

Governor's Dry Cleaner Council  
Meeting Notes  
DNR Waukesha Service Center  
December 8, 2006  
9:30 a.m. – 2:30 p.m.

Attending:

Governor's Council

Jeanne Tarvin  
Jill Fitzgerald  
Kevin Braden

DNR

Terry Evanson  
Jeff Soellner

WI Fabricare Institute

Brian Swingle

Reinhart-Boerner

Don Gallo

Not in attendance:

Rich Klinke  
Jim Fitzgerald

**Council Chairperson**

Rich Klinke was chosen to Chair the council. The Council is waiting for the Governor's office to appoint a replacement for Steve Plater.

**Fund Update – Jeff**

Jeff gave a fund update. The current status and future fund projection tables are attached to these notes. As of December 8, 2006 there is over \$339,000 unclaimed in DERF. We expect that this amount will be claimed by March 2007. Delays in reimbursement due to lack of funds is likely to occur by the end of the 2007 calendar year. Total reimbursement claims have increased substantially since August 2005 when interim reimbursement of site investigation costs was allowed.

The projected demand tables have been updated. At the current funding rate of 1.8% fee on dry cleaning, only about \$750,000 will be available for reimbursement because the 4 funded FTE must be paid out of the current year's receipts. In addition, funds from interest will decrease and solvent fees are expected to drop due to less use of PCE. To maintain reimbursements at their current level (\$1 to \$1.1 M), the fee must be increased to at least 2.3%. Without any increase in revenues, we project that there will be delays in reimbursement through the year 2022, which means that dry cleaners would incur additional finance costs (which are not reimbursable) for as long as 9 years.

**Future Funding – All**

Solutions to the funding short fall were discussed. DERF has a guaranteed revenue stream through 2032. The Council agreed that the short fall should be dealt with by capturing the borrowing power of this revenue stream. Jeff presented projections of borrowing \$6 M and \$8.5 M combined with raising the dry cleaner fees to 2.8%. A 2.8% fee is projected to produce \$1.24 M/year in reimbursable funds.

A 2.8% fee represents a 55.5% increase over the existing 1.8% fee. The Council is concerned that any larger increase will have a significant impact on dry cleaners. For instance, the average dry cleaner with sales of \$200,000/yr currently pays \$3,600 in fees. A 5% fee would increase individual dry cleaner cost to \$10,000, an increase of \$6,400/yr.

Decision:

The Governor's Council will:

1. Put together a recommendation and final comments on the 5-year Evaluation and send that information to Terry Evanson. The RR program will give the Council support in finalizing the Evaluation. Jeff will revise the projection tables for the Evaluation.
2. Meet with Senator Roessler to discuss the issue of bonding and work through the State budget process to get the bonding proposal into the upcoming budget. The bonding proposal will likely include a request for a total of \$8.5 M, issued in increments of \$2 M over a multiple year period. In addition, the dry cleaner fee will be increased, likely to 2.8%.

**Statutory/Rule Revisions – Terry**

1. Agent agreements. It was agreed that statutory language should be added to make agent agreements permanent so that they stay in effect in the event of the death of the dry cleaner owner/operator who executed the agent agreement.
2. Construction/demolition language. Earlier this year NR 169 rule language was discussed to make clear what aspects of building construction and demolition undertaken for a remedial action are eligible for reimbursement.
3. Bid language. We will consider NR 169 rule language to make bidding requirements clearer and fairer for bidders.

We also discussed possible changes to pollution prevention requirements and placing minimum dollar amounts on remedial action reimbursement requests. It was decided not make any changes in these sections of the rule.