

Project Title	2006 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2006	Governor's Planning Estimate	
		2006	2008	2010	Total		2008	2010
Capital Assistance Program	1	\$20,000	\$10,000	\$9,000	\$39,000	\$0	\$0	\$0
Total Project Requests		\$20,000	\$10,000	\$9,000	\$39,000	\$0	\$0	\$0

Capital Assistance Program

2006 STATE APPROPRIATION REQUEST: \$20,000,000

AGENCY PROJECT PRIORITY: 1 of 1

PROJECT LOCATION:

Project At A Glance

The solid Waste Processing Facilities Capital Assistance Program (CAP) provides technical assistance and financial incentives to local governmental units (LGUs) implementing integrated solid waste management systems. Integrated solid waste management systems require new infrastructure that are basic public assets to Minnesota.

Project Description

The purpose of this program is to provide \$20,000,000 in 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.

A goal of both the Minnesota Waste Management Act and the Minnesota Office of Environmental Assistance (OEA) is to have an integrated waste management system serving all of Minnesota. Since 1985, CAP grants have funded only 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, the OEA provides technical assistance to LGUs to address the 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 resource recovery.

Examples of eligible projects are:

- ◆ 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 in order to meet the needs of expanded regions, and
- ◆ special waste streams (i.e., household hazardous waste).

Depending on the 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 cooperative 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.

Following are examples of eligible costs:

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

Capital Assistance Program

The following list identifies potential project development and construction over the next six years.

<u>2006-07</u>	<u>Project Type</u>	<u>Total Capital Costs</u>	<u>Applicant's Capital Cost</u>	<u>CAP Grant</u>
Lamberton	W-to-E/MRF	\$37,000,000	\$22,000,000	\$15,000,000
Perham	Upfront MRF	6,000,000	3,000,000	3,000,000
Washington	HHW	2,000,000	1,000,000	1,000,000
Ramsey	HHW	<u>2,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	Subtotal	\$47,000,000	\$27,000,000	\$20,000,000
<u>2008-09</u>				
Tri-County (BBS)	Wste-to-Energy	\$87,500,000	\$81,500,000	\$6,000,000
Olmsted	Upfront MRF	<u>8,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
	Subtotal	\$95,500,000	\$85,500,000	\$10,000,000
<u>2010-11</u>				
North West MN	Processing	\$10,000,000	\$7,000,000	\$3,000,000
No. Central MN	Processing	10,000,000	7,000,000	3,000,000
West Central	Processing	<u>10,000,000</u>	<u>7,000,000</u>	<u>3,000,000</u>
	Subtotal	\$30,000,000	\$21,000,000	\$9,000,000

Impact on Agency Operating Budgets (Facilities Notes)

The continued funding of the CAP grant program will have no impact on the OEA's operating costs.

Previous Appropriations for this Project

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	<u>8.80 million</u>
	\$53.05 million

Other Considerations

Without the CAP program's technical and financial assistance, many local governments will not move forward in developing a solid waste management infrastructure. For many local governments, developing an integrated solid waste management system is a complex, controversial and expensive endeavor.

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. The OEA's administration and oversight of the CAP grants help to develop projects that are technically, institutionally, and financially sound.

Glossary:

HHW: Household Hazardous Waste

LGUs: Local Governmental Units

MSW: mixed solid waste

Processing: MSW recovery through W-to-E, composting, etc.

Upfront MRF: recycling/fuel cleaning at a W-to-E facility prior to processing.

W-to-E: waste-to-energy facility

Capital Assistance Program**Project Contact Person**

Mary Palmer, Supervisor
Financial Assistance and Budgeting
Office of Environmental Assistance
520 Lafayette Road North, Second Floor
St. Paul, Minnesota 55155-4100
Phone: (651) 215-0238
Fax: (651) 215-0246
E-mail: Mary.Palmer@moea.state.mn.us

Mary James, Grants Specialist Coordinator
Financial Assistance and Budgeting
Office of Environmental Assistance
520 Lafayette Road North, Second Floor
St. Paul, Minnesota 55155-4100
Phone: (651) 215-0194
Fax: (651) 215-0246
E-mail: Mary.James@moea.state.mn.us

Governor's Recommendations (To be completed by the Department of Finance at a later date)