

Pollution Control Agency

Projects Summary
(\$ in Thousands)

Project Title	2010 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations	Governor's Planning Estimate	
		2010	2012	2014	Total		2010	2012
Closed Landfill Bonding	1	\$16,250	\$26,500	\$20,000	\$62,750	\$10,000	\$10,000	\$10,000
Capital Assistance Program	2	6,000	8,000	8,000	22,000	4,000	4,000	4,000
Total Project Requests		\$22,250	\$34,500	\$28,000	\$84,750	\$14,000	\$14,000	\$14,000

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 FY 2010-11 totals \$366.1 million. The mix of funding is six percent general, 35 percent environmental, 21 percent remediation, 14 percent clean water, 12 percent federal and 12 percent other sources.

Contact

For more information, contact: Tim Scherkenbach, Acting Deputy Commissioner, at (651) 757-2020.

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

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 2008, 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 2008 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.

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 2008 the MPCA reported that future state obligations relating to eligible closed landfills are projected at \$221 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 2010 – FY 2014. 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.

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, MPCA's 2007 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 2010. 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 2012 and 2014, 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.

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

The 2005 Legislature appropriated \$4 million for CAP with language that directed \$2 million for a grant to the city of Red Wing for construction of an upfront materials recovery facility at its existing waste-to-energy facility and \$2 million for a grant to Olmsted County for the 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 is working to receive approval on its final application for \$2.8 million for an expansion of capacity at its existing facility by separating its two waste combustion units and adding a second boiler and air pollution control system.

CLP Funding

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 in July 2001 resulting from legislative action in 2000 that required the Commissioner of Minnesota Management and Budget 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 bond authorizations have included \$20.5 million in 2001, \$10 million in 2002, \$10 million in 2005 and \$7.15 million in 2006, for a total of \$81.05 million since 1994.

Closed Landfill Bonding

2010 STATE APPROPRIATION REQUEST: \$16,250,000

AGENCY PROJECT PRIORITY: 1 of 2

PROJECT LOCATION: Statewide

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 \$16.25 million to design and construct remediation projects at publicly-owned state-permitted closed solid waste landfills throughout Minnesota. These construction projects include improving landfill covers, relocating waste materials, and installing landfill gas mitigation and groundwater 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 in the Remediation Fund and the resources transferred annually from the Environmental Fund to the Remediation Fund.

The CLP has prepared a project plan that includes all currently known remediation construction project needs. The project plan for FY 2010 includes construction at two high priority sites – Washington County and Western Lake Superior Sanitary District (WLSSD) – and work at three

smaller sites. Work at these five sites will continue or begin in FY 2010 without funding from this bond request.

However, construction work at Washington County, WLSSD and seven additional landfill sites as shown on the remediation project plan in FY 2011 is dependent on new funding under this capital bond request.

Funding from the two other sources, insurance recovery receipts and the Environmental Fund, will not be available for these remediation construction projects. The majority of insurance recovery money has already been identified and deposited to the Remediation Fund through the end of FY 2009. The amount of resources able to be transferred from the Environmental Fund in FY 2010-11 is capped at \$40 million, a condition written in 2009 session law, chapter 37. Given the cap on the transfer of resources from the Environmental Fund, \$13.1 million is available from the Remediation Fund in FY 2010 to fund remediation construction projects and no funding is available for this purpose in FY 2011. Therefore, the need for new funding from this capital bonding request becomes urgent beginning in FY 2011.

During the time period FY 2010 through FY 2013 remediation construction is planned at 14 separate landfill sites. With one exception noted below under Other Considerations, this work would conclude the major remedial construction activity of the CLP.

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 does not affect the MPCA's operating budgets.

Closed Landfill Bonding

Previous Appropriations for this Project

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, 1 st SS, Chapter 12	20.50 million
L94, Chapter 639	90.00 million
L94 authorization later reduced	<u>(56.62 million)</u>
 Total appropriated:	 \$ 87.18 million

Governor’s Recommendation

The Governor recommends general obligation bonding of \$10 million for this project. Also included are budget planning estimates of \$10 million in each of 2012 and 2014.

Other Considerations

At the time of this bonding request one closed landfill site remains in private ownership. Capital bond funding may not be used at a site that is not publicly owned. The MPCA is negotiating with the owners of the Freeway Landfill site in Burnsville. The MPCA’s estimate of construction cost at this site is \$46.5 million. The MPCA’s planning estimates for bond funding in 2012 and 2014 reflect the potential for this site to come under public ownership, thus becoming eligible for the project to be funded by bond proceeds.

Project Contact Person

Jeff Lewis
 Manager, Closed Landfill Program
 Remediation Division
 Minnesota Pollution Control Agency
 520 Lafayette Road North
 St. Paul, Minnesota 55155-4194
 Phone: (651) 297-8505
 Email: jeff.lewis@pca.state.mn.us

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2010-11	FY 2012-13	FY 2014-15	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	7,988	810	1,300	0	10,098
4. Project Management	0	0	0	0	0
5. Construction Costs	79,189	15,440	25,200	20,000	139,829
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	87,177	16,250	26,500	20,000	149,927

CAPITAL FUNDING SOURCES	Prior Years	FY 2010-11	FY 2012-13	FY 2014-15	TOTAL
State Funds :					
G.O Bonds/State Bldgs	87,177	16,250	26,500	20,000	149,927
State Funds Subtotal	87,177	16,250	26,500	20,000	149,927
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	87,177	16,250	26,500	20,000	149,927

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2010-11	FY 2012-13	FY 2014-15	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	16,250	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 2015

Capital Assistance Program

2010 STATE APPROPRIATION REQUEST: \$6,000,000

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 government units (LGUs) for implementing integrated solid waste management systems. Integrated solid waste management systems require infrastructure that is basic public assets to Minnesota.

Project Description

This request is for \$6.0 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. chapter 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 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 associated with 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.

The following are examples of eligible projects:

- ◆ recycling facilities;
- ◆ composting facilities;
- ◆ waste-to-energy facilities;
- ◆ transfer stations that 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, a significant incentive exists for LGUs 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 percent of eligible capital costs, up to a maximum of \$2 million. Multi-county projects may receive 25 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.

The following are examples of eligible costs:

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

Project Needs

(Amounts in 000’s)

FY 2010-11	Project Type	Estimated Total Capital Cost	Estimated Applicant's Capital Cost	Estimated CAP Grant
Metro	Household Hazardous Waste	\$ 9,710	\$ 8,710	\$ 1,000
Northwest	Transfer Station / Recycling Facility	1,000	250	750
Southwest	Transfer Station	1,000	250	750
West Central	W-to-E upgrade and expansion	19,411	16,911	2,500
Northwest	Upfront Recycling Facility	2,000	1,000	1,000
	Subtotal	\$33,121	\$27,121	\$ 6,000

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 operating budget.

Previous Appropriations for this Program

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>
	\$ 57.05 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. This process will shape future CAP policy and funding recommendations.

Capital Assistance Program**Project Contact Person**

Rick Patraw, Manager
Prevention and Assistance Division
Minnesota Pollution Control Agency
520 Lafayette Road North
Saint Paul, Minnesota 55155-4194
Phone: (651) 757-2640
Fax: (651) 215-0246
Email: Rick.Patraw@state.mn.us

Governor's Recommendation

The Governor recommends general obligation bonding of \$4.0 million for this project. Also included are budget planning estimates of \$4.0 million in each of 2012 and 2014.

Pollution Control Agency

Project Detail

Capital Assistance Program

(\$ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2010-11	FY 2012-13	FY 2014-15	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	57,050	6,000	8,000	8,000	79,050
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	57,050	6,000	8,000	8,000	79,050

CAPITAL FUNDING SOURCES	Prior Years	FY 2010-11	FY 2012-13	FY 2014-15	TOTAL
State Funds :					
G.O Bonds/State Bldgs	57,050	6,000	8,000	8,000	79,050
State Funds Subtotal	57,050	6,000	8,000	8,000	79,050
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	128,263	27,121	36,365	36,365	228,114
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	185,313	33,121	44,365	44,365	307,164

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2010-11	FY 2012-13	FY 2014-15	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	6,000	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 2015