

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 | \$9,400 | \$30,000 | \$20,000 | \$59,400 | \$0 | \$0 | \$0 |
| Capital Assistance Program | 2 | 8,000 | 8,000 | 8,000 | 24,000 | 0 | 0 | 0 |
| Total Project Requests | | \$17,400 | \$38,000 | \$28,000 | \$83,400 | \$0 | \$0 | \$0 |

Closed Landfill Program

2012 STATE APPROPRIATION REQUEST: \$9,400,000

AGENCY PROJECT PRIORITY: 1 of 2

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 \$9.4 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.

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

Capital Assistance Program

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

AGENCY PROJECT PRIORITY: 2 of 2

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. 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 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. Ch. 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. Sec. 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 (To be completed by MMB at a later date)