers whose contents will be disposed of in a landfill, converted into fuel, or burned at an incinerator
- Restored the recycling grant program at \$19 million annually (previously budgeted at \$32 million in 2011)
- Under this scenario, Milwaukee would receive about \$2.1 million annually (initial 2011 Budget was ~ \$3.4 million)
- Tipping fees would not be used to help finance economic development fund
- If no other changes made, offsetting grant loss through solid waste base charge amounts to + \$6.85 annually/household
 - Administration will analyze several service and funding alternatives for 2012 City Budget

Direct Budgetary Impact: Clean Water Fund

1. Clean Water Fund provides below market rate financing for local government projects
2. The City has used over \$30 million in Clean Water Fund financing in each of the past two years for the sewer program
3. Two year debt service savings over life of term = ~ \$2 million

Governor's Budget Proposal

- Modify the subsidized interest rate from 60% to 80%

Joint Committee on Finance

- Modify the Governor's proposal to a 75% level

Impact:

- Increase in the subsidized interest rate => \$225,000 annual increase in debt service, assuming \$30 million is borrowed via the program annually
- Costs for a \$30 million annual program over 3 years will increase by \$1.4 million over current repayment costs

Next Steps

- Continued monitoring of legislative process and policy advocacy
 - Influence State non-point policy towards implementing research-based priorities found in MMSD/SEWRPC regional water quality plan
 - Ensure City is credited under NR 151 for treatment of TSS from the combined sewer area
- Work in the region with partners to achieve common goals
 - OES formed informal MKE regional sustainability group and founding member of the WI/MN North Star Network