

Project Title	2008 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2008	Governor's Planning Estimate	
		2008	2010	2012	Total		2010	2012
Closed Landfill Program	1	\$27,800	\$0	\$0	\$27,800			
Capital Assistance Program	2	10,981	10,000	20,000	40,981			
<b>Total Project Requests</b>		<b>\$38,781</b>	<b>\$10,000</b>	<b>\$20,000</b>	<b>\$68,781</b>			

## Closed Landfill Program

**2008 STATE APPROPRIATION REQUEST:** \$27,800,000

**AGENCY PROJECT PRIORITY:** 1 of 2

**PROJECT LOCATION:** 15 closed landfills statewide

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.

**Project At A Glance**

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

**Project Description**

This request for \$27.8 million to design and construct landfill remedial systems (cover, landfill gas mitigation, and ground water treatment systems), to construct four landfill gas-to-energy systems at publicly owned, state-permitted, closed, mixed municipal solid waste landfills throughout Minnesota and to acquire 6.7 acres of land to buffer closed landfills for public safety reasons.

MPCA is authorized under the Landfill Cleanup Act (M.S. 115B.39) to initiate cleanups, complete closures, and take over the long-term operation and maintenance in perpetuity. Currently, 112 landfills are qualified under the Closed Landfill Program (CLP). This bonding authority 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

**Closed Landfill Program**

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 the unused bonds that were earmarked for closed landfill cleanup construction.

In 2001, 2002, 2005 and 2006, the legislature authorized \$20.5 million, \$10 million, \$10 million, and \$7.15 million respectively to meet MPCA's construction needs through FY 2008. However, the MPCA estimates that an additional \$27.8 million is needed to complete remedial construction at 12 sites in FYs 2009-10 and to construct landfill gas-to-energy systems at four state owned closed landfills. Authorizing the \$27.8 million in bonds will allow MPCA to complete the remedial construction at publicly owned landfills, meeting the list of known outstanding needs at these sites.

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

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

**Previous Appropriations for this Project**

L94, Chapter 639	
L01, 1SS, Chapter 12	\$20.50 million
L02, Chapter 393	10.00 million
L05, Chapter 20	10.00 million
L06, Chapter 258	7.15 million

**Other Considerations**

In August 2006, MPCA estimated the cost of future state obligations relating to eligible closed landfills at \$197 million. These financial obligations are based on needed remedial construction, and operation and maintenance of these systems.

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**Governor's Recommendations**

**Capital Assistance Program**

**2008 STATE APPROPRIATION REQUEST:** \$10,981,000

**AGENCY PROJECT PRIORITY:** 2 of 2

**PROJECT LOCATION:** Statewide

**Project At A Glance**

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

**Project Description**

This request is for \$10,981,000 for capital grants to local governments for the construction of solid waste resource recovery facilities.

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

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

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

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

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

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 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 and structures;
- ◆ waste processing equipment; and
- ◆ on-site roads, parking, and landscaping.

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

**Capital Assistance Program**

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

Minnesota’s solid waste objectives, as outlined in the Waste Management Act, (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 following list identifies potential capital project development and construction estimated over the next six years. Two applications totaling \$10,981,000 million, have been received for FY 2008-09 CAP funding.

<u>FY 2008-09</u>	<u>Project Type</u>	<u>Total Capital Cost</u>	<u>Applicant’s Capital Cost</u>	<u>CAP Grant</u>
Hennepin	HHW	\$10,292,000	\$ 8,292,000	\$ 2,000,000
Pope/Douglas	W-to-E upgrade and expansion	\$18,164,500	\$ 9,183,250	\$ 8,981,000
	Subtotal	\$ 28,456,500	\$ 17,475,250	\$10,981,000
<u>FY 2010-11</u>				
North West Minnesota	Processing	\$ 20,000,000	\$ 15,000,000	\$ 5,000,000
North Central Minnesota	Processing	\$ 20,000,000	\$ 15,000,000	\$ 5,000,000
	Subtotal	\$ 40,000,000	\$30,000,000	\$ 10,000,000
<u>FY 2012-13</u>				
West Central Minnesota	Processing	\$ 20,000,000	\$ 15,000,000	\$ 5,000,000
South West Minnesota	Processing	43,000,000	28,000,000	15,000,000
	Subtotal	\$ 63,000,000	\$43,000,000	\$ 20,000,000

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

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

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

Project development activities include planning, feasibility studies, waste composition analysis, institutional arrangements, and inter-county agreements. Project implementation and sustainability activities include implementing plans, assistance during construction, equipment selection,

**Capital Assistance Program**

shakedown and acceptance, marketing of materials and/or energy, and operational and compliance issues.

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

**Previous Appropriations for this Project**

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

**Other Considerations**

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

**Glossary:**

HHW Household Hazardous Waste

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**Governor's Recommendation**