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A Mackinac Center Report

The Clean Michigan Initiative: An Assessment

Diane Katz

**An Examination of the Goals, Results and Fiscal Consequences of
Michigan's Most Ambitious Environmental Bond Program**



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by Diane Katz

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The Clean Michigan Initiative: An Assessment

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Executive Summary

Building on decades of generous environmental spending, Michigan voters in 1998 authorized the state to borrow \$675 million for the Clean Michigan Initiative (CMI). Whether this most ambitious of all Michigan environmental bond programs is actually maximizing environmental quality is a legitimate — and vital — policy question.

Until now there has been little measurement of the program's efficiency or effectiveness. The Clean Michigan Initiative Act requires a performance review every two years, but the auditor general has declined to conduct one.¹ Nor have the state agencies that administer the initiative evaluated the success or failure of its various components.

The Mackinac Center for Public Policy decided to examine how CMI funds have been spent, and to ascertain what has been achieved. Ultimately, the goal of this study is to enhance environmental quality for all Michigan citizens by assessing whether this environmental bond program constitutes efficient and effective policy and practice.

This study takes on added importance in this election season. Michigan voters will be asked on the November ballot to approve another major environment-related bond measure. This time the Legislature is seeking \$1 billion, which would be used to upgrade sewer infrastructure. A well-reasoned vote will depend, in part, on knowing how well the state has managed other bond funds as well as understanding the consequences of Lansing's increased reliance on borrowing to finance environmental programs.

The following questions formed the basis of our examination of the Clean Michigan Initiative:

- What are the fiscal consequences of selling bonds to finance the initiative?
- Is the distribution of funds based on environmental priorities?
- Are CMI objectives realistic?
- Have the funds allocated to date achieved CMI goals?

On the issue of fiscal consequences, our findings indicate that the sale of bonds to finance the Clean Michigan Initiative dramatically — and unnecessarily — inflates program costs.

The goal of this study is to enhance environmental quality for all Michigan citizens

***Michigan's
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states has
worsened in
recent years***

The sale of general obligation bonds increases by 60 percent the total cost of the initiative. To date, three CMI bond series have been issued, raising \$153,620,000. But in addition to repaying this \$153 million in principal, taxpayers also owe bondholders an *additional* \$91,234,136 in interest. Legal and other administrative services related to the three bond issues cost an additional \$346,000. Thus, taxpayers will repay about \$1.60 for every dollar spent on CMI projects.

This debt service is troubling considering that Michigan's per-capita debt relative to other states has worsened in recent years.² The state ranked 36th nationally in state debt per-capita in both 1980 and 1990, but had jumped to 24th by 1997. (See Appendix A.) This debt load also has outpaced inflation. Between 1978 and 1998, inflation increased 115.8 percent, while state debt increased 550.2 percent.³ And the ratio of general obligation bond debt to total General Fund expenditures doubled between 1991 and 2001.⁴

Such debt might be justified if the borrowed funds had been spent to counteract significant environmental threats. But our findings indicate that the CMI funding formula does not adequately distinguish among environmental priorities.

A substantial portion of the money is reserved for commercial, recreational and aesthetic improvements that will yield relatively minor environmental benefits. For example:

- \$48 million in CMI-funded recreation grants have been awarded to 214 various units of local government for swimming pools, roller rinks, tennis courts, ice arenas, and even renovation of a dairy barn and construction of a fish-cleaning station.
- \$47 million in CMI funding has been appropriated for 43 waterfront development projects, including \$6.2 million for a cement "promenade" along the Detroit River and \$85,000 to construct a parking lot in Mt. Pleasant.
- \$50 million in CMI funds have been allocated for state park renovations. Yet only eight years ago, voters approved an endowment fund for parks' maintenance, the balance of which currently exceeds \$96 million.

The largest portion of CMI funds — a minimum of \$263 million — is reserved for decontaminating abandoned industrial sites, known as "brownfields." The goal of these cleanups is to curb suburban "sprawl" by increasing the availability of unsoiled and unencumbered urban properties. State planners hope that once investment is redirected, cities will be revitalized, bringing a halt to further development of farmlands and forestlands.

Our research indicates that this expectation is unrealistic. Ground contamination is only one of myriad factors that dissuade urban redevelopment. Investors are also drawn to suburban development for many reasons other than the availability of uncontaminated property.

Moreover, our examination found little evidence that brownfield cleanups funded under the Clean Michigan Initiative are attracting private investment to urban areas.

- Of the six completed brownfield cleanup projects initiated in 1999 and rated as having "excellent" redevelopment potential, none has been sold or transferred by

a municipality to a private investor. No redevelopment has occurred on any of the parcels.

- Information also was collected on 10 other brownfield cleanup projects initiated in 1999 and rated as having “excellent” prospects for redevelopment, but which the state has not yet listed as complete. The sale of one parcel reportedly is pending, but none of the other nine sites has attracted private investment.
- Twelve of the 1999 brownfield cleanup projects rated as having “good” redevelopment potential are considered complete. One site now serves as a public parking lot, and a second site is privately owned. No private investment or redevelopment has occurred on the remaining 10 parcels.

More progress might have been achieved had the state evaluated prospects for brownfield redevelopment before funding decisions were made. Instead, the Michigan Department of Environmental Quality essentially guessed that tens of millions of dollars invested in specific brownfield cleanups would spur private investment and job creation.

The initiative does reserve \$90 million for water quality programs, including grants totaling \$4 million to 33 local units of government and nonprofit groups to expand monitoring of surface water quality. These programs, while somewhat duplicative of other state and federal efforts, are more defensible than subsidizing a skateboard platform in Huntington Woods or bathrooms for Clinton Township’s Historic Village.

Analyzing water and sediment chemistry, plant growth and the condition of fish are necessary both to protect public health and to guide resource management decisions. However, the CMI does not directly address other pressing water quality issues such as sewerage overflows, eradication of aquatic “nuisance species” such as zebra mussels or the 14 “areas of concern” designated by the U.S. Environmental Protection Agency as the worst Great Lakes contamination.

Smaller CMI appropriations have been designated for pollution prevention, sediment cleanup and lead abatement. These may return some marginal benefits, but at substantial cost.

In summary, the debt service on CMI bonds inflates program costs, and far more CMI funds are being spent on questionable economic development, recreation and beautification projects rather than upon tangible environmental improvements. Well-intentioned though they may be, CMI goals are largely unrealistic and unlikely to produce the desired results.

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I. Introduction

Environmental quality ranks highly among Michigan's core values. Citizens prize the recreational opportunities available throughout the Great Lakes and depend upon the state's unique geography and abundant resources for their livelihoods.

Understandably, then, taxpayers have generously approved major spending increases for environmental programs through bond sales and endowment funds that supplement already sizable budget appropriations made annually by the Legislature to the Departments of Environmental Quality, Natural Resources, Community Health and Agriculture each year.

Table 1 – State Expenditures for Environment-related Programs

	1994-1995	1996-1997	1998-1999	2000-2001
Conservation, Environment, Recreation and Agriculture	\$639,425,000	\$440,656,000	\$482,901,000	\$617,703,000

Source: State of Michigan Comprehensive Annual Financial Report

In 1984, for example, voters approved an amendment to the Michigan Constitution dedicating royalties from the sale of state-owned mineral rights to a new Natural Resources Trust Fund, with which to acquire forestland and shoreline for recreation and conservation. In 1988, approval likewise was granted for the \$660 million Environmental Protection Bond Fund, to finance the cleanup of contaminated property, improve water quality and upgrade sewer systems. Six years later, voters authorized the deposit of \$10 million annually into a State Parks Endowment Fund to bankroll park operations, maintenance and capital improvements.

Most recently, in 1998, voters approved the Clean Michigan Initiative (CMI), which permitted the state to issue \$675 million in general obligation bonds for environmental cleanup and natural resource protection. At the time, the state already owed \$874 million in general obligation bond debt.⁵

These initiatives have made Michigan a national leader in state environmental investment, and have greatly expanded government management of natural resources. This repeated success of ballot proposals suggests that taxpayers regard their continued investment as warranted and beneficial. But whether bond programs have actually maximized environmental quality is a legitimate — and vital — policy question.

Despite these significant public expenditures, there has been little measurement of program efficiency or effectiveness. The Clean Michigan Initiative Act requires the auditor general to conduct a performance review every two years. Yet none has been conducted because, according to a department spokesman, the \$389 million appropriated to date is too inconsequential an amount to justify the cost of an audit.⁶ Nor have the four state agencies that administer CMI programs evaluated their success or failure.

Taxpayers have generously approved major spending increases for environmental programs

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managed other
bond funds.***

Without such an assessment, neither voters nor lawmakers have any rational basis upon which to judge whether the state's stewardship efforts are working; no way to tell whether Michigan's most pressing environmental problems are being resolved. This is why the Mackinac Center for Public Policy decided to examine how CMI funds have been spent, and to assess what has been achieved. The goal of this endeavor is to enhance environmental quality for all Michigan citizens by identifying what does — and does not — constitute sound environmental policy and practice.

The following criteria formed the basis of our examination:

- What are the fiscal consequences of selling bonds to finance the initiative?
- Is the distribution of funds based on environmental priorities?
- Are CMI objectives realistic?
- Have the funds allocated to date achieved CMI goals?

A study of how taxpayers' money is being spent takes on added importance in this election season. Michigan voters will be asked on the November ballot to approve another major environment-related bond measure. This time the Legislature is seeking \$1 billion with which to upgrade sewer infrastructure. A well-reasoned vote will depend, in part, on knowing how well the state has managed other bond funds, as well as understanding the consequences of Lansing's increased reliance on borrowing to finance environmental programs.

This study is based on a careful reading of all relevant statutes and regulations, as well as inspection of hundreds of documents relating to CMI administration and expenditures. Officials of the Department of Environmental Quality (DEQ) and Department of Natural Resources (DNR) cooperated in providing staff expertise and agency records. More than a dozen interviews with environmental and budgetary experts were conducted.

A chronicle of how the Clean Michigan Initiative was created is presented in Section II. Section III details how CMI bonds are sold and the overall funding formula of the initiative. Section IV describes the goals of the initiative and the theoretical framework upon which those goals are based. Section V discloses how CMI funds were appropriated for the years 1999-2001, as reported by the state, and measures the results against stated objectives. Section VI summarizes our conclusions regarding whether the Clean Michigan Initiative is delivering the results promised, and offers recommendations for improvement.

II. Origin of the Clean Michigan Initiative

The Clean Michigan Initiative was conceived during the administration of Gov. John Engler, and was approved by both the Legislature and voters as required by state law.

The Michigan Constitution requires the approval of two-thirds of the Legislature and a majority of voters before general obligation bonds may be issued. Lawmakers authorized the CMI ballot measure on July 27, 1998, and designated the bond proceeds for "environmental and natural resources protection programs that would clean up and redevelop contaminated sites, protect and improve water quality, prevent pollution, abate lead

contamination, reclaim and revitalize community waterfronts, enhance recreational opportunities, and clean up contaminated sediments in lakes, rivers, and streams.”⁷

Appearing on the ballot as “Proposal C,” the initiative passed on Nov. 3, 1998 with 63 percent of the vote (1,821,006 to 1,081,988). Support for the measure was most pronounced in the state’s urban areas.⁸

The measure faced little organized opposition, as is common for such seemingly well-intended proposals. And voters tend to relegate environmental protection to government in the absence of a familiar alternative.

One of the only public figures to express misgivings about the initiative was Geoffrey Fieger, the 1998 Democratic gubernatorial candidate, who complained that the measure would not toughen environmental enforcement.⁹ Otherwise, endorsements poured in from public and private groups alike, including the Michigan Municipal League; the Urban Core Mayors; the Michigan Township Association; the Southeast Michigan Council of Governments; the Michigan United Conservation Clubs; the Michigan Chamber of Commerce; and the Michigan Association of Realtors.¹⁰

Gov. Engler actively promoted Proposal C, persuading the Big Three automakers as well as major banks to help underwrite \$2 million in advertising.¹¹ He also appointed then-U.S. Sen. Spencer Abraham, R-Mich., to headline the CMI campaign (which garnered Abraham significant free media in advance of his 2000 re-election bid).

III. CMI Funding Structure

The CMI funding formula was crafted by the Legislature and incorporated into the state’s principal environmental statute, the Natural Resources and Environmental Protection Act.

As justification for such a major expansion of environmental spending, lawmakers declared the initiative to be “of paramount public concern in the interest of health, safety and general welfare of the citizens of this state.”¹²

Sales of the CMI bonds by the state Department of Treasury are contingent upon market conditions and the pace of expenditures. To date, three bond series have been issued, generating \$153,620,000 for CMI programs. In addition to repaying the \$153 million in principal, taxpayers owe bondholders an additional \$91,234,136 in interest. Administering the bond sale cost \$346,000 more. Thus, taxpayers must repay about \$1.60 for every dollar spent on CMI projects.

By law, in any given year, the governor must include in his budget recommendation to the Legislature an appropriation sufficient to pay all bond principal and interest due. Michigan’s credit rating depends on the timely discharge of this debt service. In the event of a budget shortfall, then, bond obligations may force lawmakers to cut spending or raise taxes — either of which carries political risks depending on one’s constituency.

CMI bonds and interest are exempt from state and local taxation. The state thus enjoys privileged access to capital unavailable to private stewardship efforts. A federal tax

Voters tend to relegate environmental protection to government in the absence of a familiar alternative.

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exemption also may be granted on the interest earned by bondholders depending upon how the state applies the borrowed funds.

Although by law the Legislature ultimately decides how bond proceeds will be distributed to agencies that administer the various components of CMI, lawmakers rarely deviate from the recommendations these agencies are required to submit to the governor as well as to the House and Senate natural resources and appropriations committees.

CMI funds are not supposed to supplant General Fund appropriations to the Department of Environmental Quality or Department of Natural Resources. Nor are CMI projects supposed to “unfairly compete” with private businesses that offer similar or identical services – unless justification is provided in writing. CMI funds cannot be used in connection with municipal or commercial marinas, casinos or stadium projects.

Finally, lawmakers capped the administrative costs of CMI at 3 percent of expenditures.

Following are descriptions of all CMI programs and the bond proceeds allotted to each according to the statutory formula:

1. Brownfield Cleanup and Redevelopment \$335 million

- a. Up to \$263 million for state-managed environmental cleanups of contaminated properties to promote commercial redevelopment, create jobs and revitalize neighborhoods.
- b. Funds are also to be used to correct leaking underground storage tanks.
- c. Not less than \$40 million or more than \$60 million is earmarked for state cleanup of contaminated property that poses an “imminent or substantial danger to public health, safety or welfare, or the environment.”
- d. \$20 million in grants and loans to municipalities for locally managed cleanups of publicly owned contaminated sites. Communities are limited to one grant per year, not to exceed \$1 million. The interest rate of loans is capped at 50 percent of the prime rate; repayments may be deferred for up to five years, but must be concluded within 15 years.
- e. \$12 million for grants to local communities to remediate municipal landfills listed, or nominated for listing, on the Superfund National Priorities List.

2. Waterfront Redevelopment \$50 million

- a. \$47 million for grants to local communities for “innovative” waterfront improvements that contribute to the revitalization of neighborhoods and increase public access to the Great Lakes, their connecting waterways, a river, or lake. These funds may also be used to acquire waterfront property. A 25 percent local match of project cost is required.

- b. \$3 million for grants to local governments to preserve and restore lighthouses to promote local economic development.

3. Clean Water Fund \$90 million

- a. The bulk of the \$90 million is designated to improve and expand monitoring to identify water quality trends, evaluate water protection programs and detect emerging problems.
- b. Funding is also available to:
 - 1. Improve local watershed management plans, stem storm-water run-off, and create land-use plans;
 - 2. Identify and eliminate illicit connections to storm sewer systems;
 - 3. Provide the state matching funds required to access a federal grant for the reduction of agricultural runoff to surface waters;
 - 4. Locate and plug abandoned wells.
 - 5. Identify and fix failing septic systems that threaten or impair state waters;
 - 6. Protect cold-water trout streams and lakes.

4. Nonpoint-source Pollution Control \$50 million

- a. Primarily to fund grants to local governments and nonprofit groups to control the runoff of agricultural sediment, nutrients and pesticides into rivers, lakes and streams.
- b. Funds also available for the purchase of land or development rights to replace livestock operations and other agricultural sources of potentially contaminated runoff.

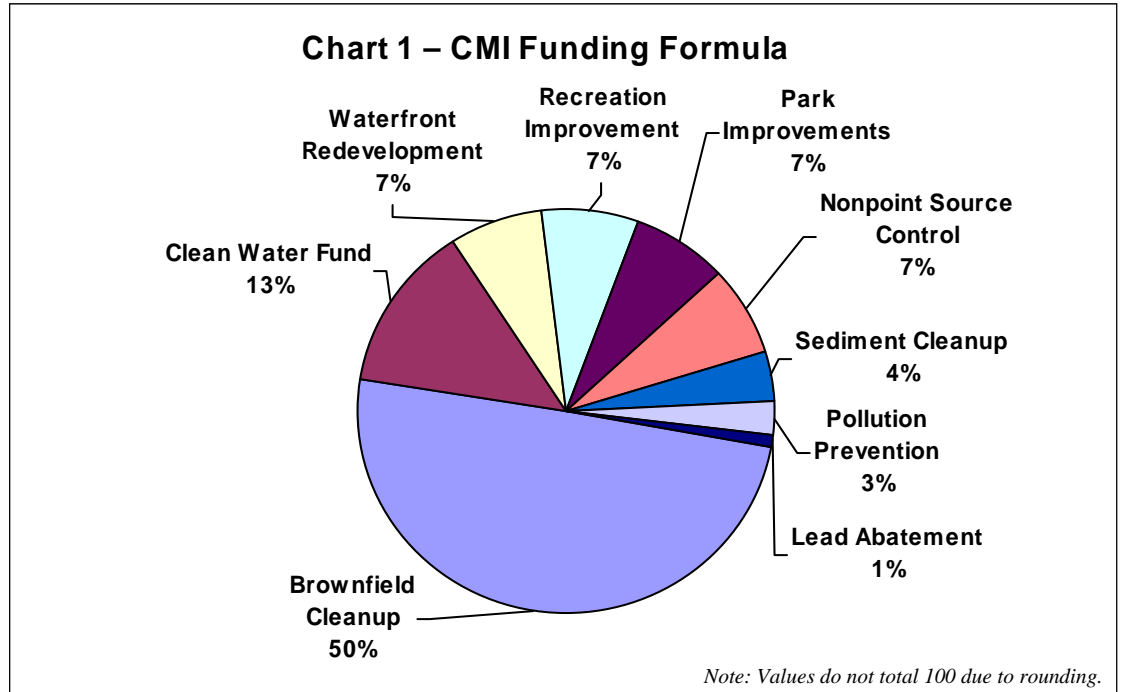
5. Contaminated Sediment Cleanup \$25 million

- a. This funding expands efforts already underway to remove sediments from lakes and rivers contaminated by toxins such as polychlorinatedbiphenyls (PCBs), mercury and DDT.

6. Pollution Prevention \$20 million

- a. \$10 million to create an endowment to fund pollution prevention assessments for small businesses, municipalities and public institutions.
- b. \$5 million to capitalize a revolving loan fund for small businesses to purchase less-polluting equipment. Loan interest is capped at 5 percent, and loans cannot exceed \$100,000.

The primary goal of the initiative is to curb suburban growth by redirecting investment to Michigan's largest cities.



c. \$5 million to advance voluntary pollution prevention efforts, including:

1. Development of an environmental education curriculum for middle schools;
2. Grants to public and private organizations to implement regional pollution prevention projects;
3. Start-up funding for local governments to operate household hazardous waste collections.

7. Lead Hazard Remediation Program \$5 million

- a. Funding to eliminate lead exposure in 300 homes where children reside, including risk assessments and structural renovations. Administered by the Department of Community Health.

8. State Parks \$50 million

- a. Priority is given to installation or upgrade of drinking water systems and restrooms at state parks and recreation areas.
- b. Funding is also available to improve boating access, modernize campground electrical systems, repair roads and signs, and construct picnic shelters.

9. Local Recreation Grants.....\$50 million

- a. Grants ranging from \$15,000 to \$750,000 to construct, expand, develop or rehabilitate local recreation facilities.
- b. Eligibility based, in part, on how the project would serve the needs of “special” populations, including minorities, senior citizens, low-income individuals and the handicapped. Proximity to urban areas is also a criterion.
- c. Funding is to be allocated by region, with 3.6 percent of funds for Upper Peninsula counties; 14.4 percent to mid-Michigan counties; 72 percent to lower-Michigan counties.¹³
- d. Ten percent of the funds are reserved for regional parks.
- e. Funds cannot be used for land acquisition.

Both cost and risk are crucial factors for evaluating environmental policy.

IV. CMI Policy Principles

Each of the nine components of the Clean Michigan Initiative reflects specific policy objectives.

Judging by funding allocations, however, the primary goal of the initiative is to curb suburban growth by redirecting investment to Michigan’s largest cities. This goal assumes that urban areas fail to attract redevelopment because property is unavailable, and that suburban growth threatens Michigan’s environment. Thus, the initiative essentially constitutes yet another attempt at urban renewal.

More than half of all CMI funds — \$385 million — are dedicated to decontaminating abandoned industrial sites (“brownfields”) and municipal landfills, as well as improving recreational and waterfront amenities. Another \$90 million will also go to water quality programs, but priority clearly has been given to redevelopment of industrial areas and infrastructure repairs in older cities.

DEQ Director Russell Harding described the “cornerstone” of CMI as “redevelopment of abandoned, contaminated industrial properties [that are] millstones around the necks of communities, stifling growth and festering into breeding grounds for social ills.”¹⁴

Similarly, the media campaign promoting Proposal C debuted with a 60-second radio spot featuring then-Detroit City Council President Gil Hill and then-state Rep. Kwame Kilpatrick touting CMI’s benefits to the city, including job creation, business investment, and improved parks and recreation.¹⁵

This coupling of environmental and urban agendas is now a fundamental tenet of the environmental establishment. Conventional wisdom holds that development of farmland and open space (“greenfields”) is environmentally perilous: too much concrete, too many commuters and too few cornstalks. Urban revitalization has thus become the latest central

***Borrowing
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organizing principle of environmental activists since tailpipe emissions have been cut 95 percent and scrubbers are filtering the nation's smokestacks.

The CMI is an attempt to stem suburban greenfield development by increasing the availability of unsoiled and unencumbered urban properties. The hope of state planners is that once investment is thus redirected, cities will be revitalized, bringing a halt to further exploitation of farmland and forestlands.

The strategy was summarized by Dan Gilmartin, director of state and federal affairs for the Michigan Municipal League, who said: "By renewing our downtowns, our parks and our waterfronts, we can help keep Michigan families and businesses in their hometown communities."¹⁶

V. CMI Evaluation

Whether the Clean Michigan Initiative or any environmental bond program is judged successful depends on the assessment criteria. Not surprisingly, there is considerable disagreement in the political arena about what criteria are appropriate. Some argue, for example, that environmental protection is too important to be subjected to cost considerations or a ranking of relative risk. But both cost and risk are crucial factors for evaluating environmental policy. Both help to ensure that limited resources are devoted to the most serious threats and thus yield the greatest possible benefits to public health and the environment.

What follows is an account by program category of the CMI funds actually appropriated by the Michigan Legislature between fiscal years 1999 and 2001, and our assessment of program efficacy based on the following questions:

- What are the fiscal consequences of selling bonds to finance the initiative?
- Is the distribution of funds based on environmental priorities?
- Are CMI objectives realistic?
- Have the funds allocated to date achieved CMI goals?

A. Bond Costs

Our examination of fiscal consequences focuses on the cost of borrowing to finance CMI programs, and the effect of that borrowing on the state's debt load.

Overall, the Legislature appropriated nearly \$389 million for CMI programs between fiscal 1999 and 2001. Not all the funds have actually been spent, as dozens of projects are in various stages of completion. But an appropriation effectively reserves bond proceeds for designated uses.

The sale of general obligation bonds inflates by 60 percent the total cost of the initiative. To date, three CMI bond series have been issued to raise \$153,620,000. But in

addition to repaying this \$153 million in principal, the state also owes bondholders an *additional* \$91,234,136 in interest. Legal and administrative services related to the three bond issues cost an additional \$346,000. Thus, the state must repay about \$1.60 for every dollar spent on CMI projects.

The borrowed funds augment General Fund appropriations for conservation, environment, recreation and agriculture programs, which have increased 42 percent in the past decade, from \$358 million in fiscal 1991 to \$618 million in fiscal 2001.¹⁷

Determining whether bond debt is a fiscally sound method of financing environmental protection is a complex calculation. Borrowing may be sensible if the consequences of not doing so will prove more onerous than the resulting debt service. But just as with personal finances, borrowing can be simply a way to avoid spending discipline.

In evaluating whether bond sales are warranted, account must be taken of whether all General Fund monies are already being spent on more pressing matters. That is, the added costs of bond sales would be unjustified if general tax revenues that do not carry debt service are being spent for subordinate purposes.

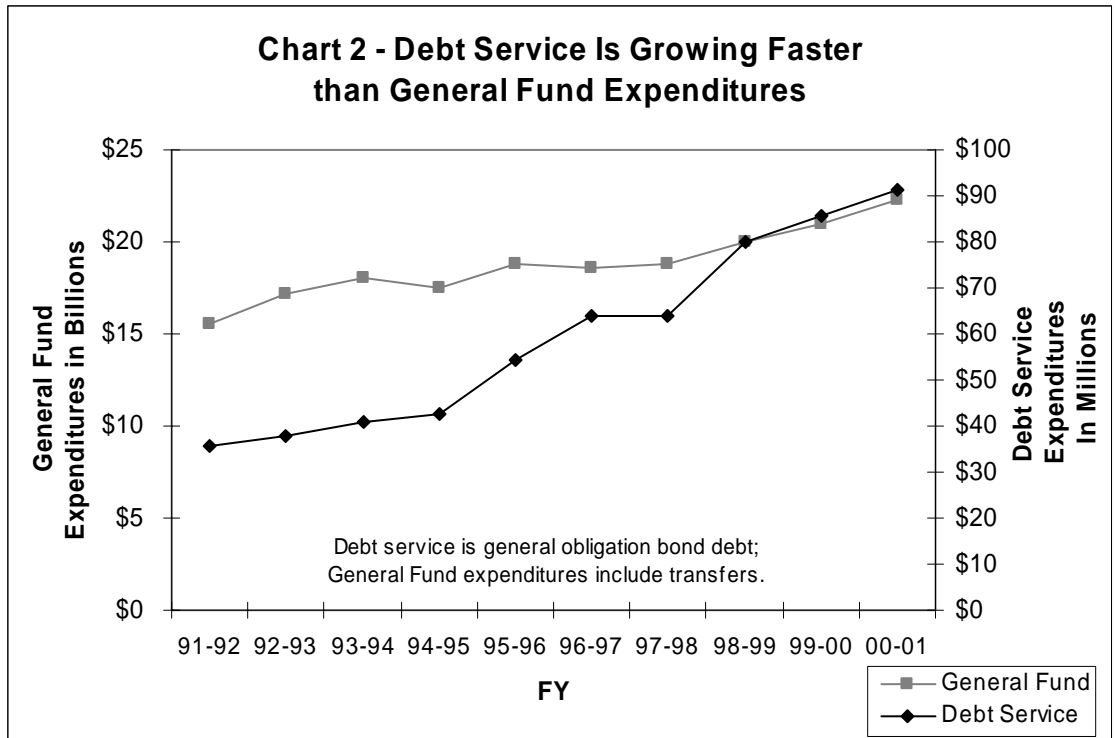
In the case of the Clean Michigan Initiative, this heavier debt load does not appear justified in that a substantial portion of the money is reserved for commercial, recreational and aesthetic improvements that will yield relatively minor environmental benefits.

Michigan's debt load has increased substantially in the past decade. Between 1991 and 2001, for example, the ratio of general obligation bond debt to total General Fund expenditures doubled. Per-capita bond debt rose 59 percent in the same period. Meanwhile, Michigan's per-capita debt load relative to other states has worsened considerably in recent years. The state ranked 36th nationally in state debt per capita in both 1980 and 1990, but had jumped to 24th by 1997.¹⁸

The high cost of CMI borrowing has worried some lawmakers. "It's like paying rent with a credit card," said State Rep. Paul Gielegem, D-Clinton Township.¹⁹

These added debt costs are all the more questionable given the substantial gains in environmental quality already achieved at substantial cost over the past three decades.

Ratings of redevelopment potential were assigned after the Department of Environmental Quality finalized its funding priorities.



Source: State of Michigan Comprehensive Annual Financial Report, 2001.

These added debt costs are all the more questionable given the substantial gains in environmental quality already achieved at substantial cost over the past three decades. Billions of dollars worth of new technologies already have dramatically reduced industrial and automotive emissions. Carbon monoxide concentrations have been reduced 57 percent; lead 94 percent; sulfur dioxide 50 percent; and nitrogen dioxide 25 percent. Forestland, too, is flourishing, now covering 44 percent of the state. The rate of wetland loss is in decline.²⁰

Great Lakes wildlife, meanwhile, is thriving, indicating healthier waters. Wild trout have rebounded, with hatchery stocks comprising less than 20 percent of the trout population in Lake Superior. The bald eagle population has increased from just 50 nests in 1961 to 366 in 2000.²¹

All the good news forces environmental activists and their regulatory allies to target increasingly marginal environmental problems that cost far more to address.

We next examine whether CMI objectives are realistic and to what extent the funds allocated to date have achieved these objectives.

B. Brownfield Cleanup and Redevelopment

Between fiscal 1999 and fiscal 2001, a total of \$141,321,000 was appropriated for brownfield cleanups, landfill remediation, and storage tank removal. This amount comprises about 42 percent of the \$335 million authorized in total for brownfield cleanup and redevelopment under the CMI statute.

Of the more than \$141 million appropriated, more than half — \$77,499,000 — has been allotted for state-managed cleanups at 162 brownfield sites. Twenty-five percent of the appropriated funds (\$17.1 million) went to sites located in the city of Detroit. (See Appendix B.)

To avoid judging as unsuccessful projects that were only recently initiated, we examined only the initial round of brownfield projects from 1999. Of those, we examined only projects rated as having “excellent” or “good” redevelopment prospects.

Of the 55 sites listed as essentially complete by the Department of Environmental Quality, six were rated as “excellent” redevelopment prospects.

Of those six completed projects initiated in 1999 and rated as having “excellent” potential, none has been sold or transferred by a municipality to a private investor. No redevelopment has occurred on the parcels.

Information was also collected on 10 other projects initiated in 1999 and rated as having “excellent” prospects, but which have not yet been processed as complete. The sale of one parcel reportedly is pending, but none of the other nine sites have attracted private investment.

Twelve of the 1999 projects rated as having “good” redevelopment potential are considered complete. One site now serves as a public parking lot, and a second site is privately owned. No private investment or redevelopment has occurred on the remaining 10 parcels.

In evaluating whether the funds allocated to date have achieved the intended results, it is important to note that the ratings of redevelopment potential were assigned *after* the Department of Environmental Quality finalized its funding priorities. In other words, the decision of which brownfield sites to clean up was made without an independent evaluation of their redevelopment potential. Future results might improve with better site selection. But it is also necessary to recognize that state government is, by its very nature, less adept than private investors at forecasting market trends.

There is obvious merit to decontaminating any site. A clean parcel of property is more valuable than a polluted one. But it is also true that some environmental cleanups are more worthwhile than others at any point in time, based on the relative threat to public health, for example, or the potential for reuse. In the case of CMI, the lack of redevelopment to date raises serious questions about whether brownfield cleanups alone can revitalize urban areas as intended. To the extent these program goals are unrealistic, initiative priorities will be skewed.

“Sprawl” indeed ranked among Michigan’s most menacing environmental threats in a 1992 relative-risk assessment underwritten by the U.S. Environmental Protection Agency.²²

Concern about sprawl has not appreciably changed citizens’ decisions about where to live and work.

***Myriad factors
dissuade urban
reinvestment and
make suburban
development
desirable.***

Yet concern about sprawl has not appreciably changed citizens' decisions about where to live and work. Michigan cities have continued to lose population and investment despite billions of public dollars pumped into their coffers over the past four decades. In fact, the population of 13 major cities in Michigan fell 4 percent between 1990 and 2000, while statewide population increased 6.9 percent. (See Appendix C.)

Brownfields unquestionably pose a dilemma for older cities, but cleanup subsidies abound. Michigan has received nearly \$50 million from the federal government in recent years for brownfield remediation.²³ The state also offers low-interest loans for brownfield revitalization, and allows local governments to reimburse developers for brownfield cleanups by capturing property taxes generated by redevelopment. Investors may also earn Single Business Tax credits up to \$30 million for brownfield rehabilitation.

Obviously, then, a multitude of factors confounds redevelopment of these sites. Chief among them is ill-conceived regulation. Both state and federal statutes govern brownfields. And for decades, unnecessarily stringent cleanup standards as well as a perverse liability regime kept developers at bay.

Much to its credit, the Engler administration in 1995 dramatically lowered the regulatory obstacles inhibiting brownfield reclamation. No longer would every brownfield development require soil antiseptic enough to ingest. Instead, state cleanup criteria are now based on the proposed use of the property — be it commercial, industrial or residential.

More important, perhaps, liability for cleanups no longer is imposed by the state on any and every landowner or tenant of the despoiled property. Only those who actually caused the pollution are liable for cleanup as long as new owners document the existing contamination with “baseline environmental assessments” (BEA) and contain the damage.

These reforms have made a difference. (See Appendix D.) The number of brownfield site assessments filed with the state rose from just 69 in 1995 to 290 in 1998 — before the CMI was enacted.²⁴ And the number of such filings has remained relatively constant at 266 in the years since. In a separate survey, municipal officials credited the Engler reforms with spurring \$3.5 billion in brownfield reinvestment and 9,600 new jobs.²⁵

Moreover, of some 300 sites for which baseline assessments had been filed with the state, some 69 percent showed some level of economic activity, while 30 percent appear to have been fully developed.

Still, federal regulation remains a significant problem. The liability protections enacted in Michigan do not extend to federal enforcement, so developers are loathe to court liability risk by investing in brownfield sites. Nor has the U.S. Environmental Protection Agency adopted use-based cleanup standards that would contain cleanup costs. The General Accounting Office, in fact, has concluded that federal law acts as the “major disincentive” to brownfield redevelopment.²⁶

A tortuous federal bureaucracy further stymies redevelopment. Of the 142 cities that received grants from EPA to capitalize loan funds for local brownfield cleanups, only four have actually cut through all the red tape to issue loans for local cleanup projects.²⁷

No amount of CMI funding can reverse these congressional missteps.

Most telling, researchers at Michigan State University determined that far fewer environmental assessments were filed in depressed neighborhoods, further suggesting that factors other than site contamination dissuade investors.²⁸

Citizens attribute suburban migration to a range of other factors, and largely hold cities responsible for urban ills.²⁹ Basic services in some cities lag those provided in suburban communities, while big-city bureaucracies challenge the patience and pocketbooks of residents. Moreover, major crime rates in Michigan's larger cities exceed the statewide average by more than 30 percent, and the dropout rate runs 60 percent higher than the statewide average — despite higher levels of per-pupil state aid and grant support.³⁰

Michigan citizens do care deeply about the well-being of cities and do worry about the environmental effects of “sprawl.” For example, 56 percent of respondents in a recent survey expressed “concern” about sprawl-induced pollution.³¹ However, only 19 percent believe urban redevelopment would substantially curb suburban growth.

These factors cannot be underestimated in their impact on investment. As noted by Jerry Ackerman, a brownfields expert with Vanasse Hangen Brustlin, Inc., “Some pieces of real estate are never a bargain, regardless of the price or environmental condition.”³²

“The fundamental end point,” he adds, “lies in concrete intelligence to the question: Are we looking at good real estate?”

Based on the fact that myriad factors dissuade urban reinvestment and make suburban development desirable, our findings indicate that the stated objectives of the brownfield cleanup program are both unrealistic and unrealized.

One aspect of the brownfield cleanup program does have potential to produce environmental benefits. A total of \$2,194,000 has been allocated for assessments and cleanup of 13 sites identified by the Department of Environmental Quality as posing “imminent and substantial threats to public health and the environment.”

For example, funding has been allocated to contain the environmental damage from mercury-laden cement kiln dust piled 60-feet high on 85 acres that lay along Lake Huron and Thunder Bay shoreline. Another \$335,000 was provided to clear 1,000 cubic yards of petroleum-soiled sand, 70,000 gallons of contaminated water and 3,000 tons of sludge from the site of a former refinery in Van Buren County.

Such projects are realistic in their goals and, not coincidentally, produce timely and tangible results.

C. Waterfront Redevelopment

Waterfront redevelopment is largely an aesthetic undertaking. The extent to which the funded projects can “revitalize” urban areas remains unproven. But at least some of the anticipated benefits, including job creation and spin-off development, appear to be optimistic at best, and phony at worst.

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***Private restoration
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proved far more
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Grants totaling \$47 million have been awarded for 43 waterfront projects. As required under the CMI statute, the grants were based, in part, on recommendations from the Michigan Economic Development Corp., which focused almost exclusively on redevelopment potential, not environmental impact.

The single largest grant — a total of \$6.2 million — was awarded to Detroit’s Downtown Development Authority (DDA) for construction of a “promenade” along the Detroit River, between Cobo Arena and the Renaissance Center. Funding was authorized for sea wall repair, benches, recessed lighting and landscaping. The required local match was provided by Riverfront Holdings Inc., a subsidiary of General Motors Corp., which set aside land valued at \$7.8 million behind its Renaissance Center headquarters.

Private investors would undoubtedly have questioned the claims of the DDA, which listed the creation of 10,500 new jobs as one of the potential benefits of the Riverfront Promenade project. The number was based on 9,000 GM employees already ensconced in the Renaissance Center, and an estimated 1,500 workers expected to transfer to the Compuware Inc.’s new headquarters located several blocks north of the riverfront.

A dozen other seven-figure waterfront grants were awarded, including:

- \$3 million to the Detroit/Wayne County Port Authority to clear land for a cruise ship dock and expansion of a marine terminal. The funding enhances the competitive advantages enjoyed by the DWCPA, which is the only port authority to receive direct-transfer subsidies from the city, county and state.
- \$2 million to Wayne County to restore a portion of Rouge River habitat as a tourist attraction.
- \$3,063,000 to Bay City for development of a hotel/conference center, condos and a park.
- \$1,124,500 to the city of Benton Harbor to construct infrastructure for an industrial park and a nature park.
- \$3,941,600 to the city of Lansing to convert the Ottawa Street power station for commercial and residential use.
- \$2,835,600 to the city of Kalamazoo to develop retail and office space.
- \$2,550,000 to the city of Grand Rapids to relocate a substation and undertake “environmental activities” in support of commercial, office and residential development.
- \$1,100,000 to the city of Marquette to purchase railroad property for development of a hotel/convention center (with restaurant), a yacht manufacturing business and condominiums.
- \$2,061,418 to the city of Muskegon for infrastructure improvements to support commercial development.

- \$2,759,000 for the city of Frankenmuth to improve riverfront access and construct a pedestrian bridge to promote commercial development.
- \$1,100,000 to Port Huron and St. Clair County to prepare a former industrial site for residential and commercial development and waterfront recreational use.
- \$3,728,000 to the city of Ypsilanti to acquire waterfront property for commercial/residential development.

The smallest grant — \$85,000 — was awarded to the city of Mt. Pleasant to demolish a grain silo and construct a parking lot for riverfront access.

An additional \$1,735,478 million has been appropriated for lighthouse improvements to boost tourism and related economic development. Michigan’s lighthouses are indeed a fascinating part of state history and worthy of preservation. Unfortunately, lighthouse grants are limited to local governments, despite considerable evidence that private restoration efforts have proved far more successful. Since 1939, for example, the U.S. Coast Guard has been in charge of maintaining the nation’s lighthouses, but keeping them in shape has often been a losing battle. “Many of them have been abandoned by the authorities and are falling victim to vandalism and the elements,” reports Tim Harrison, editor of the monthly publication, *Lighthouse Digest*.³³

D. Recreation

Some 214 communities have been awarded a total of \$48 million in grants to improve local recreational amenities in the hope of stemming the outward migration of residents to newer suburbs. It is doubtful, however, that a new swimming pool or skating rink would significantly alter a resident’s decision to relocate. Meanwhile, a number of projects clearly conflict with the statutory prohibition against government competing with the private sector in recreation services. The grants also represent another shift of local government functions to the state, further reducing accountability and citizen influence. The recreation projects funded include:

- \$495,000 to Oak Park to outfit the city pool with a new deck, pipes, filtration system, lockers and concession stand. On three separate occasions, Oak Park voters rejected local bond proposals to finance the project.³⁴
- \$196,000 to the city of Huntington Woods for a “free-form” skateboard area and in-line skating rink.
- \$500,000 to Rochester Hills to renovate a dairy barn.
- \$99,000 to the city of Berkley for tennis courts.
- \$479,000 to Lincoln Park for renovation of an ice arena.
- \$44,700 to Pentwater for a fish-cleaning station.

A number of projects clearly conflict with the statutory prohibition against government competing with the private sector in recreation services.

Taxpayers have reason to wonder whether the park system really requires yet another cash infusion.

- \$277,200 to Clinton Township for restrooms at Historic Village.
- \$159,995 to Blissfield for pool renovations.
- \$389,702 to the city of Wayne for an ice arena.
- \$426,300 to the city of Lansing to construct parking for its recreation complex.
- \$122,500 for Houghton County to purchase ice rink refrigeration equipment.

E. State Parks

The Department of Natural Resources committed \$30,820,000 to rebuild park buildings, improve roads and overhaul water, sewage and electrical systems at eight of the state's 96 parks.

The costliest project involves major reconstruction at Sterling State Park in Monroe, the only state campground adjoining Lake Erie. Plans call for relocating the park entrance and building a new park office and residence. The total cost of Sterling's improvements is an estimated \$8.7 million.

Other park projects include:

- \$1,415,000 for Fort Wilkins State Park.
- \$3.9 million for Holland State Park.
- \$3,928,000 for Island Lake Recreation Area.
- \$2,511,000 for Muskegon State Park.
- \$4,610,000 for Tahquamenon Falls State Park.
- \$1,201,000 for Tawas State Park.
- \$4,555,000 for Waterloo Recreation Area.

Michigan campers undoubtedly will enjoy the new amenities. But taxpayers have reason to wonder whether the park system really requires yet another cash infusion. Only eight years ago, voters approved an endowment fund for parks' operations, maintenance, and capital improvements. The fund balance currently exceeds \$96 million. Park fees, meanwhile, remain artificially low compared to other forms of recreation, while park use is relatively stagnant. Overnight camp visits declined from a decade-high of 5,378,074 in 1991 to 5,101,131 last year.

F. Clean Water Fund

The level of CMI funding for water quality programs does not appear to reflect the immense importance of the state's vast fresh-water resources. Fortunately, technological advances have appreciably reduced the cost of collecting quality data. But more stringent regulatory standards will require ever more sensitive measurements.

Grants totaling \$4 million were awarded to 33 local units of government and nonprofit groups to expand monitoring of surface water quality. Analyzing water and sediment chemistry, plant growth, and the condition of fish is necessary both to protect public health and guide resource management decisions.

Volunteer groups assist the state with the daunting task of water testing, and CMI funds have wisely been allocated for the necessary training.

The DEQ does receive money from the General Fund for water monitoring, and Congress allocated funds two years ago for testing coastal recreation areas. Despite intermittent episodes of bacterial contamination — the causes of which remain in dispute — most state waters meet state quality standards.

Michigan is among only a handful of states authorized by the EPA to administer water discharge permits required by federal law. A significant backlog of applications plagued the permit program in the early 1990s, when 60 percent of the 1,700 permits had expired. Fortunately, the backlog was largely eliminated by 2000, which ranks among the more important environmental accomplishments of the Engler administration.

It is significant that the CMI largely ignores the most pressing water quality issues in Michigan: aquatic nuisance species and sewage overflows. No single program could possibly remedy every environmental dilemma, of course. But with funds locked in by bond commitments for years to come, big-ticket programs like the CMI limit the state's ability to adjust environmental priorities as circumstances dictate. Voters would do well to keep this in mind when asked to authorize another major environmental bond.

There's no question that storm and sewerage infrastructure requires updating in some areas — just as there are brownfields in need of cleanup. And if an environmental hazard actually exists, government spending priorities should be adjusted accordingly. But to the extent the state spends tax dollars on low-priority projects, less money will be available to remedy the worst systems.

Sewer projects aren't politically sexy. But proper maintenance of basic infrastructure is more important than wave pools and tennis courts. When the state subsidizes local infrastructure improvements, municipal officials are free to continue to ignore basic services in favor of building velodromes, health clubs and Internet networks.

Many experts now agree that the most pressing environmental challenge facing the Great Lakes is the proliferation of aquatic nuisance species. Exotic fish and plants compete with native species and may substantially alter aquatic ecosystems.

At the state Capitol on Oct. 3, for example, DEQ Director Russell Harding called for more intensive efforts to reduce the impact of Great Lakes invaders. "There is no greater

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Funding to address nuisance species would yield more environmental benefit than would a riverfront promenade or waterfront condos.

threat to the Great Lakes than these exotic species,” he said.

It is likely, then, that additional funding to address nuisance species would yield more environmental benefit than would a riverfront promenade or waterfront condos.

We also note that the CMI does little to address the 14 “areas of concern” designated by the U.S. EPA as the worst of Michigan’s Great Lakes contamination. Federal regulators have essentially abandoned the cleanup program negotiated with Canada. As the General Accounting Office recently concluded: “Neither the Great Lakes National Program Office nor any other EPA office had devoted the necessary responsibility, authority, and resources to effectively coordinate and oversee cleanup efforts in the Great Lakes basin.”³⁵

An additional \$35.1 million has been appropriated for a variety of other water protection programs, including:

- \$6.9 million in grants to 15 municipalities and nonprofit groups to identify and correct leaking septic systems, including financing for new sewer lines.
- \$6 million in grants to 14 local governments and nonprofit groups to protect cold-water trout streams, lakes and other so-called high-quality waters from contamination.
- \$8 million in grants to identify and eliminate illegal discharges into municipal storm sewer systems.
- \$8 million to restore and protect shorelines and riverbanks.
- \$5 million toward a matching fund requirement to qualify the state for a federal grant to reduce agricultural runoff.
- \$1.2 million to plug abandoned wells.

G. Nonpoint Source Pollution Control

Grants totaling \$19,125,000 have been awarded to 46 local governments and nonprofit groups to curb contaminated runoff. Projects are largely focused on changing farming practices that introduce sediment, synthetic chemicals and organic waste into waterways, as well as to erect barriers to contain fluid contamination. These projects have real potential for improving environmental quality. Follow-up is needed to evaluate the actual results.

The CMI funding adds up to more than \$28 million already allocated to 73 watershed management projects.

H. Sediment Cleanup

A total of \$13.5 million has been appropriated to remove sediments contaminated by PCBs, mercury, DDT and other toxins from the Detroit River, Pine River, Muskegon Lake,

White Lake, Wolf Creek, Deer Lake, River Raisin, Rouge River and Deer Lake. The value of relocating pollutants from river bottoms to another location is debatable when potential exists for exacerbating water contamination levels by “stirring” toxins during removal. But reducing toxic concentrations in waterways is potentially beneficial.

I. Pollution Prevention

A total of \$10 million has been allocated to capitalize an endowment fund to aid small businesses, municipalities and public institutions with waste management, energy conservation and other pollution prevention activities. Interest from the endowment has provided about \$500,000 for 91 projects.

A total of \$5 million has been deposited into a loan fund for small businesses to purchase more efficient equipment or implement new production processes. Results include the reduction in use by 10 dry cleaners of 24 tons of hazardous cleaning solvent; an annual decrease of 7,000 pounds of electroplating sludge waste used in plating; and the elimination of 23 millions gallons of cooling water discharged by a plastics manufacturer. The program recently won a “Most Valuable Pollution Prevention” award from the National Pollution Prevention Roundtable.

An additional \$1 million was appropriated for regional pollution prevention efforts.

Subsidies for waste management and energy conservation may produce some environmental benefit. But businesses large and small would be free to invest in more efficient equipment and processes if the state eliminated corporate subsidies altogether and reduced the high tax rates imposed to fund them.

J. Household Hazardous Waste Collection

One million dollars has been appropriated to expand collections of household hazardous wastes such as pesticides, solvents, batteries and paint. For example, using a \$50,000 grant, the city of Cadillac arranged two collections that netted 23,620 pounds of waste from 415 households. The average disposal costs per household came to \$48 for the first collection and \$54 for the second. Grand Traverse County split a grant of \$150,000 with Benzie and Manistee counties to collect 5,111 pounds of waste from 50 households, resulting in a disposal cost per household of \$83.11. The variation in disposal costs suggests that some programs lack the economies of scale necessary to sustain them.

There are alternatives to publicly funded waste collection. So-called variable rate pricing, for example, offers a more prudent approach. More than 200 towns in Michigan charge households for garbage disposal based on the volume and type of trash collected. Proportional pricing acts as a powerful incentive to reduce waste. A study by Skumatz Economic Research Associates found that variable rate pricing increased recycling by 50 percent in many communities and reduced the trash tonnage placed in landfills or other disposal sites by 17 percent.³⁶

Reducing toxic concentrations in waterways is potentially beneficial.

The best environmental curriculum consists of a thorough grounding in biology and chemistry.

K. Environmental Education

A total \$1 million has been allocated — but is as yet unspent — to develop an environmental curriculum for middle schools. Many districts already devote considerable class time to environmental issues, and there has been a proliferation of curriculum materials.

Several studies have documented that many texts emphasize environmental politics over ecology. For example, in his 1996 study of texts used by Wisconsin schools, environmental education expert Michael Sanera concluded: “Textbook treatment of environmental issues is influenced by an ideological view that presents human beings as evil and blames the United States in particular and Western industrial societies in general for every environment ill. ... Weak science and misleading or incomplete information lead students to draw conclusions contested within the scientific community.”³⁷

Given the importance of sound science to resource management, the best environmental curriculum consists of a thorough grounding in biology and chemistry.

L. Lead

A total of \$5 million has been appropriated to the Michigan Department of Community Health to remove lead hazards from 224 homes in which children reside. This augments \$6 million in federal lead-abatement funds provided to the city of Detroit. Renovation and administrative costs average \$9,000 per house.

VI. Conclusions

Michigan citizens value a healthy environment, and generously support government programs to protect natural resources. The Clean Michigan Initiative, however, unnecessarily inflates the state’s debt load, fails to adequately address Michigan’s most pressing environmental problems, and lacks realistic objectives.

This failure stems in large part from a policy grounded more in politics than science. The CMI is predicated on the notion that suburban sprawl is environmentally hazardous and publicly funded brownfield cleanups will slow “greenfield” development. In fact, many developers and their clients prefer the suburbs for a variety of entirely rational reasons, including better city services, lower crime rates and higher educational standards. Thus, environmental contamination appears to inhibit urban reinvestment less than a host of other thorny economic, regulatory and social problems plaguing some urban centers.

We also note that funding decisions on brownfield sites were made prior to an independent evaluation of potential results. Thus, the Departments of Environmental Quality and Natural Resources essentially guessed whether tens of millions of dollars invested in specific brownfield cleanups and recreation grants would spur private investment and job creation as promised. Government has not proven its ability to outguess private investors.

Unlike a number of other states, Michigan restricts CMI grants to public entities. But entrepreneurs are, in general, far better equipped than civil servants — no matter how

resourceful — to judge development prospects and maximize cleanup efficiency.

The CMI funding priorities, in some respects, may actually thwart program goals. For example, state officials favored cleanups “likely” to attract large industrial development over smaller sites suitable for commercial growth. This conflicts with current investment trends, while expanding already substantial corporate subsidies.

By creating two dozen new programs, the CMI has further enlarged government bureaucracy and exacerbated environmental politics — both of which frustrate a judicious allocation of funding. For example, requiring a “fair” geographic distribution of CMI funds skews environmental priorities. And apart from the CMI, the DNR already administers \$60 million annually through some 20 other recreation grant programs — in addition to \$3.45 million in federal funds. The DEQ, meanwhile, has allocated more than \$766 million toward environmental cleanups in the past decade

Seemingly more justified is allocation of \$90 million for water quality improvements. But given the hundreds of millions of dollars already funneled through a multitude of international, federal, state and local Great Lakes programs, the CMI provisions are redundant. Consolidating and prioritizing these various efforts would likely produce more results.

Stricter environmental enforcement against local units of government would also prove productive — albeit politically problematic. For example, of the 315 so-called escalated enforcement cases initiated by the DEQ between 1991 and August 2002, some 43 percent involved government entities such as municipal or county-run water and sewerage systems.

The balance of CMI funds may return some marginal benefits. But indulging in large-scale borrowing eases the budgetary discipline that otherwise demands spending priorities. It also strains government’s ability to maintain adequate oversight of programs, which seems to be lacking in the Clean Michigan Initiative.

Lacking fiscal discipline, well-reasoned priorities and realistic goals, the Clean Michigan Initiative represents unsound public policy. To the extent more substantive environmental issues go unresolved, the CMI may actually undermine natural resource protection.

VII. Recommendations

1. The Legislature should direct the auditor general to immediately conduct a performance review of all CMI spending as required by the Clean Michigan Initiative Act.
2. The Clean Michigan Initiative Act does not oblige the state treasurer to sell the full \$675 million in bonds authorized by voters. Because the state’s debt burden has increased substantially, and the initiative lacks sound priorities and realistic objectives, future CMI bond sales should be restricted to raising only the funds necessary to complete current projects.

***The Clean
Michigan
Initiative lacks
realistic
objectives.***

3. Any future bond authorizations should require a corresponding budget cut to offset the costs of bond interest and associated legal and administrative fees.
4. All publicly owned brownfield sites cleared with CMI funds should be auctioned or sold by a date certain established by the Legislature. Economic development will more likely occur if the properties are in private hands.
5. All funding for state park improvement projects that have not yet begun should be canceled. The Department of Natural Resources may elect instead to fund the improvements through the State Park Endowment Fund.
6. The environmental education program should be discontinued in favor of curriculum development at the local level.
7. The Departments of Environmental Quality and Natural Resources should conduct a programs inventory for review by the governor for purposes of eliminating redundancy.
8. Privatize all government-owned lighthouses.

Notes

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Appendix A

State Rankings of State Debt Per Capita

State	FY1980	FY1990	FY1997
Alabama	39	31	42
Alaska	1	1	1
Arizona	50	44	49
Arkansas	45	41	41
California	32	33	28
Colorado	46	42	43
Connecticut	8	4	3
Delaware	4	2	6
Florida	38	39	36
Georgia	40	47	44
Hawaii	2	6	7
Idaho	33	34	31
Illinois	21	21	14
Indiana	49	40	37
Iowa	47	43	46
Kansas	43	50	50
Kentucky	15	17	17
Louisiana	17	7	23
Maine	19	16	11
Maryland	14	18	15
Massachusetts	10	5	5
Michigan	3	36	24
Minnesota	25	38	38
Mississippi	35	46	40
Missouri	42	30	30
Montana	27	15	13
Nebraska	48	37	39
Nevada	18	22	22
New Hampshire	11	8	4
New Jersey	13	11	10
New Mexico	22	24	27
New York	6	10	8
North Carolina	41	49	45
North Dakota	34	20	29
Ohio	29	29	33
Oklahoma	26	25	35
Oregon	3	12	19
Pennsylvania	23	35	32
Rhode Island	5	3	2
South Carolina	20	27	26
South Dakota	9	9	12
Tennessee	37	45	48
Texas	44	48	47
Utah	30	28	34
Vermont	7	13	9
Virginia	31	32	25
Washington	28	26	20
West Virginia	12	19	21
Wisconsin	24	23	16
Wyoming	16	14	18

Source: United States Bureau of the Census

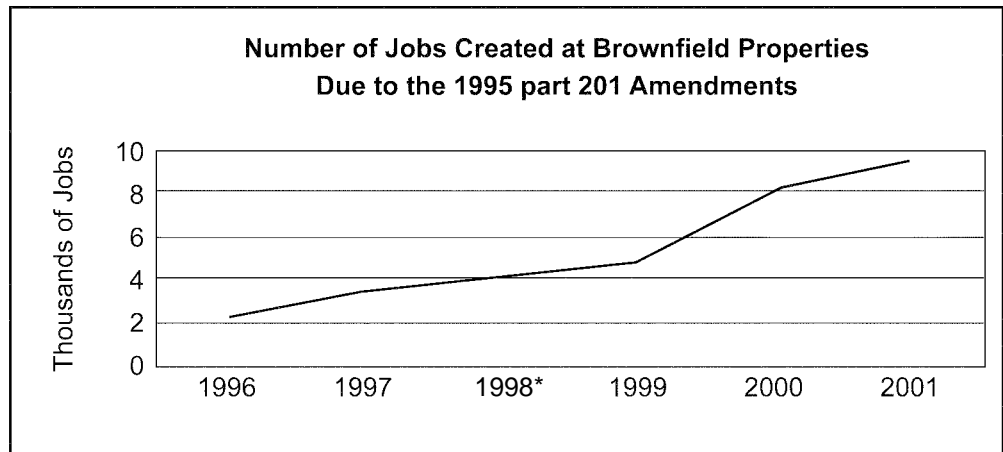
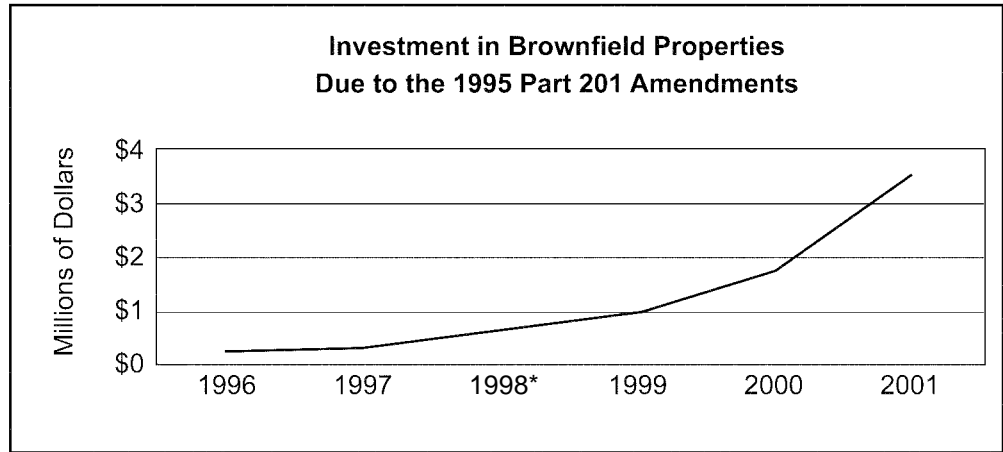
Appendix C

Urban Population, 1990 and 2000

	City Population 1990	City Population 2000	Percent Change	County Population 1990	County Population 2000	Percent Change	City vs County Change/% Point Difference
Ann Arbor	109,592	114,024	4.0%	282,937	322,895	14.1%	-10.1%
Battle Creek	53,540	53,364	-0.3	135,982	137,985	1.5	-1.8
Detroit	1,027,974	951,270	-7.5	2,111,687	2,061,162	-2.4	-5.1
Flint	140,761	124,943	-11.2	430,459	436,141	1.3	-12.6
Grand Rapids	189,126	197,800	4.6	500,631	574,335	14.7	-10.1
Kalamazoo	80,277	77,145	-3.9	223,411	238,603	6.8	-10.7
Lansing	127,321	119,128	-6.4	281,912	279,320	-0.9	-5.5
Muskegon	40,238	40,105	-0.4	158,983	170,200	7.1	-7.5
Pontiac	71,166	66,337	-6.8	1,083,592	1,194,156	10.2	-17.0
Saginaw	69,512	61,799	-11.1	211,946	210,039	-0.9	-10.2
Traverse City	15,157	14,532	-4.1	64,273	77,654	20.8	-24.9
Warren	138,247	144,864	4.8	717,400	788,149	9.9	-5.1
Wyoming	63,891	69,368	8.6	500,631	574,335	14.7	-6.1
Total of Cities Above	2,126,847	2,034,679	-4.3%	6,203,213	6,490,639	4.6%	-8.9%
State	9,295,297	9,938,444	6.9%				
Urban as % of State	23%	20%					

Source: Public Sector Consultants, "State of Michigan Cities," April 2002.

Appendix D



*No survey was conducted for 1998. This is an estimate.
Source: Michigan Department of Environmental Quality,

"2001 Update of the Impact of the 1995 Part 201 Amendments on Cleanup and Redevelopment," March 6, 2002.

About the Author

Diane Katz is director of science, environment and technology policy for the Mackinac Center for Public Policy. Before joining the Mackinac Center, Ms. Katz spent 17 years with The Detroit News, the last nine years as a member of editorial board specializing in science and the environment, telecommunications and technology, and the auto industry, and as a reporter for eight years. Her work has won numerous journalism awards, and also has been published by The Wall Street Journal, the Washington Times and National Review.

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