

Pollution Control Agency

Projects Summary
(\$ in Thousands)

Project Title	2010 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2010	Governor's Planning Estimate	
		2010	2012	2014	Total		2012	2014
Capital Assistance Program		\$14,105	\$28,000	\$36,000	\$78,105	\$0	\$0	\$0
Closed Landfill Bonding		18,250	31,500	20,950	70,700	0	0	0
Total Project Requests		\$32,355	\$59,500	\$56,950	\$148,805	\$0	\$0	\$0

Capital Assistance Program

2010 STATE APPROPRIATION REQUEST: \$14,105,000

AGENCY PROJECT PRIORITY:

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 government 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 \$14.105 million for capital assistance grants to local governments for the construction of solid waste resource recovery facilities. The 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 (MS 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% of eligible capital costs, up to a maximum of \$2 million. Multi-county projects may 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, and landscaping.

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

Capital Assistance Program

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 (MS §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 (MS §115A.94) requires counties to use an orderly and deliberate process to promulgate solid waste flow control.

The MPCA estimates that as many as 10 projects would be ready for construction in the next 4 years.

(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	\$ 7,710	\$ 2,000
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	\$ 9,806	\$ 9,605
Northwest	Upfront Recycling Facility	\$ 2,000	\$ 1,000	\$ 1,000
Subtotal		\$33,121	\$19,016	\$14,105

<u>FY 2012-13</u>				
Metro South	Processing	\$375,000	\$369,000	\$ 6,000
Metro Core	Processing	\$375,000	\$367,000	\$ 8,000
Central Minnesota	Processing	\$ 62,500	\$ 56,500	\$ 6,000
North East Minnesota	Processing	\$ 75,000	\$ 67,000	\$ 8,000
Subtotal		\$887,500	\$859,500	\$ 28,000

<u>FY 2014-15</u>				
South Central	Processing	\$ 62,500	\$ 56,500	\$ 6,000
North Central	Processing	\$ 62,500	\$ 52,500	\$ 10,000
South West Minnesota	Processing	\$ 62,500	\$ 42,500	\$ 20,000
Subtotal		\$187,500	\$151,500	\$ 36,000

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.

Capital Assistance Program

Previous Appropriations for this Program

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	<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.

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
E-mail: Rick.Patraw@state.mn.us

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

Closed Landfill Bonding

2010 STATE APPROPRIATION REQUEST: \$18,250,000

AGENCY PROJECT PRIORITY:

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

This request for \$18.25 million to design and construct landfill remedial systems (covers, landfill gas mitigation, waste relocation and groundwater treatment systems) at publicly-owned, state-permitted, closed, mixed municipal solid waste landfills throughout Minnesota.

The 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. Currently, 112 landfills are qualified under the Closed Landfill Program (CLP). Bonding was intended to be one of the three major funding sources for the closed landfill cleanup program. The other two are the solid waste tax and insurance recovery.

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 June 30, 1996; 2) \$35 million by June 30, 1998; 3) \$55 million by June 30, 2000; and 4) \$75 million by June 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 \$56.6 million in unused bonds previously authorized for closed landfill cleanup construction.

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.

Previous Appropriations for this Project

L94, Chapter 639	\$90.00 million*
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
*MMB cancelled \$56.6 million of this appropriation	

Other Considerations

Two landfill sites currently in private ownership, and therefore outside the state Closed Landfill Program, will require remediation as construction projects. These sites are the Freeway Landfill in Burnsville and the Flying Cloud Landfill in Eden Prairie. Construction estimates for these two sites are \$46.5 million and \$13.350 million respectfully, a total construction cost of nearly \$60 million. The MPCA is currently in negotiations with the owners of each site. The MPCA's planning estimates for 2012 and 2014 reflect the potential for these sites to come under public ownership and eligibility for construction bond funding.

Closed Landfill Bonding

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
E-mail: jeff.lewis@pca.state.mn.us

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