

Project Title	Agency Priority	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
			2008	2010	2012	2008	2010	2012
Closed Landfill Program	1	GO	\$31,400	\$0	\$0	\$15,000	\$10,000	\$6,400
Capital Assistance Program	2	GO	11,605	11,605	20,000	9,605	10,000	10,000

Project Total	\$43,005	\$11,605	\$20,000	\$24,605	\$20,000	\$16,400
General Obligation Bonding (GO)	\$43,005	\$11,605	\$20,000	\$24,605	\$20,000	\$16,400

<b>Funding Sources:</b>	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

### Agency Profile At A Glance

- ◆ The Minnesota Pollution Control Agency (MPCA) leverages partnerships and resources to address environmental issues and achieve positive results. By “blending” technology and technical and financial assistance, prevention, management (regulation) and cleanup solutions, complex environmental issues, such as the restoration of impaired waters, can be addressed effectively and efficiently.
- ◆ MPCA’s product stewardship program provides an innovative approach to conserving resources, reducing waste, and increasing recycling. The program currently includes initiatives for carpet, electronics, paint, and mercury-containing products.
- ◆ MPCA performs monitoring at more than 750 sites across the state to determine environmental conditions of air, surface waters, and groundwater.
- ◆ MPCA continues to provide resources to local units of government to reduce waste generation and improve the cost effectiveness of recycling, composting and recovery programs.
- ◆ MPCA performs permitting, inspection, compliance determination, and enforcement activities for nearly 7,400 facilities that impact air, water, and land.
- ◆ MPCA oversees state-financed clean up at 265 contaminated sites and maintains oversees an additional 3,000 sites.

### Agency Purpose

The mission of the MPCA is to work with Minnesotans to protect, conserve, and improve our environment and enhance our quality of life.

The vision for the MPCA is:

- ◆ Clean and sustainable surface and ground water systems
- ◆ Clean and clear air
- ◆ Land that supports desired uses
- ◆ Excellence in operations
- ◆ Minnesotans taking responsibility to protect our environment

The results of MPCA’s efforts are demonstrable: reduced waste; increased recycling levels; and air, land, and water that are cleaner now than 30 years ago.

### Guiding Principles

MPCA’s mission is implemented through the following guiding principles:

- ◆ Focus on priorities and manage for environmental results
- ◆ Actively partner to leverage knowledge, ideas, and resources
- ◆ Rely on data for decision-making
- ◆ Integrate economic, social and environmental sciences when developing environmental policy
- ◆ Strive for excellence and innovation in service delivery

### Operations

Effective July 2005, the Legislature approved combining the existing staff, authorities and expertise of the MPCA with those of the Office of Environmental Assistance (OEA). Combining OEA and MPCA has united and focused the priorities of the two organizations, broadened the tools being applied to an expanding range of environmental issues and given new energy and greater scope to public education and outreach efforts.

MPCA separates its work according to media: water, air and land. Multimedia includes those efforts and activities that cross and combine the three major media. Environmental Assistance now includes many of the activities of the former OEA. Administrative Support enables the delivery of program activities for the whole agency. MPCA’s budget structure is made up of six programs: water, air, land, multimedia, environmental assistance and administrative support.

The commissioner’s office sets the strategic direction for the MPCA and provides an essential link to stakeholders and partners. In addition, the agency is organized into seven divisions. Programs and services are managed and delivered through MPCA offices in St. Paul, Duluth, Brainerd, Rochester, Mankato, Detroit Lakes, Willmar, and Marshall.

The Environmental Analysis and Outcomes Division monitors and evaluates the physical, chemical, and biological conditions of Minnesota’s environment.

The division identifies potential impacts to human health and the environment, helps set environmental goals, establishes environmental standards, helps develop permit limits and reports results to staff, stakeholders and citizens.

The Prevention and Assistance Division provides information and economic, technical and educational assistance that result in the implementation and increased use of environmentally and economically beneficial behaviors, technologies, and products. The Customer Assistance Center responds to requests for information and assistance from citizens. Small business assistance and pollution prevention are also based in this division.

The Remediation Division provides emergency response and remediation (clean-up) services for contaminated sites, redevelopment proposals, and closed landfills. Superfund and leaking storage tank cleanup are also based in this division.

The Regional Division provides for environmental problem solving at the local level. The focus is on building local capacity to restore and improve the environment. Water quality and air quality local planning and implementation programs are based in this division as well as the clean water partnership, feedlots, total maximum daily load (TMDL) implementation, and basin planning.

The Industrial Division provides regulatory services to industrial sources of air, water, and land pollution. Permitting, compliance, and enforcement for water and air quality, industrial solid waste, hazardous waste, and industrial stormwater are based in this division as well as the associated rule-making for storage tanks.

The Municipal Division provides regulatory services to operators of publicly owned wastewater treatment and stormwater facilities. Services are also provided to mixed municipal landfills and transfer stations. The regulatory services include permitting, compliance, and enforcement.

The Operational Support Division oversees MPCA's financial management and its business operations (vehicle fleet, equipment and supplies, facilities and leasing, mail and shipping, and more), human resources and communication services. Division staff is mainly located in St. Paul.

The MPCA Citizens' Board acts on significant and controversial environmental issues.

### **Budget**

Twenty or more years ago environmental fees and taxes were created to fund regulatory programs that addressed point source pollution. More recently MPCA identified non-point sources as the major contributors to air and water pollution. Program costs to address non-point pollution do not readily align with the former fee structures. Fund consolidation, authorized by the legislature in 2003, enhanced MPCA's funding flexibility and ability to direct resources to priority activities.

Authorized appropriations in FY 2008-09 for MPCA's six programs totaled \$344.4 million. The mix of funding is 17 percent general fund, 38 percent environmental fund, 23 percent remediation fund, 13 percent federal and nine percent other sources.

### **Contact**

For more information, contact: Leo Raudys, MPCA Deputy Commissioner, at (651) 296-7305.

In addition, visitors can learn more about environmental issues at [www.pca.state.mn.us](http://www.pca.state.mn.us). The site contains information on pollution prevention, reuse, recycling, responsible waste management, sustainable practices, as well as access to regulatory news and updates, rules, public notices, agency initiatives, details about environmental quality and current "hot topics."

MPCA's strategic plan can be accessed at [www.pca.state.mn.us/publications/reports/strategicplan.html](http://www.pca.state.mn.us/publications/reports/strategicplan.html).

### At A Glance: Agency Long-Range Strategic Goals

The mission of the Minnesota Pollution Control Agency (MPCA) is to work with Minnesotans to protect, conserve and improve our environment and enhance our quality of life. MPCA's vision for Minnesota's environment is summarized below:

- ◆ Minnesotans take responsibility to protect our environment
- ◆ Minnesota's air is clean and clear
- ◆ Minnesota's land supports desired uses
- ◆ Minnesota has clean, sustainable surface and ground water

MPCA's priorities are based on environmental risk, environmental stressors, resource conditions, statutory obligations and responsibilities, public and stakeholder expectations, socio-economic trends and other opportunities to conserve and improve the quality of our air, land and water resources.

MPCA's top environmental priorities are:

- ◆ Improve impaired waters
- ◆ Respond to emergencies
- ◆ Reduce and reuse waste
- ◆ Maintain core regulatory air, water, and land programs
- ◆ Mitigate non-point source pollution in air, water, and land
- ◆ Monitor environmental conditions

Minnesota's Waste Management Act guides MPCA and local units of government in solid waste management. The purpose of the Waste Management Act is to protect the state's air, land, water and other natural resources and public health by fostering an integrated waste management system that will manage solid waste in a manner appropriate to the characteristics of the waste stream and maximize the recovery of resources from waste.

In addition to MPCA's responsibilities associated with the management of Minnesota's current waste stream, closed landfills are an outstanding environmental and public health issue for Minnesota. The state, through MPCA's closed landfill program (CLP), has a legal obligation to complete

construction at eligible closed landfills and to move those sites into operation and maintenance program levels.

### Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs

The Capital Assistance Program (CAP) provides financial assistance for local governments to develop various recovery facilities that help to establish an integrated waste management system. CAP is a competitive, two-stage grant application process that enables MPCA to identify and assist projects that will be most beneficial in meeting Minnesota's solid waste management goals. CAP, described in M.S. 115A.49 – 115A.541, is MPCA's main program to assist local governments in financing the infrastructure necessary for an integrated solid waste system.

The three major trends and policies affecting the need for additional investment in integrated solid waste management systems are waste growth, waste flow control, and landfills.

- ◆ **Waste Growth:** The municipal solid waste stream alone grew from 3.8 million tons per year in 1992 to 6.08 million tons per year in 2005, an increase of 58 percent. If waste generation continues to grow at the rates observed during the 1990s, it will overwhelm Minnesota's existing waste management infrastructure.
- ◆ **Waste Flow Control:** Resource recovery projects, funded by CAP, have been subject to substantial legal and financial pressures due to waste flow control issues. Prior to a 1994 U.S. Supreme Court decision that found some flow control/designation ordinances unconstitutional, local governments could direct waste flow through local ordinances. These flow control/designation ordinances were a key component of the environmental, financial, and technical foundation of resource recovery projects. In the Spring of 2007 local authority to control the flow of trash--mixed municipal solid waste (MMSW)--was reinstated by the U.S. Supreme Court in a ruling handed down in April (*Oneida v. Herkiemer*). The Supreme Court. The decision reinstates the authority of local units of government to direct trash haulers to facilities. Minnesota's solid waste objectives, outlined in the Waste Management Act, M.S. Chapter 115A, could benefit by this ruling. Implementing an integrated waste

management system with resource recovery and landfill abatement projects may be more effective in light of the Court's findings. Minnesota law outlines a process for establishing county flow control regulations called "designation." State oversight and safeguards in Minnesota's designation law require counties to use an orderly and deliberate process to promulgate flow control.

- ◆ Landfills: Of the 136 municipal solid waste (MSW) landfills permitted in Minnesota since 1969, 21 continue to accept MSW in 2007. CAP has played a key role in Minnesota's initial shift from total reliance on landfills to resource recovery and processing.
- ◆ Recycling and Resource Recovery: Since 1997, Minnesota has recycled about 40 percent of the total MSW waste stream, resource recovery has fallen from 30 percent to 21 percent, while the dumping of unprocessed waste into landfills has increased from 29 percent to 37 percent. Overall, recycling and resource recovery have fallen from 71 percent to 60 percent while landfilling/unprocessed waste is on the rise. Insufficient processing capacity is a factor. Minnesota is losing ground on developing a statewide-integrated solid waste management system.
- ◆ Landfill Cleanup Act: In 1994, the legislature passed the Landfill Cleanup Act which authorized MPCA to initiate cleanups, complete closures, and take over the long-term operation and maintenance in perpetuity at up to 106 closed, state-permitted, municipal solid waste landfills in Minnesota. In 1999 and 2000 the definition of eligibility was broadened. As a result six additional facilities became eligible, increasing total sites to 112. Any MPCA-permitted MMSW landfill that stopped accepting MMSW by 4-9-1994, and demolition debris before 5-1-1995, can qualify for application to this program. Of the 112 landfills in CLP, twenty-seven are state-owned, twenty are privately owned and sixty-five are owned by counties and cities. Because the CLP is a voluntary program, not all closed permitted landfills are in the CLP; however, most closed, permitted facilities in the state have opted to join the CLP.

### **Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets**

The state has provided approximately \$53 million for 92 CAP projects to help finance the construction and expansion of 66 facilities throughout Minnesota: 25 recycling facilities, 9 transfer stations, 9 waste-to-energy facilities, 12 compost facilities, and 11 special waste stream facilities. A full listing of all grant recipients is available upon request. Public willingness, local government commitment, and CAP funding have all contributed to a successful local/state partnership that helps protect the environment and public health and facilitates recovery of resources and energy.

However, 37 percent of Minnesota's solid waste is neither recovered nor processed. It continues to be dumped into landfills. New facilities and expansion of existing facilities are necessary to ensure the capacity to process the remaining waste and future increases in waste generation. This request will expand Minnesota's capacity to recover resources and energy. Minnesota counties need legislative support and financial assistance to maintain and to continue the development of an integrated solid waste management system where all residents have access to, and use, a primary solid waste processing facility.

At the end of FY 2007, MPCA reported that future state obligations relating to eligible closed landfills were projected at \$199 million. These financial obligations are based on needed remedial construction, operation and maintenance of these systems. Twelve publicly owned landfills in the CLP are in need of remedial construction activities in FY 2009 – FY 2012. If this request for general obligation bonds is not authorized, funding for these construction projects will come from other sources such as the remediation fund or the projects will have to wait until bonds are authorized. Similar construction projects at privately owned, closed landfills in CLP also compete for resources from the remediation fund. Given limited resources in the remediation fund, some construction activities are deferred into future years and will come at greater future cost.

### Agency Process Used to Arrive at These Capital Requests

#### **CAP Request**

In preparing the request for \$11.605 million MPCA relied on interest expressed by past and future applicants. MPCA is basing its extended projection of need on the solid waste management plans developed by the counties, MPCA's Preliminary Assessment of Regional Waste Management Capacity Report, MPCA's 2003 Solid Waste Policy Report, and the 2004 Metropolitan Policy Plan.

The CAP project narrative includes a preliminary listing of interested applicants. This list is the basis for MPCA's funding request for 2008.

For 2010 and 2012, the MPCA projected the minimum need for new MSW processing capacity. Several new projects are needed to serve large areas of greater Minnesota and the metro area. Existing private facilities may expand as well to meet a portion of the metro area needs.

#### **CLP Request**

MPCA has estimated design and construction costs for the remaining publicly owned closed landfills that need remedial action. Construction activities at each of these sites may include:

- ◆ the installation or augmentation of landfill covers to reduce the generation of contaminated leachate;
- ◆ the installation of ground water treatment systems to clean up contaminated ground water that threatens public drinking water sources;
- ◆ the installation of landfill gas control systems to prevent off-site threats of explosion to buildings and damage to crops; and
- ◆ installation of electrical generation equipment to utilize methane gas generated at sites. This construction represented in this bonding request is for \$31.4 million.

To determine which sites should be worked on first, MPCA staff holds site forums and calculates a site score based on several factors. The primary goal of the scoring system is to prioritize sites to prevent or respond to releases of hazardous substances or contaminants and decomposition gases at qualified sites. The MPCA Commissioner publishes an update of the priority list each year.

### Major Capital Projects Authorized in 2001, 2002, 2005 and 2006

The 2005 Legislature appropriated \$4 million for CAP with language that directed \$2 million for a grant to the city of Red Wing and \$2 million for a grant to Olmsted County. The city of Red Wing proposes construction of an up-front materials recovery facility at its existing waste-to-energy facility. Olmsted County proposed construction of a third combustion unit at an existing facility.

The 2006 Legislature also appropriated \$4 million for CAP. From this appropriation Olmsted County was awarded an additional \$1.2 million toward construction of a third combustion unit at its current facility and the city of Perham has been invited to submit a final application for \$2.8 million for the construction of a third combustion unit at its existing facility as well.

The 1994 Legislature authorized \$90 million in state general obligation bonds for design and construction at publicly owned landfills over a ten-year period. Expenditures from the authorized \$90 million occurred in 1996 through February 2001 when spending of the unobligated balance was frozen. The unobligated balance of \$56.6 million was subsequently cancelled on 7-1-2001. This action was the result of legislation enacted in 2000 that required the commissioner of finance report to the legislature in odd numbered years and cancel unspent or unobligated bond proceeds (M.S. 16A.642). Of the original \$90 million bond authorization, \$33.4 million was spent on CLP construction projects. Subsequent authorizations have included \$20.5 million in 2002, \$10 million in 2003, \$10 million in 2005 and \$7.15 million in 2006, a total of \$81.05 million. The current request of \$31.4 million is expected to complete the planned construction at currently eligible facilities.

**Closed Landfill Program**

**2008 STATE APPROPRIATION REQUEST:** \$31,400,000

**AGENCY PROJECT PRIORITY:** 1 of 2

**PROJECT LOCATION:** 12 closed landfills statewide

**Project At A Glance**

- ◆ Design and construct remedial systems (cover, landfill gas mitigation, and ground water treatment systems)
- ◆ Construct landfill gas-to-energy systems at four landfills
- ◆ Acquire land to ensure public safety once remediation efforts are complete at publicly owned, closed, mixed municipal solid waste landfills throughout Minnesota.

**Project Description**

This request is for \$31.4 million to design and construct landfill remedial systems (covers landfill gas mitigation, and ground water treatment systems), to construct four landfill gas-to-energy systems at publicly owned, state-permitted, closed, mixed municipal solid waste landfills throughout Minnesota and to acquire 6.7 acres of land to buffer closed landfills for public safety reasons.

MPCA is authorized under the Landfill Cleanup Act (M.S. 115B.39) to initiate cleanups, complete closures, and take over the long-term operation and maintenance of closed landfills in perpetuity. Currently, 112 landfills are qualified under the Closed Landfill Program (CLP). Bonding authority is intended to be one of the three major funding sources for the closed landfill cleanup program. The other two sources are the solid waste tax and insurance recovery revenue.

The 1994 Legislature authorized up to \$90 million in GO bond funds to be used for design and construction work at publicly owned landfills over a 10-year period (Laws of 1994, Ch. 639, Art. 3). Rather than issuing all \$90 million at one time, the legislature intentionally restricted the selling and issuance of bonds so that the total amount issued could not exceed: 1) \$10

million by 6-30-1996; 2) \$35 million by 6-30-1998, 3) \$55 million by 6-30-2000; and 4) \$75 million by 6-30-2002.

In 2000, the legislature passed a law requiring the Commissioner of Finance in odd years to report to the legislature and to cancel unspent or otherwise unobligated bond proceeds (M.S. 16A.642). Consequently, this statute resulted in the cancellation of \$52.46 million in unused bonding authority for closed landfill cleanup construction.

To date the legislature has authorized a total of \$81 million, \$10 million, \$10 million, and \$7.15 million respectively to meet MPCA's construction needs through FY 2008. However, the MPCA estimates that an additional \$31.4 million is needed to complete remedial construction at 12 sites in FY 2009-12 and to construct landfill gas-to-energy systems at four state owned closed landfills. Authorizing the \$31.4 million in bonds will allow MPCA to complete the remedial construction at publicly owned landfills, meeting the list of known outstanding needs at these sites.

**Impact on Agency Operating Budgets (Facilities Notes)**

The legislature directly appropriates funds from the Remediation Fund to pay the administrative costs of the CLP. Funding this capital request will not adversely affect MPCA's operating budgets.

**Previous Appropriations for this Project**

L94, Chapter 639	\$90.00 million*	*MPCA cancelled \$52.46 million of this appropriation
L01, 1SS, Chapter 12	20.50 million	
L02, Chapter 393	10.00 million	
L05, Chapter 20	10.00 million	
L06, Chapter 258	7.15 million	

**Other Considerations**

In August 2006, MPCA estimated the cost of future state obligations relating to eligible closed landfills at \$199 million. These financial obligations are based on needed remedial construction, and on-going operation and maintenance of these systems.

**Closed Landfill Program****Project Contact Person**

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**Governor's Recommendations**

The governor recommends general obligation bonding of \$15 million for this program. Also included is a budget planning estimate of \$10 million in 2010 and \$6.4 million in 2012.



<b>TOTAL PROJECT COSTS All Years and Funding Sources</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	7,988	710	0	0	8,698
4. Project Management	0	0	0	0	0
5. Construction Costs	73,039	30,690	0	0	103,729
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
<b>TOTAL</b>	<b>81,027</b>	<b>31,400</b>	<b>0</b>	<b>0</b>	<b>112,427</b>

<b>CAPITAL FUNDING SOURCES</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
State Funds :					
G.O Bonds/State Bldgs	81,027	31,400	0	0	112,427
<b>State Funds Subtotal</b>	<b>81,027</b>	<b>31,400</b>	<b>0</b>	<b>0</b>	<b>112,427</b>
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
<b>TOTAL</b>	<b>81,027</b>	<b>31,400</b>	<b>0</b>	<b>0</b>	<b>112,427</b>

<b>CHANGES IN STATE OPERATING COSTS</b>	<b>Changes in State Operating Costs (Without Inflation)</b>			
	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

<b>SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS</b> (for bond-financed projects)	<b>Amount</b>	<b>Percent of Total</b>
General Fund	31,400	100.0%
User Financing	0	0.0%

<b>STATUTORY AND OTHER REQUIREMENTS</b>	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013

## Capital Assistance Program

**2008 STATE APPROPRIATION REQUEST:** \$11,605,000

**AGENCY PROJECT PRIORITY:** 2 of 2

**PROJECT LOCATION:** Statewide

### Project At A Glance

The Solid Waste Processing Facilities Capital Assistance Program (CAP) is a landfill abatement program providing financial incentives to local governmental units (LGUs) for implementing integrated solid waste management systems. Integrated solid waste management systems require new infrastructure that are basic public assets to Minnesota communities.

### Project Description

This request is for \$11.605 million for capital grants to local governments for the construction of solid waste resource recovery facilities.

The purpose of this program is to promote landfill abatement by providing capital grants to local governments for the construction of solid waste resource recovery facilities. These facilities will preserve land, recover valuable resources and energy and create jobs. These facilities will also reduce the environmental risks and potential liabilities related to managing waste.

The goal of the Minnesota Waste Management Act (M.S. Chapter 115A) is to have an integrated waste management system serving all of Minnesota. Since 1985, CAP grants have funded a small portion of the total solid waste project costs. Local governments have financed the balance of development, construction, and operating costs. In addition to CAP financial assistance, technical assistance also is provided to LGUs to address project development and the institutional and operational challenges associated with implementing an integrated solid waste management system.

Eligible recipients under the CAP grant program are limited to Minnesota cities, counties, solid waste management districts, and sanitary districts.

Eligible projects are solid waste processing facilities that include some form of resource recovery. Following are examples of eligible projects:

- ◆ Waste-to-energy facilities
- ◆ Recycling facilities
- ◆ Composting facilities
- ◆ Transfer stations that will serve waste processing facilities
- ◆ Projects to increase recovery of materials or energy, those that substantially reduce the amount or toxicity of waste processing residuals, or those that expand the capacity of an existing resource recovery facility to meet the needs of expanded regions
- ◆ Special waste streams (i.e., household hazardous waste)

Depending on project type, a single-county project may receive funding of 25 percent or 50 percent of eligible capital costs, up to a maximum of \$2 million. Multi-county cooperative projects can receive 25 percent or 50 percent of the eligible capital costs, or up to \$2 million, times the number of participating counties, whichever is less. A new transfer station to serve an existing processing facility may be eligible for up to 75 percent funding of eligible capital costs. Following are examples of eligible costs:

- ◆ Final design, engineering, and architectural plans
- ◆ Land and structures
- ◆ Waste processing equipment
- ◆ On-site roads, parking, and landscaping

*Waste-to-Energy background.* The MPCA has a strategic objective to increase the state's waste-to-energy capacity by 60 percent by 2011. Waste-to-energy is clean, reliable, renewable power, and is a vital part of the energy infrastructure in those Minnesota communities where such facilities are located. Currently, nine waste-to-energy facilities in Minnesota process 3,800 tons of mixed solid waste (MSW) per day for industrial heat and electrical generation producing approximately 100,000 megawatts of electrical energy, or enough energy to power 110,000 homes. The incremental energy return from combusting this additional waste from 2007 through 2011 would be 1.3 trillion BTUs, and the reduced carbon dioxide and methane gases resulting from this additional combustion would be the equivalent of 359,000 tons.

**Capital Assistance Program**

*Flow Control update.* An April 2007 Supreme Court decision (Oneida-Herkimer) restored Minnesota’s authority to control the flow of mixed municipal solid waste. The Court reinstates the authority of local units of government to direct trash haulers to use specific facilities. In the opinion, the Court regarded waste management as a typical and traditional power of state and local government and considered local government action to protect health and safety a legitimate use of police powers.

Minnesota’s solid waste objectives, as outlined in the Waste Management Act, Chapter 115A, are benefited by this ruling. Minnesota law outlines a process for establishing county flow control regulations called “designation.” State oversight requirements and regulatory safeguards provided for in Minnesota’s designation law (M.S. 115A.94) requires counties to use an orderly and deliberate process to promulgate solid waste flow control.

The following list identifies *potential* capital project development and construction estimated over the next six years. Two applications totaling \$11.605 million have been received for FY 2008-09 CAP funding.

(Amounts in 000’s)

<u>FY 2008-09</u>	<u>Project Type</u>	<u>Total Capital Cost</u>	<u>Applicant’s Capital Cost</u>	<u>CAP Grant</u>
Hennepin	HHW	\$ 9,710	\$ 7,710	\$ 2,000
Pope/Douglas	W-to-E upgrade and expansion	19,411	9,806	9,605
	Subtotal	\$29,121	\$17,516	\$11,605
<u>FY 2010-11</u>				
North West Minnesota	Processing	20,000	15,000	5,000
North Central Minnesota	Processing	20,000	15,000	5,000
	Subtotal	\$40,000	\$30,000	\$10,000
<u>FY 2012-13</u>				
West Central Minnesota	Processing	20,000	15,000	5,000

South West Minnesota	Processing	43,000	28,000	15,000
	Subtotal	\$63,000	\$43,000	\$20,000

**Impact on Agency Operating Budgets (Facilities Notes)**

Existing MPCA staff that administer the CAP grant program are funded through the Environmental fund. This bonding request does not affect MPCA’s operating budget.

Fully funding this 2008 CAP request significantly supports the state’s efforts to minimize the volume of waste material destined for landfills. As projects are funded with CAP grants, MPCA staff shift their focus from project development to project implementation and sustainability.

Project development activities include planning, feasibility studies, waste composition analysis, institutional arrangements, and inter-county agreements. Project implementation and sustainability activities include implementing plans, assistance during construction, equipment selection, shakedown and acceptance, marketing of materials and/or energy, and operational and compliance issues.

**Previous Appropriations for this Project**

2006	\$ 4.00 million
2005	4.00 million
2002	1.15 million
2000	2.20 million
1999	3.00 million
1998	3.50 million
1996	3.00 million
1994	3.00 million
1992	2.00 million
1990	7.00 million
1987	4.00 million
1985	11.40 million
1980	8.80 million
	<u>\$57.05 million</u>

**Capital Assistance Program**

**Other Considerations**

- ◆ For local governments, developing an integrated solid waste management system is a complex, controversial, and expensive endeavor. Without the CAP program’s technical and financial assistance, many local governments will not move forward in developing a solid waste management infrastructure.
- ◆ The CAP program serves as an incentive to move infrastructure development forward and cultivates a partnership between the state of Minnesota and local governments to develop integrated solid waste management systems. Due to CAP’s funding formula, a significant incentive is created to motivate LGU’s to work together on regional projects. MPCA’s administration and oversight of the CAP grants help to develop projects that are technically, institutionally, and financially sound.

**Glossary:**

HHW	Household Hazardous Waste
LGU	Local Government Unit
MSW	Mixed Solid Waste
Processing	MSW recovery through W-to-E, composting, etc.
W-to-E	Waste-to-Energy

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**Governor’s Recommendation**

The governor recommends \$9.605 million in general obligation bonding for this program. Also included are budget planning estimates of \$10 million in 2010 and \$10 million in 2012.

<b>TOTAL PROJECT COSTS All Years and Funding Sources</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	185,313	29,121	40,000	63,000	317,434
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
<b>TOTAL</b>	<b>185,313</b>	<b>29,121</b>	<b>40,000</b>	<b>63,000</b>	<b>317,434</b>

<b>CAPITAL FUNDING SOURCES</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
State Funds :					
G.O Bonds/State Bldgs	57,050	11,605	11,605	20,000	100,260
<b>State Funds Subtotal</b>	<b>57,050</b>	<b>11,605</b>	<b>11,605</b>	<b>20,000</b>	<b>100,260</b>
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	128,263	17,516	30,000	43,000	218,779
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
<b>TOTAL</b>	<b>185,313</b>	<b>29,121</b>	<b>41,605</b>	<b>63,000</b>	<b>319,039</b>

<b>CHANGES IN STATE OPERATING COSTS</b>	<b>Changes in State Operating Costs (Without Inflation)</b>			
	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

<b>SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS</b> (for bond-financed projects)	<b>Amount</b>	<b>Percent of Total</b>
General Fund	11,605	100.0%
User Financing	0	0.0%

<b>STATUTORY AND OTHER REQUIREMENTS</b>	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013