

Pollution Control Agency

Projects Summary

(\$ in Thousands)

Project Title	2012 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations	Governor's Planning Estimate	
		2012	2014	2016	Total		2012	2014
Closed Landfill Program	1	\$10,000	\$30,000	\$20,000	\$60,000	\$10,000	\$30,000	\$20,000
Capital Assistance Program	2	8,000	8,000	8,000	24,000	5,600	5,600	5,600
Coal Tar Ponds	3	5,000	0	0	5,000	2,788	0	0
Total Project Requests		\$23,000	\$38,000	\$28,000	\$89,000	\$18,388	\$35,600	\$25,600

Agency Profile At A Glance

- MPCA leverages partnerships and resources to address environmental issues and achieve positive results. By “blending” technology and technical and financial assistance, prevention, regulation and cleanup solutions, complex environmental issues, such as the restoration of impaired waters, are addressed effectively and efficiently.
- MPCA’s product stewardship program provides an innovative approach to conserving resources, reducing waste, and increasing recycling.
- MPCA monitors more than 750 sites across the state to determine environmental conditions of air, surface waters, and ground water.
- 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 actions at sites and facilities whose operations impact the condition of air, water, and land.
- MPCA oversees state-financed clean-up at 265 contaminated sites and oversight of an additional 3,000 sites.
- MPCA trains wastewater operators, landfill inspectors and household hazardous waste facility staff.

Agency Purpose

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.

The vision for the MPCA is:

- clean and sustainable surface and ground water systems;
- clean and clear air;
- land that supports healthy ecosystems and sustainable land uses;
- excellence in operations; and
- Minnesotans taking responsibility to protect our environment.

The results of MPCA’s efforts are tangible: 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 environmental, economic and social sciences when developing environmental policy.
- Strive for excellence and innovation in service delivery.

Operations

The MPCA separates its work according to media: water, air and land. Three of MPCA’s budget programs reflect these three media. Environmental Assistance and Cross-Media, the fourth budget program, includes activities that cross and combine the water, air and land medias. Administrative Support, the fifth budget program, encompasses the support services for efficient program delivery and agency operations.

The Commissioner’s Office sets the strategic direction for MPCA and provides an essential link to stakeholders and partners. In addition, the MPCA is organized into eight divisions. Programs and services are managed and delivered through 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 actions, technologies, and products. First Link staff answer regulatory and environmental questions from businesses and citizens. Community development staff build partnerships with community leaders on green development and sustainability. The Information Systems staff manage telecommunications, desktop and Web services, and information systems infrastructure.

The Remediation Division remediates pollution that occurred over a long period of time. Division activities include the Closed Landfill and Superfund programs, petroleum contaminated site and leaking storage tank cleanup, brownfields land redevelopment, and the voluntary investigation and cleanup program. The Division's Emergency Response Section responds to accidental spills that pollute the air, water or soil.

The Regional Division provides for environmental problem solving at the local level. The Division builds local capacity to restore and improve the environment. Specific water quality programs included in this Division are animal waste management, basin management, and other efforts that target nonpoint source pollution. Staff also complete environmental review, disburse clean water partnership grants, and complete total maximum daily load (TMDL) plans and studies funded by Minnesota's Clean Water Fund to meet the objectives of Minn. Stat. ch. 114D, the Clean Water Legacy Act.

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 rulemaking for tanks. Recent and significant growth prompted MPCA to form teams that focus on large ethanol/biofuels and mining projects.

The Municipal Division provides planning, assistance, and regulatory services to operators of publicly-owned wastewater treatment, local government units' solid waste activities, and stormwater management. The Division also provides services to mixed municipal landfills and transfer stations. Rulemaking processes for water and waste programs are also the responsibility of this Division.

The Data Performance Management Division, created in August 2008, manages data and performance management systems for the MPCA. The Division creates accessible and useful data management systems; deploys the continuous improvement effort that extends MPCA's capability to address environmental work; leads organizational development; and advances environmentally sustainable practices to reduce the MPCA's environmental footprint.

The Operational Support Division provides the MPCA's accounting services, financial management and many of its business operations (fleet management, records management, procurement of equipment and supplies, facilities and leasing, mail and shipping). The Division also provides essential support through contract management, human resource management, and communication services. Division staff is mainly located in St. Paul, although a number of communication professionals work in regional offices.

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

Budget

Authorized spending for FY2012-13 totals \$362.8 million. The mix of funding is 3% General, 37% Environmental, 18% Remediation, 13% Clean Water, 15% federal and 14% other sources.

Contact

For more information, contact: Myrna Halbach, Assistant Chief Financial Officer, at 651/757-2403.

In addition, visitors can learn more about environmental issues at www.pca.state.mn.us, such as pollution prevention, reuse, recycling, responsible waste management, and sustainable practices, as well as regulatory news, rules, public notices, 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.

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.

The 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 healthy ecosystems and sustainable land 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, reuse and recycle waste
- Maintain regulatory air, water, and land programs
- Mitigate nonpoint source pollution in air, water and land
- Monitor environmental conditions

The MPCA is responsible for administering the Federal Clean Water Act and Minn. Stat. ch. 114D (Clean Water Legacy Act) to protect surface water and groundwater resources. An important component to improving water quality in Minnesota is better management of stormwater. Unmanaged stormwater can have devastating consequences on the quality of lakes, streams and rivers. Stormwater often contains oil, chemicals, excess phosphorous, toxic metals, litter, and disease-causing organisms. Of particular concern are polycyclic aromatic hydrocarbons (PAH) found in the stormwater basin sediments. The accumulation of sediments decreases the value of the infrastructure investment made by many municipalities. The MPCA issues

permits to municipalities with specific standards and practices to be employed, similar to municipal wastewater infrastructure permitting and operational controls.

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 appropriately 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, has a legal obligation to complete construction at eligible closed landfills and maintain these sites to minimize impacts to the environment.

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

Capital Assistance Program (CAP)

This 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 the MPCA uses to identify and assist project owners who will most ably accomplish Minnesota's solid waste management goals. CAP, described in M.S. 115A.49 – 115A.541, is the MPCA's main program to assist local governments in financing the infrastructure necessary for an effective 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 and Management of Waste in Minnesota. The municipal solid waste stream alone grew from 4.0 million tons per year in 1992 to 5.92 million tons per year in 2009, an increase of 48 percent. If waste generation continues to grow at the rates observed during the 1990s, it

will overwhelm Minnesota's existing waste management infrastructure. Since 1997, Minnesota recycling has increased from 42 percent to 44 percent of the total municipal solid waste (MSW) stream and resource recovery has fallen from 29 percent to 20 percent, while the disposing of unprocessed waste into landfills increased from 29 percent to 36 percent. Overall, recycling and resource recovery have fallen from 71 percent to 64 percent in 2009 while landfilling/unprocessed waste is on the rise. Insufficient processing capacity is an important factor. Minnesota is losing ground on developing a statewide-integrated solid waste management system.

- Waste Flow Control. Resource recovery projects, funded by CAP, have been subject to substantial legal and financial pressures due to waste flow control issues. Minnesota's authority to control the flow of mixed municipal solid waste (MMSW) was reinstated by the United States Supreme Court in a ruling in April 2007 (Oneida-Herkiemer). The Supreme Court upheld the flow control authority of two counties in New York acting under state authority. The decision reinstates the authority of local units of government to direct waste haulers to facilities. The Court regards waste management as a typical and traditional power of state and local government. Furthermore, the Court viewed local government action to protect health and safety as legitimate use of police powers.
- Minnesota's solid waste objectives, outlined in the Waste Management Act, M.S. 115A, will benefit from this ruling. Implementing environmentally-preferred 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." The state oversight and safeguards in Minnesota's designation law (M.S. 115A.94) require counties to use an orderly and deliberate process to promulgate flow control.
- CAP has played a key role in Minnesota's initial shift from total reliance on landfills to resource recovery and processing. Of the 136 MSW landfills permitted in Minnesota since 1969, 21 continue to accept MSW in 2009.

- To better understand the impacts of the trends and infrastructure needs of an Integrated Solid Waste Management (ISWM) System, the MPCA has been working with a formal Waste Management Stakeholder Process. The goal of this process is to identify the largest areas of solid waste generation with the greatest greenhouse gas emission reduction potential, including waste reduction, recycling and waste-to-energy.

Closed Landfill Program (CLP)

In 1994, the legislature passed the Landfill Cleanup Act that authorized the MPCA to initiate cleanups, complete landfill closures, and take over the long-term operation and maintenance in perpetuity at up to 106 closed, state-permitted, municipal solid waste landfills. After a subsequent change in the eligibility requirements, six more facilities joined the program, for a total of 112 sites. Any MPCA-permitted landfill that stopped accepting MMSW by April 1994 and demolition debris before May 1995 can qualify for the closed landfill program. Of the 112 landfills in the program, 27 are state-owned, 20 are privately owned and 65 are owned by counties and cities.

Stormwater Program

Stormwater runoff is a leading source of water pollution. Stormwater runoff can harm surface waters such as rivers, lakes, and streams, which in turn cause or contribute to water quality exceeding its corresponding standards. Increasingly, municipalities are required to invest in improved infrastructure to manage stormwater runoff. Prior to 2007, Minneapolis and St. Paul were required to manage stormwater under the Federal Clean Water Act. Currently 244 Minnesota municipalities are required to obtain permits and manage their stormwater system to meet specific best practices. Municipalities have invested significant dollars to develop an infrastructure to manage flow and contaminant releases. A MPCA report, ***Contamination of Stormwater Pond Sediments by Polycyclic Aromatic Hydrocarbons (PAHs) in Minnesota***, March 2010, provides further evidence of the need to protect the stormwater infrastructure.

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

Since 1980, the state has provided approximately \$57 million to the CAP program. The 92 funded projects include the construction and expansion of facilities throughout Minnesota; recycling facilities, transfer stations, waste-to-energy facilities, compost facilities, and special waste stream facilities. A full listing of all grant recipients is available upon request. Public willingness, local government commitment, CAP funding and MPCA assistance have all contributed to a successful local/state partnership to protect the environment and public health and to facilitate the recovery of resources and energy.

However, 36 percent of Minnesota's solid waste is neither recovered nor processed. Solid waste continues to be dumped into landfills. As a result new facilities and expansion of existing facilities will be necessary to ensure the capacity to process the solid waste into the future. This request to fund the CAP grant program will expand Minnesota's capacity to recover resources and energy. Minnesota counties need financial assistance to maintain and continue the development of an integrated solid waste management system that gives all residents access to a processing facility.

CLP Assessment

At the end of FY 2010 the MPCA reported that future State obligations relating to eligible closed landfills are projected at \$265 million. These financial obligations are based on needed remedial construction, operation and maintenance of these systems. Nine publicly owned landfills in the CLP are in need of remedial construction activities in FY 2012 – FY 2015. If this request for general obligation bonds is not authorized, construction projects will be significantly delayed as resources would come from smaller 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 this fund, construction projects deferred to future years will come at a higher cost due to inflation.

Stormwater Assessment

In March 2010, the MPCA completed a study of coal tar sealants and the associated impact on stormwater. This information and the pilot grants

provide the foundation for this new bonding request to provide matching grants for maintaining stormwater ponds impacted by PAH compounds.

Agency Process Used to Arrive at These Capital Requests**CAP Request**

In preparing the current CAP request the MPCA relied on interest expressed by past and future applicants and the analysis of the Integrated Sustainable Waste Management (ISWM) Stakeholder Process. The MPCA is basing the need for CAP grant funding on the planning work done by counties, the MPCA's Preliminary Assessment of Regional Waste Management Capacity Report and MPCA's 2009 Solid Waste Policy Report, and the 2011 Metropolitan Policy Plan.

The CAP project narrative includes a preliminary listing of expressed interest by region. This list is the basis for MPCA's funding request for 2012. Rather than request funds for specific projects, the Agency recommends to use funds received under CAP to set a target RFP that optimizes projects that reduce greenhouse gas emissions and generate energy from renewable energy resources. This will support the 2025 legislative Renewable Energy Standard of generating 25 percent of Minnesota's power from renewable energy sources.

For 2014 and 2016, 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 or close, which could change the capital needs of the metro area.

CLP Request

The 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;
- and

- the installation of landfill gas control systems to prevent off-site threats of explosion to buildings and damage to crops.

Stormwater Request

The MPCA estimations for the grant program were based on work completed in response to funding from the Legislature. In FY2010 the MPCA, began a stormwater inventory process with municipalities, a model ordinance, and grants to understand the cost of managing PAH-contaminated stormwater sediment. Additionally, in May 2009, the Minnesota Legislature acted to limit the use of coal tar sealants. Their action encouraged cities to adopt ordinances restricting the use of coal tar sealants and offered grants to cities to implement best management practices to treat or clean up contaminated sediments in stormwater ponds. More than 11 Minnesota cities have adopted a coal tar sealcoat ban. However, the resources authorized in the Laws of 2009 only funded grants to three (3) cities. The high cost of treating or disposing of contaminated pond sediments is a strong disincentive for cities to remove sediments from stormwater ponds and maintain this important infrastructure. Funding from this bond request will continue that effort through a grant program for eligible municipalities (municipalities with restrictive ordinances).

Major Capital Projects Authorized since 2000**CAP Funding**

Bond appropriations for this program have totaled \$16.425 million from the Laws of 2000 through the Laws of 2010. Authorized appropriations are listed in the program narrative.

CLP Funding

Bond appropriations for this program have totaled \$69.50 million from the Laws of 2001 through the Laws of 2011. Authorized appropriations are listed in the program narrative.

Stormwater Funding

This is a new bond request to fund stormwater improvement grants. Clean Water Funds in the amount of about \$300,000 were used as pilot funding to determine best management practices and costs associated with managing stormwater sediment contaminated with PAHs.

Closed Landfill Program

2012 STATE APPROPRIATION REQUEST: \$10,000,000

AGENCY PROJECT PRIORITY: 1 of 3

PROJECT LOCATION:

Project At A Glance

Design and construct remedial systems at closed landfills. Work includes improvements to covers, landfill gas mitigation, waste relocations and groundwater treatment systems.

Project Description

The MPCA is requesting \$10 million to design and construct remediation projects at publicly-owned state-permitted closed solid waste landfills at two sites. These construction projects include improving landfill covers, relocating waste materials, and installing landfill gas treatment systems.

The MPCA is authorized under the Landfill Cleanup Act (M.S. 115B.39) to complete landfill site closures and initiate cleanups. The main goal of the Closed Landfill Program (CLP) is to manage the risks associated with human exposure to landfill contaminants and landfill gas, as well as to avoid the degradation of groundwater and surface waters. Currently, 112 landfills are qualified under the Closed Landfill Program.

Since inception of the CLP, bonding has been one of three funding sources for remediation construction projects. The other two sources are insurance recovery receipts deposited to the Remediation Fund and resources transferred annually from the Environmental to the Remediation Fund. The insurance recovery money available for this purpose has been claimed and deposited to the Remediation Fund as of the end of FY 2011; the MPCA does not expect to receive more insurance recovery money. Funds transferred from the Environmental Fund in FY 2012-13 are capped at \$42.0 million in 2011 session law. The Remediation Fund will not have sufficient resources to fund all CLP construction costs. Therefore, this capital bonding

request becomes necessary to accomplish the project plan during FY 2013-14.

The CLP is focused on completing all currently known remediation construction project needs. The project plan for FY 2012 includes completing construction at four sites currently under construction, starting and completing two small projects at Anoka-Ramsey and WDE, and beginning construction at two sites, Hopkins and Flying Cloud in Eden Prairie. Work on these sites in FY 2012 is independent of funding from this bond request.

During FY 2013 and FY 2014 the MPCA plans to complete the construction at two sites (Hopkins and Flying Cloud, noted in the CLP's remediation project plan). Completing these two projects depends on funding from this capital bond request.

Funding from this request will enable the CLP to finish the major remedial construction activity under this program, with one significant exception as described below under Other Considerations.

Impact on Agency Operating Budgets (Facilities Notes)

The legislature directly appropriates funds from the Remediation Fund for the administrative costs of the CLP. This capital funding request does not affect the MPCA's operating budgets.

Previous Appropriations for this Project

L11	1 st SS, Chapter 12	\$7.00 million
L10	Chapter 189	8.70 million
L08	Chapter 179	27.50 million
L08	Revenue bonds could not be sold	(25.00 million)
L06	Chapter 258	10.80 million
L05	Chapter 20	10.00 million
L02	Chapter 393	10.00 million
L01	1SS, Chapter 12	20.50 million
L94	Chapter 639	34.38 million
Total to date		\$103.88 million

Closed Landfill Program

Other Considerations

At the time of this bonding request, one closed landfill site remains that will need extensive construction. The state, however, does not own the site, and capital bonding cannot be used at a privately owned site. The MPCA is in discussions with the City of Burnsville and the owners of the Freeway Landfill site within the city. The MPCA's estimate of total project cost at this site is \$53.8 million. The MPCA's planning estimates for future bonding in 2014 and 2016 reflect the potential for this site to come under public ownership and become eligible for bond funding.

Project Contact Person

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Governor's Recommendations (To be completed by MMB at a later date)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	10,390	1,000	3,000	2,000	16,390
4. Project Management	0	0	0	0	0
5. Construction Costs	93,490	9,000	27,000	18,000	147,490
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
TOTAL	103,880	10,000	30,000	20,000	163,880

CAPITAL FUNDING SOURCES	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
State Funds :					
G.O Bonds/State Bldgs	103,880	10,000	30,000	20,000	163,880
General Fund Projects	0	0	0	0	0
State Funds Subtotal	103,880	10,000	30,000	20,000	163,880
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
TOTAL	103,880	10,000	30,000	20,000	163,880

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
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
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	10,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
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 2017

Capital Assistance Program

2012 STATE APPROPRIATION REQUEST: \$8,000,000

AGENCY PROJECT PRIORITY: 2 of 3

PROJECT LOCATION:

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 infrastructure that are basic public assets to Minnesota.

Project Description

This request is for \$8.0 million for capital assistance grants to local governments for the construction of solid waste resource recovery facilities.

The CAP program promotes the recovery of materials and energy from waste. Solid waste resource recovery facilities preserve land, recover valuable resources and energy, and create jobs. These facilities also reduce the environmental risks and potential liabilities associated with waste disposal.

The goal of the Minnesota Waste Management Act (M.S. §115A) is to foster an integrated waste management system in a manner appropriate to the characteristics of the waste stream, and thereby protect the state's land, air, water, and other natural resources and the public health. Since 1985, CAP grants have funded a 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, MPCA's staff provides technical assistance to LGUs to address project development and the institutional and operational challenges that are a part of implementing an integrated solid waste management system.

Eligible recipients under the CAP grant program are limited by statute to Minnesota cities, counties, solid waste management districts, and sanitary districts. Eligible projects are solid waste processing facilities that include resource recovery.

Following are examples of eligible projects:

- recycling facilities;
- composting facilities;
- waste-to-energy facilities;
- transfer stations that will serve waste processing facilities;
- projects to increase recovery of materials or energy, to substantially reduce the amount or toxicity of waste processing residuals, or to expand the capacity of an existing resource recovery facility to meet the needs of expanded regions; and
- special waste streams (i.e., household hazardous waste).

The CAP program provides an incentive to develop key solid waste infrastructure and cultivates a partnership between the state of Minnesota and local governments to develop integrated solid waste management systems. Due to the CAP funding formula, LGUs have the incentive to work together on regional projects. The MPCA's administration and oversight of the CAP grants help develop projects that are technically, institutionally, and financially sound.

Depending on project type, a single-county project may receive funding of 25% or 50% of eligible capital costs, up to a maximum of \$2 million. Multi-county projects can receive 25% or 50% 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% funding of eligible capital costs.

The following are examples of eligible costs:

- final design, engineering, and architectural plans;
- land and structures;
- waste processing equipment; and
- on-site roads, parking areas and landscaping.

Capital Assistance Program

Integrated Solid Waste Systems. Minnesota’s authority to control the flow of mixed municipal solid waste was restored by an April 2007 Supreme Court decision (Oneida-Herkiemer). The Court reinstated the authority of LGUs to direct trash haulers to use specific facilities. In its 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, (M.S. §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.

CAP Project Needs (Amounts in 000s)

<u>FY 2012-13</u>	<u>Project Type</u>	<u>Total Capital Cost</u>	<u>Applicant’s Capital Cost</u>	<u>CAP Grant</u>
Northwest	Transfer station / recycling facilities	\$3,000	\$1,100	\$1,900
Northeast	Composting / reuse	200	100	100
Southwest	Transfer station / recycling facilities	9,500	4,500	5,000
Southeast	Resource recovery	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>
	Subtotals	\$14,700	\$6,700	\$8,000

Impact on Agency Operating Budgets (Facilities Notes)

Existing MPCA staff administering the CAP grant program are funded through the Environmental Fund. This bonding request does not affect MPCA’s annual operating budget.

Previous Appropriations for this Project

2011 SS, Ch. 12	\$0.55 million
2010, Chapter 189	5.08 million
2006, Chapter 258	4.00 million
2005, Chapter 20	4.00 million
2002, Chapter 393	1.15 million
2000, Chapter 492	2.20 million
1999, Chapter 220	3.00 million
1998, Chapter 404	3.50 million
1996, Chapter 463	3.00 million
1994, Chapter 643	3.00 million
1992, Chapter 558	2.00 million
1990, Chapter 610	7.00 million
1987, Chapter 400	4.00 million
1985, Chapter 15	11.40 million
1980, Chapter 564	<u>8.80 million</u>
	\$62.68 million

Other Considerations

The CAP program is administered to encourage local communities to develop feasible and prudent alternatives to waste disposal. The development of 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 agency is currently conducting a formal Integrated Solid Waste Management Stakeholder Process. The process will shape future CAP policy and funding recommendations.

Capital Assistance Program**Project Contact Person**

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Governor's Recommendations

The Governor recommends general obligation bonding of \$5.6 million for this request.

Pollution Control Agency

Project Detail

Capital Assistance Program

(\$ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
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	62,680	14,700	14,700	14,700	106,780
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
TOTAL	62,680	14,700	14,700	14,700	106,780

CAPITAL FUNDING SOURCES	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
State Funds :					
G.O Bonds/State Bldgs	62,680	8,000	8,000	8,000	86,680
State Funds Subtotal	62,680	8,000	8,000	8,000	86,680
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	155,384	6,700	6,700	6,700	175,484
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	218,064	14,700	14,700	14,700	262,164

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
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
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	8,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
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 2017

Coal Tar Ponds

2012 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 3 of 3

PROJECT LOCATION:

Project At A Glance

A grant program for the management of Polycyclic Aromatic Hydrocarbons (PAH)-contaminated sediments in municipal stormwater ponds.

Project Description

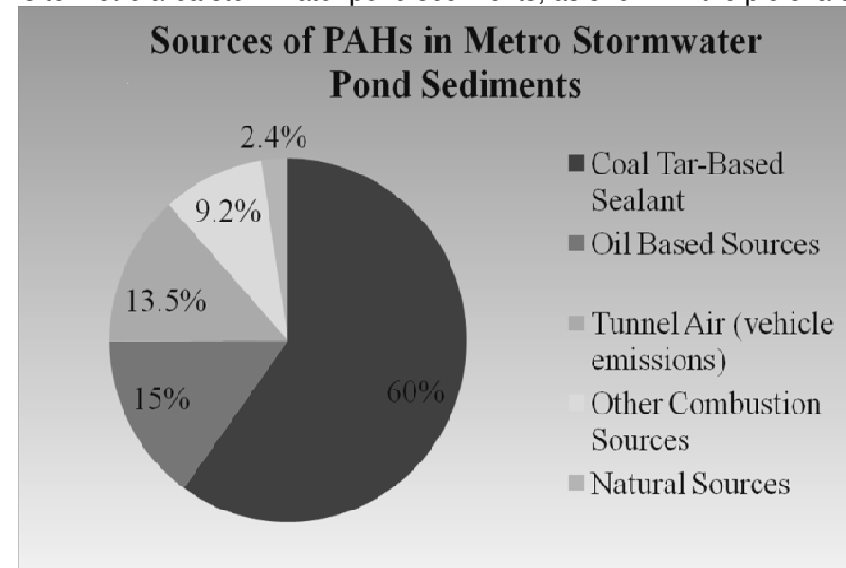
The MPCA is requesting \$5.0 million for grants to cities to manage sediments in stormwater ponds that are contaminated with polycyclic aromatic hydrocarbons (PAH). Eligible municipalities will apply for grant assistance, up to \$250,000 per pond, to fund the costs to remove contaminated sediments and enable the stormwater ponds to again function as designed and built for stormwater management and flood control. The state grants will require a 50 percent match from non-state funding sources.

PAHs are accumulating in stormwater pond sediments. The contaminated material requires special handling and disposal, a significant financial burden on municipalities in maintaining the operating condition of stormwater ponds. Stormwater ponds that are not optimally maintained lose their ability to filter sediments and buffer the risk to water quality, hold excess stormwater runoff, and protect homes and community infrastructure from flood events.

PAH contamination is associated with the runoff from specific sealcoat usage. Sealcoats are found in two basic varieties: coal tar-based and asphalt-based. Coal tar-based sealcoat products have much higher concentrations of PAHs than the asphalt products. Research from the U.S. Geological Survey (USGS) and the University of New Hampshire Stormwater Center concluded that coal tar-based sealants are an important source of PAHs to urban waterways. MPCA research conducted on 15 metro area stormwater ponds was consistent with the findings of the national USGS (peer-reviewed) study.

In May 2009, the Minnesota Legislature acted to limit the use of coal tar sealants. Their action encouraged cities to adopt ordinances restricting the use of coal tar sealants and offered grants to cities to implement best management practices to treat or clean up contaminated sediments in stormwater ponds. Funding from this bond request will continue that effort through an existing grant program for eligible municipalities (municipalities with restrictive ordinances).

The MPCA used environmental forensic techniques to determine sources of PAHs to metro area stormwater pond sediments, as shown in the pie chart.



Impact on Agency Operating Budgets (Facilities Notes)

The MPCA will use staff resources funded through its operating budget to provide technical assistance to municipalities. The technical assistance includes the development and implementation of city ordinances and best management practices; proper handling of PAH-contaminated sediments; and oversight of the grants for stormwater pond sediment management.

Coal Tar Ponds

Previous Appropriations for this Project

Bonding has not been requested or previously authorized for this purpose.

Other Considerations

More than 11 Minnesota cities have adopted a coal tar sealcoat ban. However, the resources authorized in 2009 only funded grants to three (3) cities. Many more cities are expected to limit the use of coal tar sealants. The high cost of treating or disposing of contaminated pond sediments is a strong disincentive for cities to remove sediments from stormwater ponds and maintain this important infrastructure.

Project Contact Person

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Governor's Recommendations:

The Governor recommends general obligation bonding of \$2.788 million for this request.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
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	0	5,000	0	0	5,000
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
TOTAL	0	5,000	0	0	5,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	5,000	0	0	5,000
State Funds Subtotal	0	5,000	0	0	5,000
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
TOTAL	0	5,000	0	0	5,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
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
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	5,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
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