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↻ Designates that this item is a change item



January 27, 2009

To the 2009 Minnesota Legislature:

On behalf of Governor Pawlenty, I am pleased to submit FY 2010-11 budget recommendations for the Minnesota Pollution Control Agency (MPCA). This budget includes \$20.7 million in appropriations from the General Fund, \$133.0 million from the Environmental Fund, \$78.7 million from the Remediation Fund, \$44.0 million in federal funds, \$37.2 from the new Clean Water Fund, and \$42.3 million from other sources for a total biennial budget of \$355.4 million. In its budget plan, the MPCA identified a number of program reductions, including a 10 percent base reduction in requested appropriations from the General Fund.

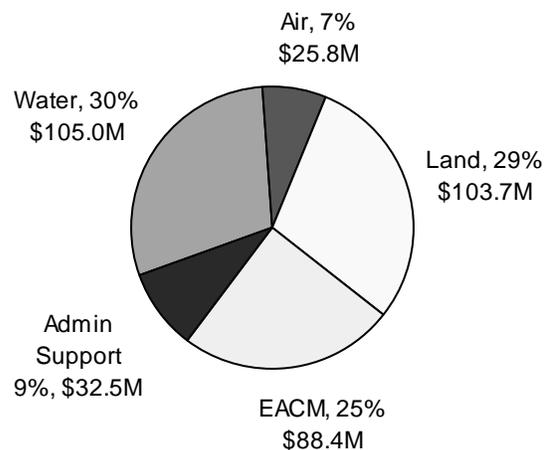
The MPCA's FY2010-2011 \$355.4 million budget is organized into five programs: Water, Air, Land, Environmental Assistance and Cross Media (EACM), and Administrative Support. The Water, Air and Land Programs represent the three environmental media. EACM includes activities that cross and integrate the three environmental media by providing assistance and prevention opportunities, providing scientific monitoring and technical support, building partnerships, providing training and certification programs, and educating citizens on environmental issues. Administrative Support enables the delivery of program activities by the other agency programs.

In addition to the Agency's traditional programs and regulatory strategies, programs designed to foster prevention are critical to protecting and improving the environment. The MPCA is now a reliable source of data and a problem-solving partner with stakeholders. The MPCA's recent change in its mission statement to: *working with Minnesotans to protect, conserve and improve our environment and enhance our quality of life*, clearly articulates this idea.

To fulfill this mission the MPCA has adopted these principles:

- Focus on priorities and manage for environmental results;
- Actively partner to leverage knowledge, ideas and resources;
- Rely on data for decisionmaking;
- Integrate environmental, economic and social sciences when developing environmental policy; and,
- Strive for excellence and innovation in service delivery.

FY2010-2011 Governor's Recommended Budget



The activities associated with the following parts of the MPCA's vision have the effect of bringing the mission statement to life:

Minnesotans take responsibility to protect our environment. Many core regulatory functions seek partnerships that leverage state and local government resources. The MPCA has developed partnerships with local governments to implement septic system requirements, provide assistance and enforce feedlot regulations, monitor stormwater protection practices at construction sites, and to accomplish non-regulatory functions such as assessing, protecting and restoring surface waters.

Minnesota's air is clean and clear. The MPCA maintains a stable point source air emission permitting program, a core regulatory function. The MPCA also maintains an active air monitoring system that provides information on toxics present in the air and issues air alerts when pollutants reach unhealthy levels for some citizens.

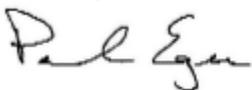
Minnesota's land promotes healthy ecosystems and sustainable land use. The MPCA maintains a permitting program for municipal and industrial solid waste landfills and a program to recover and reuse waste materials. The MPCA coordinates the cleanup of spills and contaminated sites and directs investigations into potentially contaminated sites. The MPCA's Emergency Response, Brownfields, Closed Landfill, Petroleum Remediation and Superfund/RCRA programs enable the Agency to take the lead on investigations and cleanups.

Minnesota has clean, sustainable surface and ground water. The MPCA protects the waters of the state through its core regulatory functions such as permitting of municipal and industrial point source wastewater dischargers. Total Maximum Daily Loads (TMDLs) determinations are required for all surface waters identified as not meeting water quality standards.

The MPCA achieves excellence in operations. The MPCA continues to make significant investment in gathering data through its regulatory, assistance, and assessment programs. Making data accessible and useful is critical to advancing the Agency's environmental mission. The MPCA strives to improve internal operations and business processes using specific tools such as Six Sigma practices and LEAN. The MPCA has also focused efforts on leadership development through a Leadership Academy, now in its second year.

The Governor's recommended budget for FY2010-11 supports the MPCA's highest priorities. The Agency will continue to build the foundation established during the last three years in assessing the waters of the state and developing TMDL reports to meet federal and state clean water objectives. In addition, the MPCA will advance strategies to reduce greenhouse gas emissions and maintain Minnesota's air quality. The MPCA must maintain its core regulatory programs to ensure that air, water and waste standards, regulations and priorities are met. The MPCA will build upon past successes in these areas to keep pace with the changing face of environmental protection and restoration.

Sincerely,



Temporary Commissioner

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 desired 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.
- ◆ 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

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 combine the three major media. Administrative Support, the fifth budget program, encompasses the support services that enable efficient program delivery.

The Commissioner's Office sets the strategic direction for MPCA and provides an essential link to stakeholders and partners. In addition, the agency is organized into eight divisions. Programs and services are managed and delivered through MPCA 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 behaviors, technologies, and products. First Link staff answers regulatory and environmental questions from businesses and citizens. Community development staff builds partnerships with community leaders on green development and sustainability. The Information Systems Office manages telecommunications, desktop and Web services, and MPCA's information systems infrastructure.

At A Glance

- ◆ Leverage 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.
- ◆ Provide an innovative approach to conserving resources, reducing waste, and increasing recycling through the product stewardship program.
- ◆ Monitor more than 750 sites across the state to determine environmental conditions of air, surface waters, and ground water.
- ◆ Provide resources to local units of government to reduce waste generation and improve the cost effectiveness of recycling, composting and recovery programs.
- ◆ Perform permitting, inspection, compliance determination, and enforcement actions at sites and facilities whose operations impact the condition of air, water, and land.
- ◆ Oversee state-financed clean-up at 265 contaminated sites and oversight of an additional 3,000 sites.
- ◆ Train wastewater operators, landfill inspectors and household hazardous waste facility staff.

The Remediation Division is dedicated to cleaning up accidental spills that pollute the soil, water or air through its Emergency Response Section. Most other division remediation work is focused on 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, the Brownfield program for land redevelopment, and the voluntary investigation and cleanup program.

The Regional Division provides for environmental problem solving at the local level. The Division is focused on building local capacity to restore and improve the environment. Water quality programs specifically include feedlots, basin management, and other efforts that target nonpoint source pollution. Staff also completes environmental review, disburses clean water partnership grants, and completes total maximum daily load (TMDL) plans and studies under 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 rule-making for petroleum storage tanks. Recent and significant growth prompted MPCA to form teams that focus on large ethanol/biofuels and mining projects.

The Municipal Division provides regulatory services to operators of publicly-owned wastewater treatment and stormwater facilities. Services are also provided to mixed municipal landfills and transfer stations. The rulemaking processes for water and waste programs also fall within the scope of responsibilities for this division.

The new Data Performance Management Division, created in August 2008, will implement data and performance management systems. The Division's focus is on creating an accessible and useful data management system; deploying a continuous improvement effort that extends MPCA's capability to address environmental work; leading organizational development; and advancing adoption of environmentally sustainable practices to reduce MPCA's environmental footprint, and influence other agencies to do likewise.

The Operational Support Division oversees MPCA's financial management and its business operations (vehicle fleet, equipment and supplies, facilities and leasing, mail and shipping). Further, the Division provides essential support through human resource management and communication services. Division staff is mainly located in St. Paul, though 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 2008-09, including the changes signed into law in 2008, totaled \$344.6 million. The mix of funding is 16% general fund, 38% environmental fund, 23% remediation fund, 12% federal and 10% other sources. This includes one-time biennial funding of \$31.4 million from the general fund and \$8.4 million from the environmental fund.

Contact

For more information, contact: Paul Eger, MPCA Deputy Commissioner, at (651) 296-7319.

In addition, visitors can learn more about environmental issues at www.pca.state.mn.us such as pollution prevention, reuse, recycling, responsible waste management, 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.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	850	850	850	1,700
Recommended	0	850	0	0	0
Change		0	(850)	(850)	(1,700)
% Biennial Change from 2008-09					-100%
General					
Current Appropriation	44,293	12,029	12,029	12,029	24,058
Recommended	44,293	12,029	10,341	10,341	20,682
Change		0	(1,688)	(1,688)	(3,376)
% Biennial Change from 2008-09					-63.3%
Petroleum Tank Release Cleanup					
Current Appropriation	1,000	0	0	0	0
Recommended	1,000	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2008-09					-100%
State Government Spec Revenue					
Current Appropriation	48	48	48	48	96
Recommended	48	48	48	48	96
Change		0	0	0	0
% Biennial Change from 2008-09					0%
Environmental					
Current Appropriation	62,425	62,622	62,622	62,622	125,244
Recommended	62,425	62,622	63,359	63,619	126,978
Change		0	737	997	1,734
% Biennial Change from 2008-09					1.5%
Remediation Fund					
Current Appropriation	11,016	11,086	11,086	11,086	22,172
Recommended	11,016	11,086	11,086	11,086	22,172
Change		0	0	0	0
% Biennial Change from 2008-09					0.3%
Clean Water Fund					
Current Appropriation	0	0	0	0	0
Recommended	0	0	12,913	24,325	37,238
Change		0	12,913	24,325	37,238
% Biennial Change from 2008-09					n.m.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	107	850	0	0	0
General	25,838	28,684	10,341	10,341	20,682
State Government Spec Revenue	48	48	48	48	96
Environmental	60,781	64,273	63,359	63,619	126,978
Remediation Fund	10,192	11,406	11,086	11,086	22,172
Clean Water Fund	0	0	12,913	24,325	37,238
Statutory Appropriations					
Clean Water Revolving Fund	7,397	4,325	3,724	3,724	7,448
State Government Spec Revenue	1	2	2	2	4
Miscellaneous Special Revenue	17,253	22,123	16,068	16,231	32,299
Federal	23,460	24,152	22,056	22,034	44,090
Environmental	2,819	3,261	3,013	3,013	6,026
Remediation Fund	27,068	26,134	28,202	28,294	56,496
Gift	664	2,109	1,371	1,030	2,401
Total	175,628	187,367	172,183	183,747	355,930
<u>Expenditures by Category</u>					
Total Compensation	69,759	71,690	75,038	76,245	151,283
Other Operating Expenses	68,313	76,444	66,374	72,324	138,698
Capital Outlay & Real Property	2	10	158	3,008	3,166
Local Assistance	30,890	35,321	26,909	28,466	55,375
Other Financial Transactions	6,664	3,902	3,052	3,052	6,104
Transfers	0	0	652	652	1,304
Total	175,628	187,367	172,183	183,747	355,930
<u>Expenditures by Program</u>					
Water	56,632	59,499	47,048	58,458	105,506
Air	13,119	14,117	12,817	12,951	25,768
Land	49,627	53,786	52,021	51,731	103,752
Ea And Cross-Media	39,451	41,258	44,193	44,193	88,386
Administrative Support	16,799	18,707	16,104	16,414	32,518
Total	175,628	187,367	172,183	183,747	355,930
Full-Time Equivalent (FTE)	918.2	958.7	963.3	963.3	

POLLUTION CONTROL AGENCY

Change Summary

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: ENVIRONMENT & NATURAL RESOURCE				
FY 2009 Appropriations	850	850	850	1,700
Technical Adjustments				
One-time Appropriations		(850)	(850)	(1,700)
Subtotal - Forecast Base	850	0	0	0
Total Governor's Recommendations	850	0	0	0
Fund: GENERAL				
FY 2009 Appropriations	12,029	12,029	12,029	24,058
Technical Adjustments				
Current Law Base Change		(500)	(500)	(1,000)
One-time Appropriations		(20)	(20)	(40)
Pt Contract Base Reduction		(18)	(18)	(36)
Subtotal - Forecast Base	12,029	11,491	11,491	22,982
Change Items				
General Fund Reduction	0	(1,150)	(1,150)	(2,300)
Total Governor's Recommendations	12,029	10,341	10,341	20,682
Fund: PETROLEUM TANK RELEASE CLEANUP				
FY 2009 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: STATE GOVERNMENT SPEC REVENUE				
FY 2009 Appropriations	48	48	48	96
Subtotal - Forecast Base	48	48	48	96
Total Governor's Recommendations	48	48	48	96
Fund: ENVIRONMENTAL				
FY 2009 Appropriations	62,622	62,622	62,622	125,244
Technical Adjustments				
One-time Appropriations		(4,200)	(4,200)	(8,400)
Subtotal - Forecast Base	62,622	58,422	58,422	116,844
Change Items				
Air Emissions Fees	0	167	427	594
Environmental Fund Resource Redirection	0	4,500	4,500	9,000
SSTS License Fees	0	270	270	540
Total Governor's Recommendations	62,622	63,359	63,619	126,978
Fund: REMEDIATION FUND				
FY 2009 Appropriations	11,086	11,086	11,086	22,172
Subtotal - Forecast Base	11,086	11,086	11,086	22,172
Total Governor's Recommendations	11,086	11,086	11,086	22,172
Fund: CLEAN WATER FUND				
FY 2009 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Change Items				
Clean Water Funding	0	12,913	24,325	37,238
Total Governor's Recommendations	0	12,913	24,325	37,238
Fund: CLEAN WATER REVOLVING FUND				

POLLUTION CONTROL AGENCY

Change Summary

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Planned Statutory Spending	4,325	3,724	3,724	7,448
Total Governor's Recommendations	4,325	3,724	3,724	7,448
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Planned Statutory Spending	2	2	2	4
Total Governor's Recommendations	2	2	2	4
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	22,123	16,068	16,231	32,299
Total Governor's Recommendations	22,123	16,068	16,231	32,299
<i>Fund: FEDERAL</i>				
Planned Statutory Spending	24,152	22,056	22,034	44,090
Total Governor's Recommendations	24,152	22,056	22,034	44,090
<i>Fund: ENVIRONMENTAL</i>				
Planned Statutory Spending	3,261	2,748	2,748	5,496
Change Items				
Continue E-Waste as Statutory Appropriat	0	265	265	530
Total Governor's Recommendations	3,261	3,013	3,013	6,026
<i>Fund: REMEDIATION FUND</i>				
Planned Statutory Spending	26,134	28,202	28,294	56,496
Total Governor's Recommendations	26,134	28,202	28,294	56,496
<i>Fund: GIFT</i>				
Planned Statutory Spending	2,109	1,371	1,030	2,401
Total Governor's Recommendations	2,109	1,371	1,030	2,401
<u>Revenue Change Items</u>				
<i>Fund: ENVIRONMENTAL</i>				
Change Items				
SSTS License Fees	0	270	270	540

POLLUTION CONTROL AGENCY

Change Item: Environmental Fund Resource Redirection

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
Environmental Fund				
Expenditures	\$4,500	\$4,500	\$5,000	\$5,000
Transfer Out	(400)	(6,900)	(4,000)	(4,000)
Remediation Fund				
Expenditures	0	0	0	0
Transfer In	(400)	(6,900)	(4,000)	(4,000)
Net Fiscal Impact	\$4,500	\$4,500	\$5,000	\$5,000

Recommendation

The Governor recommends net increased appropriations to the Minnesota Pollution Control Agency (MPCA) of \$4.5 million in each year of the biennium from the environmental fund to fund agency priority programs. The Governor also recommends that the transfer from the environmental fund to the remediation fund be reduced by \$400,000 in FY 2010, by \$6.9 million in FY 2011, and by \$4.0 million in future fiscal years.

Background

The MPCA's core regulatory non-remediation programs and activities are funded by appropriations from the environmental fund. The MPCA proposes to reallocate resources within the environmental fund and, above the level of reallocated resources, requests increased appropriations to fund a number of new and continuing program priorities. The proposed reallocations and new appropriations are listed below.

In addition to the net increase in direct appropriations listed in the table above, the MPCA proposes reducing by \$400,000 the amount transferred to the remediation fund in FY 2010 and decreasing the interfund transfer by \$6.9 million FY 2011. By decreasing the amount transferred annually to the remediation fund, the MPCA will limit expenditures on closed landfill construction, closed landfill operations and maintenance, and Superfund / MERLA. The decreased transfer to the remediation fund means more resources remain in the environmental fund's available fund balance.

The MPCA is requesting the following changes in the direct appropriations from the environmental fund.

- ◆ Reduce program spending by \$900,000 in each year of the biennium, and redirect the amount of the annual reduction to fund high priority program uses, as noted in the table above. MPCA is currently engaged in a review of programs and agency operations with the intent of identifying specific activities for elimination, consolidation, changes in program delivery and other operating efficiencies.
- ◆ Continue the appropriation of \$3.0 million in each of FY 2010 and FY 2011 for the regulatory services provided by the MPCA to the growing biofuels/ethanol, mining and other expanding economic sectors. Continued funding enables the MPCA to respond to requests for permit review and approvals in sectors where the applications are typically complex and require significant staff time. If funding is not continued, permitting in the developing economic sectors will be immediately impacted, and the MPCA's service levels and response time in all other permitting categories will experience noticeable decreases as well.
- ◆ Develop an air emissions database, a critical need as the EPA is shifting this responsibility to the state level, and the MPCA is currently assessing its long-term needs and implementation timetable. The MPCA plans to spend \$700,000 in FY2010 and \$700,000 in FY 2011 to develop and implement the new database.
- ◆ Use \$750,000 in each year of the biennium to position the agency to respond to federal action and court challenges relating to climate change.
- ◆ Commit \$450,000 in each year of the biennium to continue joint powers agreements (JPAs) with local governments as partners in the development and implementation of stormwater management plans and practices.

- ◆ Increase funding to county SCORE grants by \$500,000 in FY 2010 and FY 2011. The additional funding demonstrates the MPCA's continued support of Minnesota's recycling system; helps restore lost program elements; and continues the positive economic and environmental benefits associated with the recycling system in the 87 counties and in 1 additional sanitation district.

Relationship to Base Budget

Direct appropriations in the MPCA's base budget from the environmental fund are \$58.4 million in each year of the biennium. The MPCA's request for new direct appropriations from the environmental fund is an increase of about 7% in FY 2010 and FY 2011.

***Special Note:** Because the fund transfer between the environmental and remediation funds are fund level transfers, the impact of the reduced transfer is not reflected in the fiscal pages for this agency or program. The impact will be recognized in the Consolidated Fund Statement that is included in this Governor's budget book.*

Key Goals and Measures

- ◆ Number of construction stormwater inspections completed by Joint Power Associations and estimated reduction in contaminants to surface water;
- ◆ Number of pounds of material recycled;
- ◆ Amount of waste reduction achieved by local programs; and,
- ◆ Emission database development timelines met and turnover of data from federal government seamless.

Alternatives Considered

The available fund balance in the environmental fund in FY 2010 and FY2011 acted as the primary constraint. Each of the items associated with this increased appropriation request could have been delayed, reduced or omitted. However, each item in the table carries a level of program urgency that made its inclusion the best decision.

Statutory Change: None needed.

POLLUTION CONTROL AGENCY

Change Item: General Fund Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(1,150)	\$(1,150)	\$(1,150)	\$(1,150)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,150)	\$(1,150)	\$(1,150)	\$(1,150)

Recommendation

The Governor recommends an appropriation reduction of \$1.15 million in each of FY 2010 and FY 2011 from the general fund. The reduction is distributed as reductions of \$950,000 in the Water Program, \$100,000 in the Environmental Assistance and Cross-Media Program, and \$100,000 in the Administrative Support Program.

Background

Water Program: Of the \$950,000 reduction in each of FY 2010 and FY 2011, \$850,000 is a proposed decrease to the clean water partnership grant program. This program is undergoing a change in emphasis, with management planning to award clean water partnership grants for qualifying projects that demonstrate an emphasis on protection of water resources. The remaining \$100,000 reduction will come from Water Program operations. Operating efficiencies will come from a blend of efforts such as managing vacancies, reducing travel and training costs, using web-based tools to deliver communications, and analyzing all other routine program operating costs to identify where reductions can occur.

Environmental Assistance and Cross-Media and Administrative Support: The remaining \$200,000 reduction will be within these two budget programs. Operating efficiencies will come from a blend of efforts such as managing vacancies, reducing travel and training costs, using web-based tools to deliver communications, and analyzing all other routine program operating costs to identify where reductions can occur.

Relationship to Base Budget

The Minnesota Pollution Control Agency's (MPCA's) base budget from the general fund totals \$11.5 million in each year of the biennium. Decreasing the appropriations noted above in the Water Program, Environmental Assistance and Cross-Media Program, and Administrative Support by \$1.15 million is a general fund reduction of 10%.

Key Goals and Measures

The Agency intends to modify the underlying strategy relating to the Clean Water Partnership grant program, seeking emphasis on proposals from local governments that demonstrate an ability to protect water resources. Clearly a reduction of funding means the Agency will be able to award fewer individual grants. However, the reduction of available resources by \$850,000 does not undermine the renewed purpose of this specific grant program.

The additional reduction of \$300,000 will be distributed between the MPCA's Water Program, Environmental Assistance and Cross Media Program and Administrative Support. Implementing a funding reduction of this magnitude will require the Agency to impose significant operational changes. The Agency is developing the means to track changes in behaviors and performance related to in- and out-state travel and training expenses, continuing education and certification offerings to various audiences, the manner in which the Agency makes information available in electronic formats to replace printed materials are just a few examples of the operational changes the MPCA has committed to make in the coming biennium.

Alternatives Considered

Given appropriations to the MPCA from the general fund constitutes less than 10% of the agency's annual operating budget, the Agency has limited options to consider when a reduction of this magnitude is required. This reduction comes shortly after the Agency implemented a reduction of \$623,000 from the general fund in FY 2009 and continued as a base adjustment in FY 2010 and FY 2011. Since a combination of operational changes were

POLLUTION CONTROL AGENCY

Change Item: General Fund Reduction

prompted by the previous reduction from general fund, this current reduction of \$1.15 million will target programs previously held harmless.

Statutory Change

None required.

POLLUTION CONTROL AGENCY

Program: AIR

Change Item: Air Emissions Fees

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	167	427	427	427
Revenues	0	0	0	0
Net Fiscal Impact	\$167	\$427	\$427	\$427

Recommendation

The Governor recommends an increase of \$167,000 in FY 2010 and \$427,000 in FY 2011 in the appropriation to the Air Program from the Environmental Fund. The appropriation increase will enable the Minnesota Pollution Control Agency (MPCA) to maintain the level of service provided by the Air Program to industrial and municipal emission sources given the increased costs of staffing and other related program support expenses.

Background

The federal Clean Air Act (CAA) includes a requirement for states to charge air emission fees to cover the cost of issuing permits to facilities that emit air pollutants. The CAA also requires air permit fee increases to cover inflation and assure that adequate resources are available to meet the requirements of the Act. Salaries, benefits and program support costs are all projected to increase in FY 2010-11.

State law provides for fee adjustments as program costs increase. Specifically, M.S. 116.07, subd. 4d (b) authorizes MPCA to increase air permit fees to cover the costs of the air quality program. Air permit fees are deposited to the Environmental Fund. MPCA must request an increase to its annual appropriation from the Environmental Fund to cover increased program costs. Without the authorized increase, funding for air permitting will remain at FY 2008-09 levels. With program costs increasing by an estimated 2.0% per fiscal year, appropriations capped at the FY 2008-09 level would force the MPCA to reduce program service levels in FY 2010-11 to fit existing funding.

Relationship to Base Budget

The current level spending budget plan for FY 2010-11 includes \$11.2 million each year for air permitting. Of this amount, \$10.1 million is appropriated to the Air Program and \$1.1 million is appropriated to the Environmental Assistance and Cross Media Program. This funding request will increase authorized appropriations for air permitting by 2.0% the first year and 4.0% the second year and will increase the annual appropriation to the Air Program.

Key Goals and Measures

This change request will enable MPCA to continue its level of effort for air quality regulatory, mobile source and monitoring programs. The current level of service includes support for existing program staff; contracts for assistance to reduce the permitting backlog; and state rule updates to meet federal requirements.

Alternatives Considered

Without the additional funding, MPCA considered reductions in air permitting, environmental assessment, compliance monitoring, and air rulemaking. Under this approach, MPCA would allocate enough resources to complete limited rulemaking, provide permitting for new facilities, and significantly reduce permitting on existing facilities. All options would curtail work on mobile sources of air emissions. If applied, these alternatives will diminish Minnesota's commitment to air quality. Reductions to the air program may also jeopardize program authorization, which has been delegated from the EPA. Lack of EPA authorization puts a larger burden on regulated parties and MPCA staff as permitting, program advances and new standards must be coordinated through EPA.

Statutory Change: Not applicable

POLLUTION CONTROL AGENCY

Program: EA AND CROSS-MEDIA

Change Item: Continue E-Waste as Statutory Appropriat

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Environmental Fund				
Expenditures—statutory	265	265	165	165
Revenues	0	0	0	0
Net Fiscal Impact	\$265	\$265	\$165	\$165

Recommendation

The Governor recommends that from July 1, 2009 through June 30, 2011 money deposited to the electronic waste account in the Environmental Fund continues to be appropriated annually to the MPCA.

Background

The Laws 2007, Chapter 48 established a program intended to keep electronic devices from being disposed at open landfills in the state. The chapter defined who may participate as an electronic device recycler. The registration fee structure, however, was created to be applied to manufacturers whose electronic products may be sold at retailers in the state. Registration fees were to be collected from manufacturers in the first fiscal year by September 1, 2007, and each year thereafter.

Fees collected in FY 2008 were about \$280,000. In FY2009 the MPCA estimates about \$450,000 will be deposited to the account. In future fiscal years, however, the MPCA projects registration fees, assessed penalties and interest income to level off at about \$150,000 per year.

During the first year of the project MPCA's actual program expenses were \$79,000. The MPCA has budgeted about \$260,000 to operate the program in FY 2009.

M.S.115A.1314, subd. 2 (b) states that until June 30, 2009 money in the dedicated electronic waste account is annually appropriated to the Pollution Control Agency. After that time the MPCA was directed by Chapter 48 to report on the receipts deposited to the account in FY 2008 and FY 2009 and to request a direct appropriation to cover program expenses in FY 2010 and FY 2011.

However, with less than two years of history of receipts and the cost of operating a program to address electronic waste recycling, the MPCA is requesting the continuation of language that annually appropriates money in the dedicated account to the Agency. In the next biennial budget, the MPCA will be better able to prepare a direct appropriation request based on a longer history of receipts and program operating costs.

Relationship to Base Budget

In its base budget the MPCA shows the continuation of annual receipts deposited to the dedicated electronic waste account, but that program expenditures will end in FY 2010 and FY 2011. This is consistent with the direction in L2007, Chapter 48 for the MPCA to request a direct appropriation to fund the electronic device recycling program starting in FY 2010.

Key Goals and Measures

The e-waste program effort is a recent agency activity with less than two years of history. The MPCA is actively assessing whether it has achieved the goals and objectives related to this effort. The MPCA is also listening to county governments, the electronics manufacturers and waste collectors involved in this program. This budget request gives the MPCA the flexibility it needs to efficiently use the resources generated under the program, and to determine—and adjust as necessary—the size and scope of its program delivery.

POLLUTION CONTROL AGENCY

Program: EA AND CROSS-MEDIA

Change Item: Continue E-Waste as Statutory Appropriat

Alternatives Considered

The MPCA considered changing the registration receipts from dedicated to non-dedicated receipts to the Environmental Fund, and to request an annual direct appropriation to cover program costs from the Environmental Fund. However, the difficulty comes in projecting where annual revenues will stabilize or level off, and determining the long-term cost of the program. The MPCA asserts more time is needed to determine the needs of this relatively new program.

Statutory Change: Modifications will be needed to M.S. 115.1314, subd 2(b).

POLLUTION CONTROL AGENCY

Program: WATER

Change Item: Clean Water Funding

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	12,913	24,325	27,050	26,800
Revenues	0	0	0	0
Net Fiscal Impact	\$12,913	\$24,325	\$27,050	\$26,800

Recommendation

The Governor recommends appropriations to the MPCA of \$12.913 million in FY 2010 and \$24.325 million in FY 2011 from the newly-created Clean Water Fund to meet the requirements of the state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA). Funding from the appropriation will be used to assess the quality of lakes, rivers and streams, develop Total Maximum Daily Load (TMDL) reports to identify measures and extent for restoring water quality, complete research on alternatives and allow for regulatory work needed to implement the TMDL reports, assess ground water for the protection of drinking water, and leverage available federal money to make a significant start on St. Louis River restoration, which includes Lake Superior, a drinking water supply source for the City of Duluth.

Background

The CWLA and CWA require the state to make reasonable progress in assessing waters of the state for impairments and in developing plans for restoring waters to their intended uses. This initiative will address a number of issues crucial to studying and maintaining water quality in Minnesota and move ahead with restoration: Increases the ability of the state to address key requirements of Section 303(d) of the federal CWA;

Allows for the assessment of Minnesota watersheds on a ten-year cycle as expressed in M.S. Chapter 114D (Minnesota Clean Water Legacy Act);

Provides for the collection of critical water quality data for Minnesota's water resources that will inform policy and resource allocation decisions;

Continues to direct resources and accelerates the development of TMDL reports, which are plans for restoring waters to meet state water quality standards;

Allows, by increasing the number of TMDL reports initiated and restoration implementation including regulatory support, economic growth opportunities through the state;

Assesses condition of drinking water as it meets the projected standards for ground water to be developed with the data collected by MPCA and its contributing partners (other state and federal agencies); and

Initiate a large restoration project, the clean-up of contaminated sediments in the lower St. Louis River and Duluth harbor; thus, protecting this vital drinking water source and natural resource.

The November 2008 passage of the constitutional amendment will generate annually a significant amount of new revenue for the environment and the arts, with one third dedicated specifically to protect, enhance and restore water quality in lakes, rivers, and streams and to protect ground water from degradation. At least 5% of the funding dedicated to clean water must be spent to protect drinking water sources.

Since passage of the amendment representatives from seven state agencies have met to coordinate and integrate the requests for spending from the new Clean Water Fund. The multi-agency request is reflected in the Governor's budget plan, with budget initiatives presented under each of the seven state agencies.

The MPCA's request for \$12.913 million in FY 2010 and \$24.325 million in FY 2011 from the Clean Water Fund is made up of the following components:

- ◆ \$3.725 million in FY 2010 and \$7.45 million in FY 2011 for assessment and monitoring, which includes \$375,000 over the biennium for endocrine disruptor monitoring and analysis;
- ◆ \$7.688 million in FY2010 and \$15.375 million in FY 2011 for TMDL development, which includes \$1.688 million over the two years for the urgent development of an enhanced database to manage and track

POLLUTION CONTROL AGENCY

Program: WATER

Change Item: Clean Water Funding

progress, and the promulgation of key rules needed to implement restoration plans (e.g. trading rules, ground water standards for nitrate);

- ◆ \$750,000 in FY 2010 and \$1.5 million in FY 2011 for ground water assessment as an essential element of drinking water protection; and
- ◆ \$750,000 in FY 2010 to leverage available federal grant money (~\$3 million additional) for a large scale restoration project, the clean-up of contaminated sediments (e.g., PCBs, dioxin, mercury) in the lower St. Louis River and Duluth harbor.

Relationship to Base Budget

MPCA's base budget does not include funding for the continuation of water-quality assessments and monitoring, TMDL plan development, or ground-water assessment.

More than \$31.0 million was appropriated to the MPCA for this CWA effort in FY 2008-09. Of this amount \$12.634 million was designated for assessment, and \$18.0 million was directed toward TMDL report development. The biennial appropriation was specified as one-time.

Prior to the current biennium, \$5.03 million was appropriated to the MPCA in FY 2007 for this purpose; \$1.86 million for assessment and \$3.17 million for TMDL development. This funding was a one-time appropriation, and justification was needed anew to have received the FY 2008-09 funding.

This new funding recommendation ensures continuation of the effort started in FY 2007 and accelerated with the appropriations in FY 2008-09.

Key Goals and Measures

This change item will result in continued progress toward the statewide assessment of Minnesota's lakes, rivers, and streams, and development of TMDLs, which are key goals of M.S. 114D, the Clean Water Legacy Act.

Water quality assessment key measures and outcomes:

- ◆ Maintain biological monitoring sites;
- ◆ Provide pass-through grants to local units of government and volunteers for stream and lake monitoring;
- ◆ Assess additional lakes spanning 500 acres;
- ◆ Increase the number of endocrine disrupting chemical sites from 20 to 23 analyzed and additional chemicals analyzed;
- ◆ Manage data to ensure transparency and usefulness to track projected outcomes;
- ◆ Enhance ground water ambient monitoring network, including endocrine disrupting chemical analysis;
- ◆ Completion of 4-5 ground water models each year for TMDL and watershed plans; and
- ◆ Develop a nitrogen balance between surface water and ground water.

Key measures for TMDL report development:

- ◆ Support about 80 more TMDL reports during the biennium and allow completion of those started with one-time funding;
- ◆ Meet the 2009 EPA target of 60 more impairments addressed by TMDL reports;
- ◆ Research completed by university and college partners to understand effectiveness of restoration activities;
- ◆ Leverage resources and build local capacity by passing through over half of the funding designated for TMDL development and studies; and
- ◆ Leverage federal resources to restore a significant natural resource and drinking water source (i.e., St. Louis River and Lake Superior's Duluth harbor).

Alternatives Considered

The level of one-time funding provided in FY 2008-09 from the general fund enabled the MPCA to establish a ten-year plan for the assessment of lakes, rivers and streams, and TMDL plan development. Given the billion dollar

POLLUTION CONTROL AGENCY

Program: WATER

Change Item: Clean Water Funding

deficit in the fund, the MPCA did not expect funding from the general fund to continue in FY 2010-11, at least not at a level comparable to the current biennium. Similarly, the Environmental Fund did not have projected available fund balances in FY 2010-11 to continue funding at the level presently authorized.

Statutory Change: None required.

POLLUTION CONTROL AGENCY

Program: WATER

Change Item: SSTS License Fees

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	270	270	270	270
Revenues	270	270	270	270
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends an increase in Subsurface Sewage Treatment Systems (SSTS) license fees and an increase of \$270,000 in FY 2010 and \$270,000 in FY 2011 in the appropriation to the Water Program from the Environmental Fund. The increase will enable the MPCA to implement requirements of state SSTS rules.

Background

The goal of the SSTS program is to protect the public health and the environment through adequate dispersal and treatment of domestic sewage from dwellings or other establishments generating volumes less than 10,000 gallons per day. The first state law specifically addressing septic systems was enacted in 1994 in Minn. Stat. §§ 115.55 and 115.56, and required all new construction and replacement septic systems to meet minimum statewide standards.

The 1994 Act was amended in 2008 to keep pace with industry and community development advances. The 2008 rule requires product registration for the first time and septic system tank verification processes to be established statewide as a MPCA program requirement. The rule maintains the MPCA's responsibility to proctor state-wide licensing exams and issue licenses annually, and provide limited technical and enforcement assistance to local units of government. And, due both to urban/suburban expansion and the aging of existing systems in Minnesota, the need to monitor these septic systems and identify their performance weaknesses is increasing.

The SSTS license fee was established in 1994 at \$100 per license. The fee has not increased for operators since the establishment of the SSTS law. This recommendation will increase the operator license fee from \$100 to \$200, and will increase business licenses from \$200 to \$400. However, the \$400 license functions as a cap for all operators working for that business. Therefore, if more than two operators work at one business, the business will not be required to pay the additional operator's license fees.

Relationship to Base Budget

In its base budget the MPCA receives \$885,000 in each year of the biennium for the Subsurface Sewage Treatment Systems program; of this amount \$480,000 is from the Environmental Fund and \$405,000 from the General Fund. This funding recommendation represents a 30% increase over base budget funding levels in program spending authority.

Key Goals and Measures

This change request will enable the MPCA to expand its level of effort in the SSTS program to meet the current regulatory demands in the areas of tank verification and reviews of program implementation at the county level. Additionally, this increase will provide resources to offset the cost of annual training for county technical staff.

Alternatives Considered

Without the additional revenues generated from fee increases, the MPCA has considered decreasing the frequency of monitoring, inspections and permitting. This delay could result in unidentified septic system failures or systems exceeding functional capacity, and a delay in issuing permits for construction. Additionally, the MPCA would not offset costs for required annual training and certification of county personnel.

Statutory Change: Subsurface Sewage Treatment Systems license fees can be found in Minn. Stat. § 115.56.

Program Description

The Water Program protects and improves Minnesota's rivers, lakes, wetlands, and ground water so they support healthy aquatic life and human health. MPCA receives its authority through state statute and delegation of the federal Clean Water Act (CWA) from the U.S. Environmental Protection Agency.

MPCA establishes designated uses for each water body, such as swimming, drinking, and fishing; sets standards for the pollutants that impact the designated use; and monitors these waters to determine if they meet standards.

MPCA's mission is to assess the condition of Minnesota's water resources; to prevent degradation of water quality in Minnesota waters; and to establish plans to restore those identified as impaired. This is accomplished by regulating municipal and industrial discharges and failing septic systems, controlling stormwater runoff, regulating feedlots and land application of manure, working with farmers to reduce pollution from farming operations, and monitoring and assessing water quality to provide information upon which to make social, financial, technical, and environmental management decisions.

MPCA has assessed 18% of Minnesota lakes larger than 10 acres and 14% of the state's 105,000 miles of streams for aquatic life, recreation or aquatic consumption. Statewide about 60% meet the designated uses. Those not meeting designated uses are classified as "impaired" waters, and restoration plans are developed and implemented to restore waters to their designated uses.

The strategic goals for the Water Program are:

- ◆ assess the chemical, physical and biological integrity of lakes, streams and wetlands to identify if designated uses are being met and provide information on the condition of waters;
- ◆ protect and improve the chemical, physical, and biological integrity of lakes, streams and wetlands;
- ◆ assess the condition of Minnesota's ground water systems; and
- ◆ prevent or reduce degradation of ground water and support ground water conservation.

Population Served

This program serves all citizens of the state by protecting Minnesota's lakes, streams, wetlands, and ground water from many kinds of pollution. The goal is to maintain the ability of Minnesotans and tourists to drink, fish, and recreate in Minnesota's abundant water resources. To accomplish this goal, PCA carries out a variety of functions for a broad audience including:

- ◆ regulating a large and diverse array of business and municipal activities in Minnesota.
- ◆ providing grants and loans to local units of government to address pollution problems such as stormwater runoff and failing septic systems.
- ◆ supporting watershed management groups who receive financial and technical assistance from MPCA.
- ◆ forming partnerships so information regarding economics, health, and recreation is considered in decision-making.

Program at a Glance

- ◆ develop and implement restoration plans for 2,575 impairments on lakes, rivers, and streams and preservation of high quality waters via a watershed approach
- ◆ develop and implement the stormwater program including permitting, compliance determination, and enforcement for ~240 municipalities, 1,650 industrial facilities (4,000 or more projected), and ~2,500 construction projects per year
- ◆ implement the wastewater treatment program including point source permitting, compliance determination, and enforcement
- ◆ monitor water quality on a watershed basis, including citizen monitoring
- ◆ develop water quality standards
- ◆ regulate animal feedlots through permitting, compliance determination, and enforcement
- ◆ provide grants to local units of government to improve water quality through the Clean Water Partnership, Clean Water Legacy, and federal Clean Water Act
- ◆ provide grant and loan funds to upgrade or install subsurface sewage treatment systems

Services Provided**Assessment:**

- ◆ monitor watersheds to characterize river, lake, and wetland water quality through a combination of state and local projects, monitoring through remote sensing, and volunteer monitoring.
- ◆ monitor long term specific sites and those waters that have been identified as potentially not meeting their designated uses more intensely through water chemistry, biological integrity and physical monitoring methods.
- ◆ assess monitoring data for water bodies to determine impairment status as required by the CWA.
- ◆ monitor ambient ground-water quality at a limited number of sites around the state, working closely with the Minnesota Departments of Agriculture and Health.

Prevent/Protect:

- ◆ use critical data to establish standards and protect Minnesota's waters
- ◆ set priorities for water treatment, and determine discharge limits.
- ◆ issue permits under the federal CWA, including inspections and enforcement follow-up as necessary for 731 industrial and 743 domestic wastewater facilities.
- ◆ develop and implement the Phase II stormwater program under the CWA including permitting, technical assistance, inspections, and enforcement for ~240 municipalities, ~1,650 industrial facilities (4,000 or more projected), and ~2,500 construction projects per year.
 - ◆ issue permits under the federal CWA and state law for over 1,000 animal feedlots, including inspections and enforcement, and oversee, with assistance from local government, 30,000 feedlots registered under state law.

Restore/Improve:

- ◆ develop watershed plans to address water quality problems.
- ◆ provide grant and loan funds to clean up pollution from urban and agricultural runoff, individual sewage treatment upgrades, and feedlot upgrades at over 350 project sites in the past five years.
- ◆ develop strategies to address degradation of surface and ground waters by upgrading small community wastewater treatment facilities.
- ◆ complete Total Maximum Daily Load (TMDL) evaluations that address hundreds of impairments to determine sources of impairment.

Historical Perspective

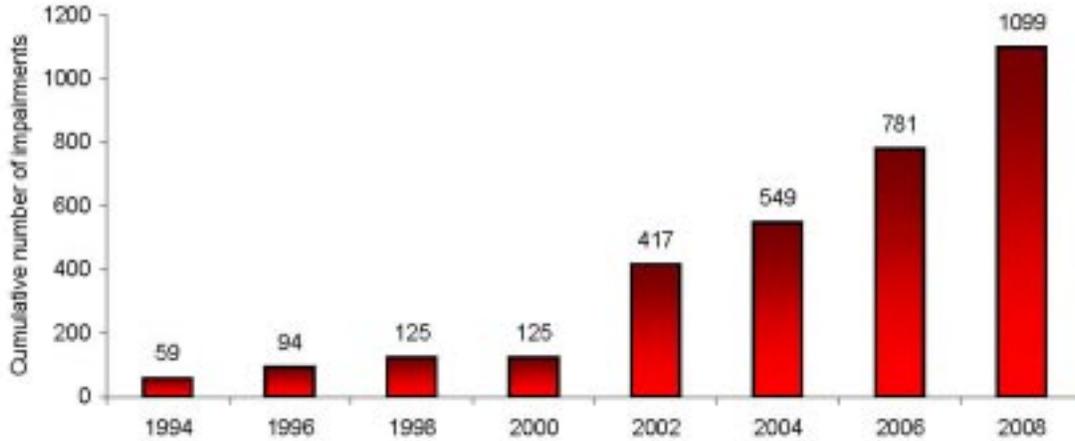
In the past, MPCA focused its efforts on regulating industrial and municipal discharges, with a special emphasis on municipal wastewater treatment facilities. At the time, this focus was appropriate because these sources were the largest controllable source of water pollution. Current emphasis is on gaining new efficiencies, particularly in permitting and enforcement portions of the program and on improved integration with the Minnesota's interagency approach to impaired waters activities. Another focus is addressing the small un-sewered or under-sewered communities with the priority placed on community straight-pipe discharges.

MPCA continues to address dispersed sources of pollutants, with urban stormwater runoff, agricultural land and drainage systems, individual septic systems, feedlots, and forestry as examples. More emphasis and funding have been directed to these sources of pollutants reaching our waters. Although individual sources are often small, their cumulative impacts are significant. The emphasis placed on these sources does not replace the work that must continue to be directed at municipal and industrial sources.

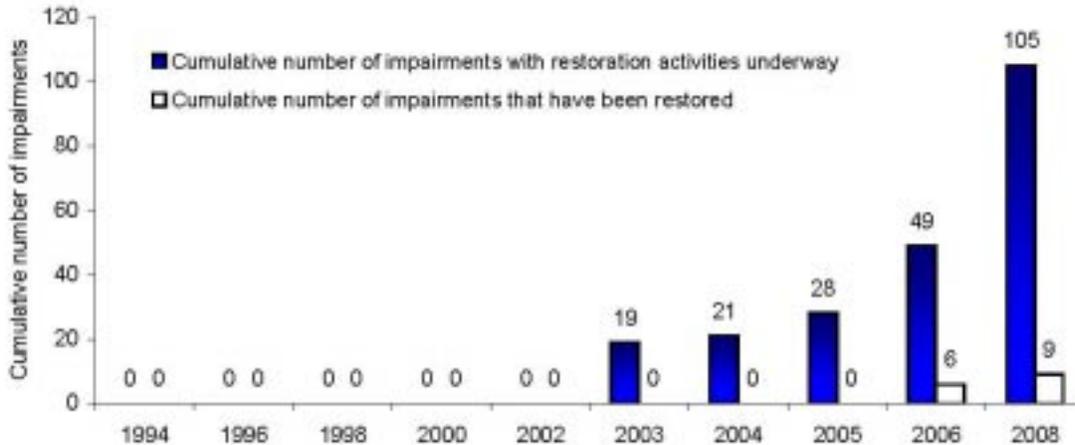
The stormwater program experienced dramatic change with implementation of the federal Phase II program in 2003. The program scope increased significantly with provisions that required permitting and oversight at construction projects greater than one rather than five acres. The new Industrial Stormwater General Permit, which will be issued in 2009, addresses 30 industrial sectors and requires benchmark monitoring, nondegradation measures, and implementation of clean-up for impaired waters. Outreach by MPCA should result in a dramatic increase in the number of facilities that apply for permit coverage under these stepped-up industrial stormwater requirements, from ~1,650 facilities to a projected 4,000.

The CWA requires states to list impaired waters, and to develop and implement clean-up plans. The 2006 Legislature passed the Clean Water Legacy Act and authorized funding for one year. The 2007 Legislature appropriated additional funds for the 2008-09 biennium. The state has 2,575 impairments affecting 1,377 lakes and streams. Just under 60% of the impairments are attributed to mercury.

Impairments to Minnesota's waters due to conventional pollutants



Restoring waters in Minnesota that are impaired by conventional pollutants



Key Measures

MPCA assesses waters and lists the impaired waters every two years in accordance with the CWA. Once listed MPCA must identify all sources of the pollutant causing the poor water quality and allocate responsibility for addressing the impairment in a TMDL. As the TMDL is completed, MPCA works with stakeholders to restore the water body so it meets its designated use. As of August 13, 2008, MPCA had completed 17 studies addressing 105 conventional impairments and is implementing clean-up efforts. In addition, MPCA has 109 TMDLs addressing 430 conventional impairments underway to determine the sources of impairment. MPCA also has an approved TMDL that addresses 998 mercury impairments.

During FY 2008, the MPCA issued 96% of its stormwater permits within its established goal of seven days. As required by the Court of Appeals, MPCA received detailed stormwater program descriptions from municipal stormwater permittees in September 2006 and is still working its way through the review, public notice and approval process. As of June 30, 2008, 182 of 233 municipal stormwater programs had been noticed and 146 approved. Nondegradation reports were received from 30 of the largest municipalities between September 1, 2007 and February 1, 2008; all of these are still undergoing review and awaiting approval as of August, 2008.

Over the past ten years, MPCA has significantly reduced the number of expired wastewater permits awaiting re-issuance. By streamlining permit reviews, setting individual and programmatic performance goals, and equalizing the number of permits issued each year to balance the workload throughout the five-year permitting cycle, MPCA issues about 93% of wastewater permits on time.

Program Funding

Authorized appropriations for the Water Program in FY2008-09 totaled \$110 million. The funding mix: 35% environmental fund, 42% general fund, 15% federal and 8% other sources.

The 2007 Legislature authorized \$30.6 million from the general fund for CWLA in FY 2008-09; the appropriation was specified as one-time funding. Funding enabled MPCA to begin assessment work according to a 10-year watershed cycle and to proceed on 48 TMDL projects. Currently, 126 total TMDL projects are underway statewide addressing almost 50% of total impairments on the 2008 impaired waters list.

Contact

For more information, contact Mark Schmitt at (651) 297-8574 or toll-free at (800) 657-3864.

The MPCA website at: <http://www.pca.state.mn.us> provides useful information about Minnesota's environment. The types of information available through the site include regulatory news and updates, rules, public notices, agency initiatives, and details about environmental quality and current "hot topics."

For information on how this agency measures some of its efforts to meet statewide goals, please visit: <http://www.departmentresults.state.mn.us>

Impaired waters reports to the legislature are located at: <http://www.pca.state.mn.us/publications/reports/lrwq-iw-1sy04.pdf> and <http://www.pca.state.mn.us/publications/reports/lrwq-s-lsy03.pdf>.

POLLUTION CONTROL AGENCY

Program: WATER

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	100	100	100	200
Technical Adjustments					
One-time Appropriations			(100)	(100)	(200)
Subtotal - Forecast Base	0	100	0	0	0
Total	0	100	0	0	0
General					
Current Appropriation	38,656	7,383	7,383	7,383	14,766
Subtotal - Forecast Base	38,656	7,383	7,383	7,383	14,766
Governor's Recommendations					
General Fund Reduction		0	(950)	(950)	(1,900)
Total	38,656	7,383	6,433	6,433	12,866
State Government Spec Revenue					
Current Appropriation	48	48	48	48	96
Subtotal - Forecast Base	48	48	48	48	96
Total	48	48	48	48	96
Environmental					
Current Appropriation	19,349	19,279	19,279	19,279	38,558
Technical Adjustments					
One-time Appropriations			(1,035)	(1,035)	(2,070)
Subtotal - Forecast Base	19,349	19,279	18,244	18,244	36,488
Governor's Recommendations					
Environmental Fund Resource Redirection		0	67	67	134
SSTS License Fees		0	270	270	540
Total	19,349	19,279	18,581	18,581	37,162
Clean Water Fund					
Current Appropriation	0	0	0	0	0
Subtotal - Forecast Base	0	0	0	0	0
Governor's Recommendations					
Clean Water Funding		0	12,913	24,325	37,238
Total	0	0	12,913	24,325	37,238
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	0	100	0	0	0
General	21,513	24,526	6,433	6,433	12,866
State Government Spec Revenue	48	48	48	48	96
Environmental	18,400	20,235	18,581	18,581	37,162
Clean Water Fund	0	0	12,913	24,325	37,238
Statutory Appropriations					
Clean Water Revolving Fund	7,397	4,325	3,724	3,724	7,448
Miscellaneous Special Revenue	119	89	26	26	52
Federal	9,155	10,176	5,323	5,321	10,644
Total	56,632	59,499	47,048	58,458	105,506

POLLUTION CONTROL AGENCY

Program: WATER

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Category</u>					
Total Compensation	23,216	21,865	22,312	22,624	44,936
Other Operating Expenses	15,883	18,047	13,286	22,748	36,034
Local Assistance	11,255	16,457	8,920	10,556	19,476
Other Financial Transactions	6,278	3,130	2,530	2,530	5,060
Total	56,632	59,499	47,048	58,458	105,506
<u>Expenditures by Activity</u>					
Water	0	7	0	0	0
Water	56,632	59,492	47,048	58,458	105,506
Total	56,632	59,499	47,048	58,458	105,506
Full-Time Equivalent (FTE)	324.5	325.6	316.1	316.1	

Program Description

The state's air quality is affected by pollution from transportation, energy production, manufacturing, and other activities. Clean and clear air, however, is essential for Minnesota's environmental, social, and economic well-being and is also required by state and federal law. The federal Clean Air Act (CAA) is the national environmental framework for these requirements, and it is the foundation of Minnesota's air quality program.

The CAA was amended in 1990, which dramatically expanded the air program in Minnesota and nationwide through the assessment of air emission fees, new permit and compliance requirements, and activities to control emissions of hazardous air pollutants. Minnesota Pollution Control Agency's (MPCA's) major activities in implementing the CAA include tracking emissions from point, area, and mobile sources of pollution, monitoring the ambient air around the state, and issuing and tracking compliance with air emission permits. In addition, the CAA amendments created programs to focus on small sources and vehicles that contribute significantly to air quality problems.

In the past decade, the U.S. Environmental Protection Agency (EPA) has delegated additional programs to MPCA. For example, MPCA has developed strategies for reducing regional haze and fine particulate matter and also is implementing new initiatives to reduce emissions of mercury, a pollutant of particular concern to environmental scientists. When released to the air, mercury falls onto surface waters and accumulates in fish tissue, resulting in fish consumption advisories for many Minnesota lakes and streams. Already a national leader in mercury reductions, the legislature in 2007 enacted legislation that further banned the use of mercury-containing products to restrict mercury from the environment.

Finally, policymakers, scientists and citizens are giving more attention to the impacts of climate change on the Minnesota environment and economy. MPCA is evaluating strategies to mitigate climate change gases and will be talking with citizens, stakeholders and other state agencies regarding various policy options. In 2008, as part of the permitting process, MPCA began asking companies to evaluate how greenhouse gas emissions can be mitigated in their operations.

The agency's strategic goals for the air program are to:

- ◆ ensure Minnesota's outdoor air quality meets all environmental and human health-related federal and state ambient air quality standards;
- ◆ ensure Minnesota's outdoor air quality meets environmental and human health benchmarks for toxic and other air pollutants; and
- ◆ reduce air pollution that originates in Minnesota.

Population Served

The Air Program serves all citizens and industrial operations of the state to facilitate protection of public health and welfare while allowing the continued operation of industries, utilities and transportation systems that contribute to the social and economic well being of the state.

As a result of their daily activities, citizens are responsible for large amounts of air pollution. In fact, about half of most air pollutants in Minnesota are emitted from mobile sources, which include automobiles, trucks, buses, recreational and lawn equipment. More information about air quality in Minnesota is available on the MPCA website at <http://www.pca.state.mn.us/air/index.html>.

The Air Program also regulates industrial sources of air pollution. MPCA issues annual operating air permits to more than 4,000 facilities in the state. Of those 4,000 facilities, 350 are large enough to need a federal air quality permit. MPCA issues joint federal and state permits to these larger facilities.

Program at a Glance

- ◆ implements air quality point source permitting, compliance determination, and enforcement
- ◆ develops and implements strategies to reduce air pollution from small sources of air pollution, including mobile sources
- ◆ monitors air quality, tracking the Air Quality Index (AQI)
- ◆ develops and implements ozone and particulate matter reduction efforts
- ◆ develops and implements strategies to reduce regional and global air pollutants such as mercury, regional haze and emissions that contribute to climate change
- ◆ issues permits to companies building new or expanding existing facilities

◆ issues permits to companies building new or expanding existing facilities.

Proper implementation of air programs is important so public health and welfare is protected, especially for sensitive groups of citizens (e.g., the very young and very old, people who suffer from asthma and heart disease). Because of how pollutants are drawn deeply into the lungs during exercise, even healthy, active kids and adults are susceptible to the harmful effects of air pollution.

Services Provided

Assessment:

- ◆ monitor the air quality index and its compliance with ambient air quality standards (35 monitors in eight cities);
- ◆ monitor toxic air pollutants at 20 locations;
- ◆ develop annual emission inventories for 2,300 companies; and
- ◆ conduct air emission risk analysis for about 20 point sources each year.

Restore/Improve:

- ◆ develop state implementation plans for maintaining and improving air quality;
- ◆ reduce emissions of pollutants that contribute to regional haze, ozone, fine particulate matter, and toxic air pollutants; and
- ◆ reduce emissions that contribute to climate change.

Prevent/Protect:

- ◆ issue and maintain federal and state air quality operating permits;
- ◆ issue construction and operating permits for new and expanding facilities;
- ◆ monitor compliance with air quality rules, regulations, and permits;
- ◆ take enforcement action when warranted;
- ◆ maintain the daily air quality index for the Twin Cities, Duluth, Rochester, Marshall, Brainerd, Detroit Lakes, Ely and St. Cloud and issue alerts when air quality is expected to exceed health benchmarks;
- ◆ implement 2006 legislation to control utility mercury emissions;
- ◆ implement the Total Maximum Daily Load (TMDL) plan for mercury; and
- ◆ develop a process for capping or controlling new sources of mercury.

Air Quality Programs - Past, Present and Future

The Clean Air Act, passed in the 1990s, established a national operating permit program known as Title V for large facilities that emit air pollutants. Minnesota issues joint construction and operating permits for existing facility expansions and for new facilities. Permits must be renewed on a 5-year cycle. MPCA is under increased pressure to dedicate enough resources to the permitting activity. Detailed rules and regulations, and a more engaged public, have increased the complexity and time MPCA needs to issue air permits.

The mining industry is an expanding economic sector. MPCA is currently reviewing nine mining projects; three of these may require joint state and federal Environmental Impact Statements (EIS) in addition to water, air and land permit activities. High prices for metallic minerals are currently motivating companies to submit new projects, and MPCA expects to get additional mining proposals in the near future.

The alternative fuels industry is expanding as the cost of conventional fuels rise and companies look for cleaner ways to produce needed energy. MPCA has been involved in permitting on 23 ethanol facilities. Approximately 19 of these facilities are operating and 12 are currently undergoing major amendments to their air quality permits. MPCA expects that Minnesota's current ethanol facilities will continue to seek efficiency modifications and expansion opportunities. MPCA also expects to see an influx of cellulosic and other next generation biofuel projects in the next year. Ethanol projects require air modeling, air permitting, water permitting, environmental review and coordination with the Department of Natural Resources to ensure timely environmental decision-making. Wood, agricultural by-products and other materials previously thought of as wastes are now being used to generate power at utility and manufacturing plants.

Past efforts by MPCA and its partners have resulted in emission reductions for many key pollutants and, by most measures, ambient air quality is improving. On the other hand, improving information on how air pollutants impact human health has led to new tighter federal air quality standards for several pollutants. The result is that Minnesota air quality is occasionally unhealthy due to elevated ozone (smog) and fine particulate matter. MPCA issues air

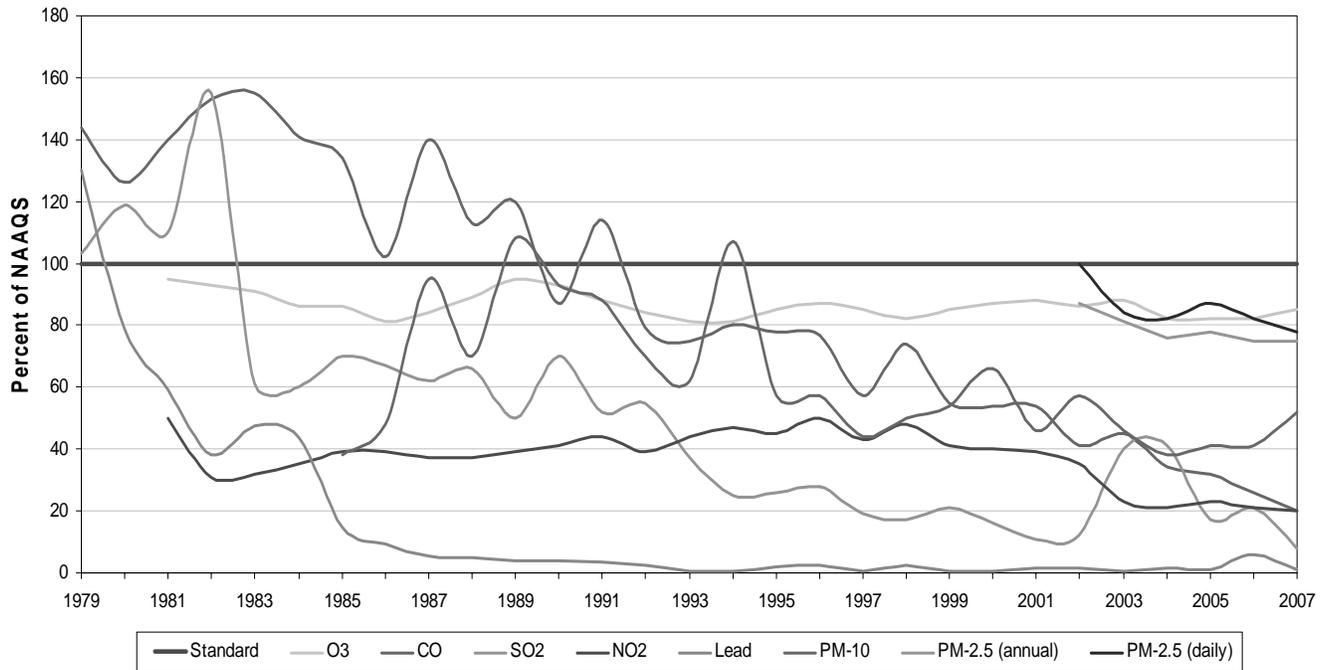
quality alerts when levels exceed health advisory thresholds (see figure on page 3). Daily air quality readings are available on the MPCA website at <http://aqi.pca.state.mn.us/hourly/>.

To keep the Twin Cities in compliance with standards, MPCA continues its work to reduce emissions of pollutants that contribute to ozone formation and fine particulate matter.

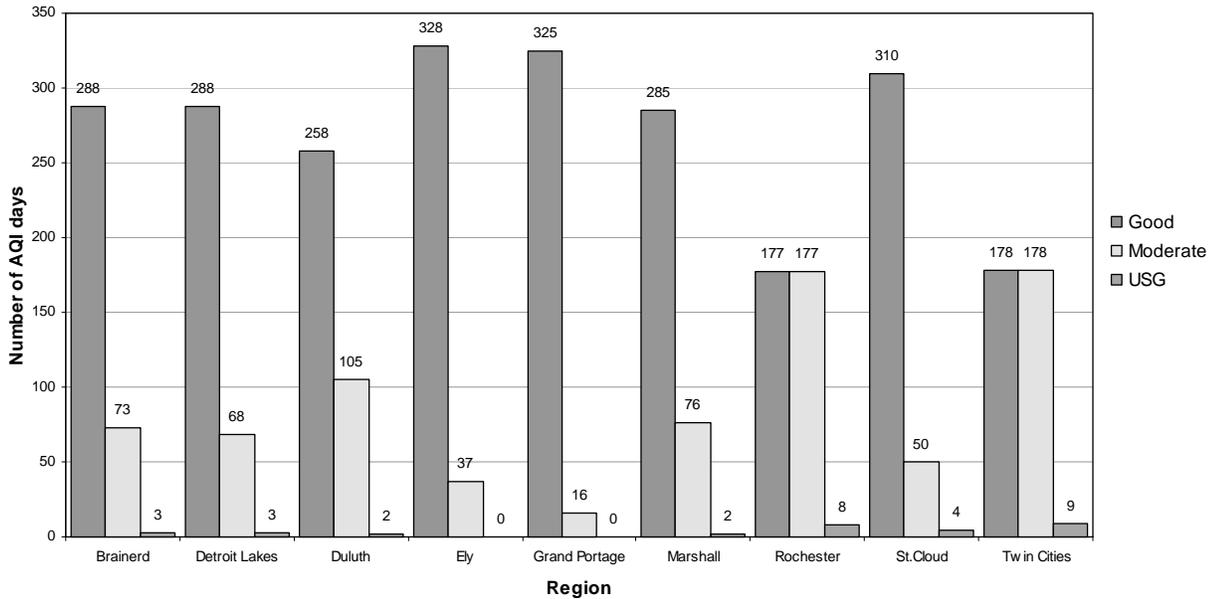
Key Measures

The following graphs show trends in key air pollutants in the Twin Cities area and the number of days that air quality in Minnesota cities was good, moderate and unhealthy for sensitive groups.

**Trends in Key Air Pollutants in the Twin Cities Metro Area
1979 - 2007**



Minnesota 2007
 AQI Days by AQI Category
 and Region
 Figure 2



Program Funding

Authorized appropriations in FY 2008-09 for MPCA’s Air program totaled \$23.8 million. Mix of funding: 95% environmental fund, 3% federal and 2% other sources.

Contact

For more information, contact Roger Karn at (651) 296-7287.

The MPCA website at <http://www.pca.state.mn.us> provides useful information about Minnesota’s environment. The types of information available through the site include regulatory news and updates, rules, public notices, MPCA initiatives, details about environmental quality and current “hot topics.”

For information on how MPCA measures some of its efforts to meet statewide goals, please visit <http://www.departmentresults.state.mn.us>.

POLLUTION CONTROL AGENCY

Program: AIR

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Environmental					
Current Appropriation	12,105	12,372	12,372	12,372	24,744
Technical Adjustments					
One-time Appropriations			(1,140)	(1,140)	(2,280)
Subtotal - Forecast Base	12,105	12,372	11,232	11,232	22,464
Governor's Recommendations					
Air Emissions Fees		0	167	427	594
Environmental Fund Resource Redirection		0	472	472	944
Total	12,105	12,372	11,871	12,131	24,002
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environmental	11,753	12,724	11,871	12,131	24,002
Statutory Appropriations					
Miscellaneous Special Revenue	331	588	279	153	432
Federal	698	450	450	450	900
Environmental	337	355	217	217	434
Total	13,119	14,117	12,817	12,951	25,768
<u>Expenditures by Category</u>					
Total Compensation	8,744	9,297	8,533	8,832	17,365
Other Operating Expenses	3,895	4,467	4,069	3,904	7,973
Local Assistance	143	0	0	0	0
Other Financial Transactions	337	353	215	215	430
Total	13,119	14,117	12,817	12,951	25,768
<u>Expenditures by Activity</u>					
Air	6,751	6,493	5,664	5,556	11,220
Air	6,368	7,624	7,153	7,395	14,548
Total	13,119	14,117	12,817	12,951	25,768
Full-Time Equivalents (FTE)	113.4	120.2	111.2	111.2	

Program Description

MPCA's Land Program protects the environment, public health, and quality of life of all citizens through the proper management of hazardous materials; by encouraging waste utilization through reduction, recycling, and reuse; and by effectively and efficiently managing the risks at contaminated sites - primarily through site cleanup and the restoration of contaminated land to productive use.

Through a combination of federal mandates and state initiatives, the agency's Land Program has undergone significant changes over time to adequately address waste management issues. The program's integrated system of activities will continue to evolve to ensure that hazardous materials, petroleum products, and solid wastes are managed properly throughout the life-cycle of their use, transport, and disposal.

Because of the connection between the land, surface water and ground water, MPCA's Land Program also plays an important role in protecting the state's surface water and ground water resources.

Population Served

As the Land Program protects Minnesotans from the harmful effects of improperly managed waste, it essentially serves all the citizens of the state. However, these services are particularly valued by citizens who live in the vicinity of contaminated sites; spill locations; or facilities that store petroleum products, hazardous materials, or manage solid waste.

The program works directly with a large and diverse array of Minnesota businesses and industries. These consist substantially of any facility or entity that treats, stores, uses, manages, or disposes of solid or hazardous wastes or petroleum products.

Services Provided

Assessment:

- ◆ licenses hazardous waste handlers and monitors hazardous waste "cradle to grave" via a computerized system developed and utilized in cooperation with metropolitan counties.
- ◆ works with local government waste management partners to prepare a solid waste policy report every two years that summarizes the current status of solid waste management.

Prevention/Protection:

- ◆ distributes grant funds to counties to operate recycling and waste reduction programs and to manage programs for problem materials and household hazardous wastes.
- ◆ works in partnership with counties to reduce waste generation, improve the cost effectiveness of recycling, composting and recovery systems, and build stronger regional waste management systems.
- ◆ conducts regulatory and training programs to prevent the release of petroleum, solid waste, and hazardous waste into Minnesota's soil, ground water, and surface water; thus, protecting public health and the environment.
- ◆ issues permits and inspects solid waste, hazardous waste, and large above ground storage tank facilities, and completes follow-up to ensure compliance as necessary

Program at a Glance

- ◆ Permitting
 - ⇒ 21 Minnesota municipal solid waste (MMSW) landfills
 - ⇒ 23 industrial solid waste landfills
 - ⇒ 95 demolition debris landfills
 - ⇒ 7 MMSW combustor ash landfills
 - ⇒ 11 solid waste composting facilities
 - ⇒ 123 transfer stations
 - ⇒ 23 hazardous waste facilities
 - ⇒ 90 large petroleum storage tank facilities (> 1M gallons)
- ◆ Petroleum Tank Inspections = 2,000/year
- ◆ Investigations and Cleanups at contaminated sites
 - ⇒ 96 active superfund sites
 - ⇒ 1700 active petroleum release sites
 - ⇒ 400 voluntary cleanup actions/year
 - ⇒ 2500 emergency responses to pollutant spills/year
- ◆ Remediation and Maintenance at 112 closed landfills
- ◆ Waste as a Resource
 - ⇒ recycling 40% of the state's garbage
 - ⇒ burning 20% of solid waste for energy
 - ⇒ contributing \$2.98 billion to the state's economy

- ◆ oversees disposal of debris when natural disasters strike, including debris management resulting from potential terrorist activities.

Restoration/Improvement:

- ◆ oversees investigations and corrective actions conducted at contaminated sites by responsible parties. Alternatively, MPCA performs these activities using contractors when responsible parties do not exist or are unable or unwilling to do such work themselves. MPCA recovers costs from these parties when possible, reasonable, and appropriate.
- ◆ assists developers in returning contaminated sites to productive use through its Brownfield Programs.
- ◆ hires contractors to conduct cleanups at 112 closed landfills and, when possible, recovers the cost of these cleanups from insurance policies held by the previous landfill owners.
- ◆ supports local fire and police when spills threaten public safety, oversees the cleanups done by spillers, and does direct cleanups when spillers fail to clean up their spills.

Historical Perspective

In the past, thousands of locations across the state posed acute or potential risks to human health, land, ground water, and surface water due to spilling, dumping, or poor management of wastes and petroleum products. From the mid-1970s through the mid-1990s, Congress and the state legislature provided legal authorities to MPCA to ensure risks to the environment and citizens were eliminated or controlled. Now, due to the network of land program activities within MPCA, risks from contaminant releases to the land have been greatly reduced or controlled, and an infrastructure exists to ensure they remain so.

These past successes notwithstanding, MPCA's Land Program faces challenges in the future. Fundamental to the continuing success of several of the agency's site cleanup activities (Superfund, Petroleum Release Program, Resource Conservation and Recovery Act Cleanup, Emergency Response) is the ability and capacity of MPCA to take control of cleanups at contaminated sites when responsible parties are unable or unwilling to do so.

MPCA's Closed Landfill program activity continues to plan for project construction and ongoing maintenance at the 112 closed landfills, sites that are the state's responsibility. In addition, the program is directed by statute to prepare a land use plan for the closed landfill sites. The preparation of land use plans becomes more urgent as communities seek information to ensure responsible development occurs near these facilities.

Key Program Goals

A vision for MPCA's Land Program has been guided by agency's strategic plan. The vision sets three primary goals:

- ◆ To effectively and efficiently manage the risks to human health and the environment posed by contaminated sites, thus allowing the land to be restored to productive use;
- ◆ To minimize or reduce the release of contaminants to or from the land; and
- ◆ To ensure that solid waste is managed to conserve materials, resources, and energy.

The Land Program also assists other MPCA programs in meeting their strategic goals including:

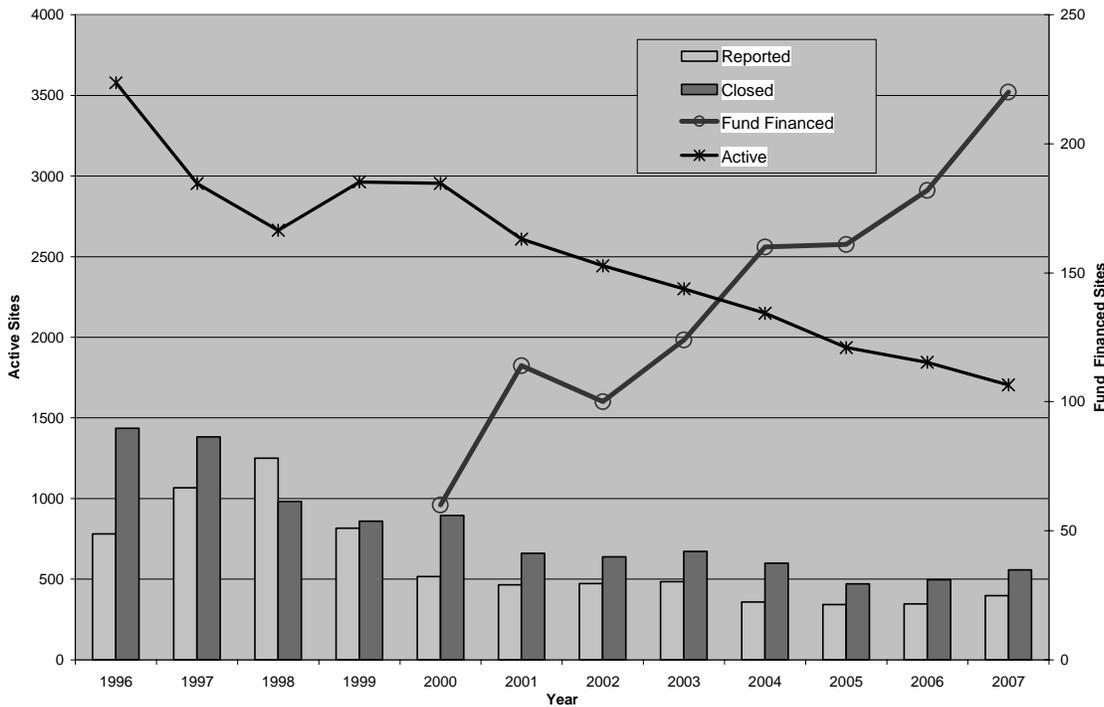
- ◆ assessing the condition of Minnesota's ground water systems;
- ◆ preventing or reducing the degradation and depletion of ground water; and
- ◆ reducing Minnesota's contribution to regional air pollution.

Key Program Measures

Petroleum Remediation Program (PRP)

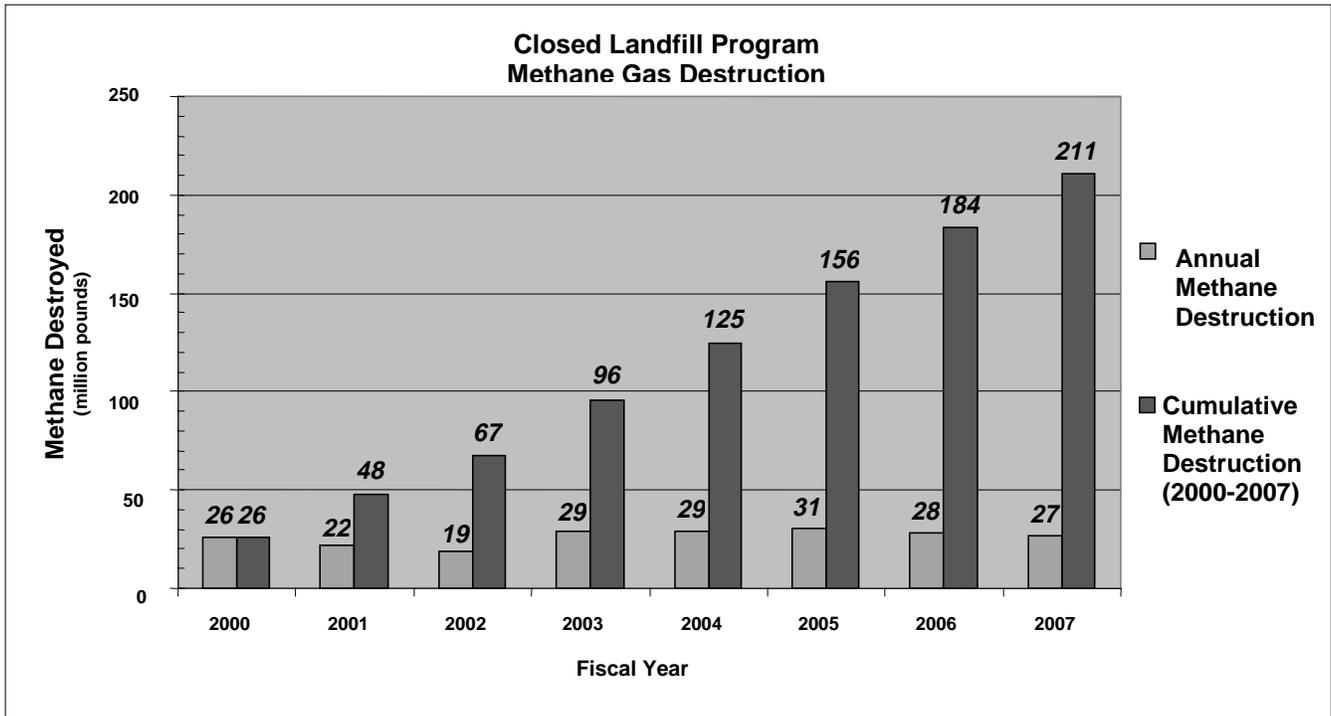
Over the past decade, the PRP activity has investigated, cleaned up, and closed approximately 1,800 sites, reducing the number of active sites from over 3,500 in 1996 to 1,700 in 2007. Much of this work has been done cooperatively with responsible parties who have chosen to follow MPCA's site cleanup guidance to secure reimbursement through the state petroleum fund. The program is now responsible for cleanup at an increasing number of sites because responsible parties are unwilling or unable to do the cleanup. The number of these "fund-financed" sites has increased from just over 50 in 2000 to over 200 in 2007. MPCA must devote increased staff time as it takes on the project management of these sites.

PRP Sites Reported and Closed - 1996 to 2007



Closed Landfill Program (CLP)

As part of risk management at larger landfills managed by the CLP, twenty gas extraction and flare systems have been upgraded or installed to collect and destroy methane, a greenhouse gas. Since 2000, these systems have prevented over 211 million pounds of methane (2 million metric tons of CO2 equivalent) from entering the atmosphere.



Program Funding

Authorized appropriations in FY2008-09 for the Land Program totaled \$100.3 million. The mix of funding: 77% remediation fund, 14% environmental fund, 6% federal and 3% other sources.

Contact

For more information, contact Mark Schmitt at (651) 297-8574 or toll-free at (800) 657-3864.

The MPCA website at: <http://www.pca.state.mn.us> provides useful information about Minnesota’s environment. The types of information available through the site include regulatory news and updates, rules, public notices, agency initiatives, and details about environmental quality and current “hot topics.”

For information on how this agency measures some of its efforts to meet statewide goals, please visit: <http://www.departmentresults.state.mn.us>

Impaired waters reports to the legislature are located at: <http://www.pca.state.mn.us/publications/reports/lrwq-iw-1sy04.pdf> and <http://www.pca.state.mn.us/publications/reports/lrwq-s-lsy03.pdf>.

POLLUTION CONTROL AGENCY

Program: LAND

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,000	1,000	1,000	1,000	2,000
Technical Adjustments					
Current Law Base Change			(500)	(500)	(1,000)
Subtotal - Forecast Base	1,000	1,000	500	500	1,000
Total	1,000	1,000	500	500	1,000
Petroleum Tank Release Cleanup					
Current Appropriation	1,000	0	0	0	0
Subtotal - Forecast Base	1,000	0	0	0	0
Total	1,000	0	0	0	0
Environmental					
Current Appropriation	7,065	7,065	7,065	7,065	14,130
Subtotal - Forecast Base	7,065	7,065	7,065	7,065	14,130
Governor's Recommendations					
Environmental Fund Resource Redirection		0	(149)	(149)	(298)
Total	7,065	7,065	6,916	6,916	13,832
Remediation Fund					
Current Appropriation	11,016	11,086	11,086	11,086	22,172
Subtotal - Forecast Base	11,016	11,086	11,086	11,086	22,172
Total	11,016	11,086	11,086	11,086	22,172
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	24	176	500	500	1,000
Environmental	7,025	7,105	6,916	6,916	13,832
Remediation Fund	10,192	11,406	11,086	11,086	22,172
Statutory Appropriations					
Miscellaneous Special Revenue	916	3,134	466	445	911
Federal	3,889	3,865	3,622	3,602	7,224
Remediation Fund	26,917	25,992	28,060	28,152	56,212
Gift	664	2,108	1,371	1,030	2,401
Total	49,627	53,786	52,021	51,731	103,752
<u>Expenditures by Category</u>					
Total Compensation	13,966	16,071	16,256	16,679	32,935
Other Operating Expenses	35,524	37,502	34,838	31,400	66,238
Capital Outlay & Real Property	2	0	150	3,000	3,150
Local Assistance	135	213	125	0	125
Transfers	0	0	652	652	1,304
Total	49,627	53,786	52,021	51,731	103,752
<u>Expenditures by Activity</u>					
Land	1,839	1,880	2,450	5,295	7,745
Land	47,788	51,906	49,571	46,436	96,007
Total	49,627	53,786	52,021	51,731	103,752
<u>Full-Time Equivalents (FTE)</u>					
	182.0	201.1	195.5	195.5	

Program Description

This program provides services that include the following: environmental monitoring and assessment, pollution prevention, waste and toxicity reduction, environmental literacy, grants and loans, business assistance and training, scientific and technical support to evaluate the environmental risk of proposed projects, pollution trends, emerging environmental issues, and innovation through use of technology.

Program staff assesses the impacts of pollutants on all media – water, air, and land – rather than one media in isolation. The program collects data on environmental conditions and presents the data in a form useful to Minnesota Pollution Control Agency (MPCA), policymakers, and the public. This data enables MPCA to protect natural resources, regulate pollution sources and effectively clean up contaminated sites. Additionally, program staff provides direct technical assistance to other MPCA programs to assist in achieving environmental outcomes.

Program efforts focus on trends and emerging environmental issues. Solutions involve the development of partnerships with businesses, communities, local units of government, citizens and other public and private interests.

These partnerships include in-depth technical assistance and financial incentives for implementing activities, system ideas, approaches and technologies to conserve resources, prevent pollution and protect the environment. The partnerships also leverage volunteer activities in assessing our air and water. With these approaches and resultant data, the program promotes environmentally sound business development, sustainable community development, waste as a resource, clean energy and provides educational and technical support to MPCA staff and its direct customers.

Population Served

- ◆ Citizens benefit from information obtained via cross-media environmental assessments and review. Examples include: air quality modeling review, ecological risk assessment and fish kill investigations.
- ◆ Citizens and decision makers at all levels of government have access to environmental data.
- ◆ Stakeholder groups express their opinions through customer research on new programs, budget development, process improvement and specific projects.
- ◆ Citizens benefit from waste and pollution prevention and toxicity reduction activities.
- ◆ Businesses, institutions, local governments, schools, community organizations, and individuals benefit from technical assistance and financing.
- ◆ Regulated parties receive training in state and federal requirements, enabling them to comply with existing regulations and improve operations; actively participating in protecting and improving the environment.

Services Provided

Assessment:

- ◆ Analyze data on the condition of the environment, describing trends and stressors. This activity makes valuable data available to MPCA, policymakers and citizens.
- ◆ Conduct environmental assessments to assist in understanding the potential impact of a proposed project. Currently 156 air quality monitors at 69 statewide locations monitor a variety of parameters including ozone, particulates, 57 volatile organics compounds, 16 metals, mercury deposition, regional haze, and others. The MPCA has aided in the assessment of 14% of the state's 105,000 miles of streams and 18% of the 12,200 lakes greater than 10 acres.

Program at a Glance

- ◆ provides policy development and implementation that addresses cross media issues such as waste management, e-waste, and PFCs
- ◆ reviews the environmental impact of proposed projects
- ◆ offers technical assistance, training and certification to the regulated community
- ◆ delivers services to improve environmental literacy, promoting actions by individuals that improve the environment, and assisting communities on sustainable development practices
- ◆ promotes the use of technologies and fuels that reduce air pollution and greenhouse gas emissions
- ◆ assesses environmental impacts to inform regulatory and cleanup project decisions
- ◆ provides grants and loans to promote environmentally innovative projects

- ◆ Complete environmental reviews that allow permittees, including local governments, to initiate requested projects.

Partnerships and Assistance:

- ◆ Allows visitors to experience environmentally-friendly products and technologies, including the latest in clean energy, transportation alternatives, stormwater best practices through rain gardens, green buildings and composting at the state Eco-Experience building.
- ◆ Provides real solutions for people who are interested in making a positive difference both in their lives and in their communities to live better, healthier lives with less impact on the environment through the Living Green Expo – and its monthly e-newsletter “Living Green 365.”
- ◆ Help small businesses prevent pollution and comply with environmental requirements by using processes and products least harmful to the environment. Provide waste reduction services, ensuring Minnesota businesses understand the economic benefits they can achieve through waste reduction.
- ◆ Works with industries to adopt pollution prevention and conservation practices that reduce costs while protecting the environment.
- ◆ Collects Toxic Release Inventory data from Minnesota businesses indicates progress in certain manufacturing sectors.
- ◆ Distributes GreenPrint for Minnesota: State Plan for Environmental Education that offers guidance to individuals, organizations, and agencies that deliver or support environmental education in Minnesota.
- ◆ Maintains current resources on the agency’s website for learning more about pollution prevention, reuse, recycling, responsible waste management, and sustainable practices. The NextStep website (<http://www.nextstep.state.mn.us>) offers resources for finding and sharing information on sustainability.
- ◆ Implements state policies directed at managing and treating waste as a resource. Treating waste as a resource reduces pollution, reduces greenhouse gases, saves money, and creates jobs. Shifting waste management practices toward those that better manage waste, such as waste reduction, reuse, recycling, composting, or energy recovery reduces pollution.
- ◆ Promotes development of clean energy, energy efficiency and the reduction in greenhouse gas emissions in collaboration with the Department of Commerce and other partners. The MPCA’s green power campaign encourages Minnesotans to buy wind power from their utilities.
- ◆ Provides incentives to support wind and solar power, and has installed gas-to-energy systems at several closed state-owned landfills to mitigate the impacts of gas generated at those sites. MPCA supports the use of E85 and other biofuels to reduce dependence on fossil fuels and benefit local businesses.

Restore/Improve:

- ◆ Develop intervention strategies to correct undesirable environmental conditions.
- ◆ Implement the Mercury Reduction Initiative and other mercury control programs.
- ◆ Provide leadership in forging new partnerships with local government and others to accelerate sustainable land use practices. Recently, MPCA initiated two stakeholder summits on brown-field redevelopment and has embarked on a high profile "learn by doing" demonstration regarding the city of St. Paul's Ford site redevelopment process.

Prevent/Protect:

- ◆ Use data to set standards in water, air and land to protect resources. An example is the agency’s work on Total Maximum Daily Loads (TMDLs), a method that identifies sources of pollutants and how much each source must reduce its contribution to an impaired water body to meet federal water quality standards;
- ◆ Conduct risk evaluations and provide technical support to regulatory activities.
- ◆ Provide data analysis, and develop reduction and prevention strategies that focus on preventing pollution.
- ◆ Develop administrative and technical rules to meet minimum federal program standards.

Historical Perspective

The MPCA has made significant progress in environmental protection since the 1960s and continues to maintain ongoing regulatory activities. Minnesotans now need to address the next generation of environmental challenges – the cumulative effects of everyday human activities that present significant environmental problems. Addressing these issues requires new approaches to solving and preventing problems. Staff is able to provide data and information to support environmental permitting and cleanup decisions and develop intervention, reduction, and prevention strategies as issues arise. A cross-media approach, particularly in monitoring key indicators, is critical to a comprehensive approach to minimizing the impacts of human activities on the environment.

Key Measures

- ◆ Provided technical assistance to Minnesota companies that saved \$4.8 million in operating costs, 18.3 million gallons of water, and 17.1 million pounds of waste in FY 2008 and FY 2009.
- ◆ Results and Highlights from the 2008 Eco-Experience at State Fair.
 - ⇒ Approximately 350,000 people visited and interacted with exhibits in the 25,000 square foot building.
 - ⇒ 119 businesses and organizations contributed to the event and their on-site and in-kind contributions totaled nearly \$1 million.
 - ⇒ Approximately 45.6 million media impressions representing a total ad impact of over \$5 million dollars.
 - ⇒ Minnesota Energy Challenge signed up 3,000 new commitments.
 - ⇒ The reusable bag booth distributed 24,600 reusable grocery bags during the 12 days of the fair and documented personal re-use commitments through an excess of 20,000 photos.
 - ⇒ 45,000 samples of locally grown, organic food was distributed.

Program Funding

This new program is the combination of budget programs Multimedia and Environmental Assistance. Authorized funding for the two previous programs in FY 2008-09 totals \$83.3 million. The funding mix: environmental fund 67%, federal 24%, general fund 6%, and 3% other sources.

Contact

For more information, contact Todd Beiwen, Assistant Director, at (651) 296-8156 or toll-free at 1 (800) 657-3864.

The MPCA website at <http://www.pca.state.mn.us> provides useful information about Minnesota's environment. The types of information available through the site include regulatory news and updates, rules, public notices, agency initiatives, details about environmental quality, and current "hot topics."

For information on how this agency measures some of its efforts to meet statewide goals, please visit <http://www.departmentresults.state.mn.us>.

POLLUTION CONTROL AGENCY
 Program: EA AND CROSS-MEDIA

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<i>Direct Appropriations by Fund</i>					
Environment & Natural Resource					
Current Appropriation	0	750	750	750	1,500
 Technical Adjustments					
One-time Appropriations			(750)	(750)	(1,500)
Subtotal - Forecast Base	0	750	0	0	0
Total	0	750	0	0	0
General					
Current Appropriation	3,006	2,134	2,134	2,134	4,268
 Technical Adjustments					
One-time Appropriations			(20)	(20)	(40)
Subtotal - Forecast Base	3,006	2,134	2,114	2,114	4,228
 Governor's Recommendations					
General Fund Reduction		0	(100)	(100)	(200)
Total	3,006	2,134	2,014	2,014	4,028
Environmental					
Current Appropriation	23,906	23,906	23,906	23,906	47,812
 Technical Adjustments					
One-time Appropriations			(2,025)	(2,025)	(4,050)
Subtotal - Forecast Base	23,906	23,906	21,881	21,881	43,762
 Governor's Recommendations					
Environmental Fund Resource Redirection		0	4,110	4,110	8,220
Total	23,906	23,906	25,991	25,991	51,982

POLLUTION CONTROL AGENCY
 Program: EA AND CROSS-MEDIA

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	107	750	0	0	0
General	2,670	2,470	2,014	2,014	4,028
Environmental	23,603	24,209	25,991	25,991	51,982
Statutory Appropriations					
Miscellaneous Special Revenue	1,054	1,550	1,020	1,020	2,040
Federal	9,718	9,661	12,661	12,661	25,322
Environmental	2,299	2,617	2,507	2,507	5,014
Gift	0	1	0	0	0
Total	39,451	41,258	44,193	44,193	88,386
<u>Expenditures by Category</u>					
Total Compensation	14,594	15,212	20,025	19,888	39,913
Other Operating Expenses	5,451	6,976	5,997	6,088	12,085
Local Assistance	19,357	18,651	17,864	17,910	35,774
Other Financial Transactions	49	419	307	307	614
Total	39,451	41,258	44,193	44,193	88,386
<u>Expenditures by Activity</u>					
Ea And Cross-Media	14,159	14,000	14,500	14,500	29,000
Ea And Cross-Media	25,292	27,258	29,693	29,693	59,386
Total	39,451	41,258	44,193	44,193	88,386
Full-Time Equivalent (FTE)	188.5	199.9	241.3	241.3	

Program Description

The Administrative Support program provides business and support services for the Minnesota Pollution Control Agency's (MPCA's) environmental program delivery from the St. Paul and its regional offices. Administrative Support includes the Commissioner's Office, legislative relations, accounting and financial management, human resources, education and development, information systems management, communication, and business systems. The MPCA Citizens' Board expenses are also paid from this program.

Activities under this program directly support accomplishment of the Excellence in Operations goals from the MPCA's strategic plan. Those goals include:

- ◆ Provide a safe and healthy workplace for all employees, volunteers and visitors.
- ◆ Manage agency operations to support the agency's environmental work and core operations in an effective and efficient manner.
- ◆ Achieve excellence through application of world class tools and best practices.
- ◆ Provide a reliable information management system that supports the agency and its partners in effective and efficient environmental work.
- ◆ Maintain MPCA's capacity to recognize and address emerging issues that fall within the agency's authority.

Program at a Glance

- ◆ The MPCA Citizens' Board resolves certain controversial matters in MPCA's regulatory work.
- ◆ The Commissioner's Office sets the strategic direction for MPCA.
- ◆ The Financial management, Human Resources, Education, Information Management, Communications, and Business Systems support all MPCA environmental programs.

Population Served

Administrative Support directly serves MPCA environmental programs by providing the underlying information and management systems necessary for effective and efficient program operations. In addition to internal customers, Administrative Support directly serves Minnesota citizens and businesses by providing through the MPCA website relevant information and as way to transact business. The MPCA Citizens' Board makes important environmental decisions that ultimately affect individuals, citizen and environmental groups, local governments, business and industry. MPCA's information and communication services, including the web site, environmental publications, events and public involvement processes, provide environmental information directly to Minnesota citizens and, in many cases, enables them to conduct business electronically.

Services Provided

- ◆ The Citizens' Board makes decisions on complex pollution problems, and provides a venue for public participation in key environmental decisions.
- ◆ The Commissioner's Office provides leadership and strategic direction for MPCA.
- ◆ Administrative Support maintains a process-improvement emphasis through integration of continuous improvement tools and methodology in its operations.
- ◆ Communication is involved with strategic communications planning; award winning events; and media relations, crisis communications and community relations.
- ◆ The Learning Resource Center and Library responds to thousands of information requests each year.
- ◆ Information Systems maintains large volumes of data and ensures both data security and accessibility to agency staff and, through the website, to the public. It also enables direct communication with the public via video conferencing and web broadcasts of MPCA Citizen Board meetings.
- ◆ Administrative Support coordinates MPCA's cost-effective and environmentally sound business practices, which include purchasing alternative technology vehicles, using recycled office supplies, and implementing on-going agency-wide recycling efforts.
- ◆ Financial Assistance and Budgeting ensures that funds are spent for authorized purposes and managed according to accepted government accounting practices.
- ◆ Human Resource Office guides supervisors and staff on human resource management issues.
- ◆ Education and Development supports individual and group professional development needs.

Historical Perspective

Effective July 2005, the legislature approved combining the existing staff, authorities and expertise of the MPCA and the Office of Environmental Assistance (OEA). From an administrative perspective combining OEA and MPCA has given the public improved access to combined databases and web sites, and offered the administrative efficiencies inherent in combining separate computer, financial and business systems. More importantly, combining the OEA and MPCA has united and focused the priorities of the two organizations in utilizing prevention, assistance and regulatory tools.

Key Measures

MPCA manages its fiscal resources and business systems

- ◆ In FY 2008, MPCA met its federal financial deadlines 100% of the time.
- ◆ Financial Assistance and Budgeting Section establishes annual operating budgets and ensures MPCA's spending adheres to all authorizing state appropriation language and federal grant requirements.
- ◆ In FY 2008, 80% of new vehicles purchased by MPCA use alternative fuels, exceeding the federal standard.

MPCA provides environmental information to citizens

- ◆ In FY 2008, MPCA reached 25,000 citizens through its quarterly Minnesota Environment magazine, more than 500 citizens through a variety of subject-specific electronic newsletters, and potentially reached millions of Minnesotans with its proactive news releases on environmental topics.
- ◆ MPCA's State Fair Eco Experience building reached more than 350,000 visitors in calendar years 2007 and 2008 with key environmental messages.

MPCA provides secure information systems and a well received and widely used website

- ◆ In FY 2008, there were over eight and a half million pages viewed by users on the MPCA websites, which represents a more than 40% increase in usage over recorded levels two years ago.

MPCA manages its human resources

- ◆ In the first two quarters of CY 2008, MPCA lost only two days due to qualifying injuries.
- ◆ MPCA enjoys a new-hire turnover rate of less than 10% within the first two years of employment.

Program Funding

Authorized appropriations for Administrative Support in FY08-09 totaled \$27.685 million. Funding sources: 11% general fund, 88% special revenue fund, and 1% other sources.

Contact

For more information, contact Myrna Halbach, Operational Support Director at (651) 296-8399 or toll-free at 1 (800) 657-3864.

The MPCA website at <http://www.pca.state.mn.us> provides useful information about the Minnesota's environment. Information available through the site includes regulatory news and updates, rules, public notices, agency initiatives, details about environmental quality, and current "hot topics." Additionally, public facing web applications for conducting electronic business with the agency allow users to 1) apply and pay for a construction storm water permit; 2) submit petroleum remediation field work notifications; and 3) submit construction stormwater inspections.

For information on how this agency measures some of its efforts to meet statewide goals, please visit <http://www.departmentresults.state.mn.us>.

POLLUTION CONTROL AGENCY
 Program: ADMINISTRATIVE SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,631	1,512	1,512	1,512	3,024
Technical Adjustments					
Pt Contract Base Reduction			(18)	(18)	(36)
Subtotal - Forecast Base	1,631	1,512	1,494	1,494	2,988
Governor's Recommendations					
General Fund Reduction		0	(100)	(100)	(200)
Total	1,631	1,512	1,394	1,394	2,788
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,631	1,512	1,394	1,394	2,788
Statutory Appropriations					
State Government Spec Revenue	1	2	2	2	4
Miscellaneous Special Revenue	14,833	16,762	14,277	14,587	28,864
Environmental	183	289	289	289	578
Remediation Fund	151	142	142	142	284
Total	16,799	18,707	16,104	16,414	32,518
<u>Expenditures by Category</u>					
Total Compensation	9,239	9,245	7,912	8,222	16,134
Other Operating Expenses	7,560	9,452	8,184	8,184	16,368
Capital Outlay & Real Property	0	10	8	8	16
Total	16,799	18,707	16,104	16,414	32,518
<u>Expenditures by Activity</u>					
Administrative Support	16,136	13,112	10,872	11,182	22,054
Administrative Support	663	5,595	5,232	5,232	10,464
Total	16,799	18,707	16,104	16,414	32,518
Full-Time Equivalents (FTE)	109.8	111.9	99.2	99.2	

POLLUTION CONTROL AGENCY

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm. FY2010 FY2011		Biennium 2010-11
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	9	8	8	8	16
Petroleum Tank Release Cleanup	6	6	6	6	12
State Government Spec Revenue	41	40	40	40	80
Environmental	19,894	18,147	18,061	18,321	36,382
Other Revenues:					
General	889	1,007	1,007	1,007	2,014
Petroleum Tank Release Cleanup	123	40	40	40	80
Environmental	1,566	1,397	1,172	1,122	2,294
Remediation Fund	5,037	3,725	3,491	2,941	6,432
Closed Landfill Investment	18	2	2	2	4
Total Non-Dedicated Receipts	27,583	24,372	23,827	23,487	47,314
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	680	3,175	469	343	812
Grants:					
Miscellaneous Special Revenue	57	537	0	0	0
Federal	23,450	24,152	22,056	22,034	44,090
Other Revenues:					
Clean Water Revolving Fund	224	230	230	230	460
Miscellaneous Special Revenue	14,208	17,532	15,579	15,889	31,468
Environmental	123	85	85	85	170
Remediation Fund	420	5,293	166	3,166	3,332
Gift	2,083	1,030	1,030	1,030	2,060
Other Sources:					
Clean Water Revolving Fund	2,234	2,300	2,300	2,300	4,600
Environmental	300	255	255	255	510
Taxes:					
Environmental	2,021	2,126	2,126	2,126	4,252
Remediation Fund	674	712	712	712	1,424
Total Dedicated Receipts	46,474	57,427	45,008	48,170	93,178
Agency Total Revenue	74,057	81,799	68,835	71,657	140,492

In the FY2008-2009 biennium, the MPCA received \$47.6 M in the form of grants and cooperative agreements from the federal government. This amount is projected to drop by 8% in the FY2010-2011 biennium to \$44.0 M.

Federal funds are important because they enable the MPCA to carry out activities identified in our strategic plan as essential to protect, conserve and improve our environment and enhance our quality of life. Ninety-eight percent (98%) of federal funding received by the MPCA is from the U.S. Environmental Protection Agency (EPA). The remaining 2% arrives from the Great Lakes National Program Office and the Department of Defense.

The agency's largest single federal award is the Performance Partnership Grant (PPG). The grant is a unique funding mechanism that allows multiple federal environmental program grants to be arranged under one "umbrella" award. By having one overall award and program plan, administrative requirements of multiple federal grants are streamlined. Thus, the PPG provides administrative savings and the programmatic flexibility to direct grant resources where they are most needed to address environmental priorities.

The PPG accounts for \$18.7 M or 39% of our federal resources for the FY2008-2009 biennium. This percentage will increase under the PPG Maximization Initiative that began in 2009 to an estimated 56% (\$24.7 M) in FY2010-2011 as existing stand-alone programs are added. Present PPG-funded activities occur in Water, Land and Cross Media areas, and over the FY2010-2011 biennium will add the following federal programs: Clean Water Act Section 319 Non-Point Source Technical Assistance, Wetlands, Brownfields, Pollution Prevention and the National Environmental Information Exchange Network grants.

The remaining \$19.4 million in projected FY2010-2011 federal funding will be received through approximately 45 other agreements in program areas of Air, Water, Land and Cross Media.

The Water Program's federal funding is projected to decline by 45% from \$19.4 M in FY2008-2009 to \$10.6 M in FY2010-2011, in part due to programs transferred into the PPG. Other federal grants are projected to be eliminated during the FY2008-2009 biennium. These eliminations include program funding for wetlands and other water quality work, which our agency has historically designated as areas of priority environmental concern.

Air Program federal funding is expected to increase from \$1.44 M in FY2008-2009 to \$1.49 M in FY2010-2011. The MPCA continues to receive funding for the ambient monitoring of fine particulate matter, which is part of the Section 103/Air Research and Development Program grant. Although funding for this Air Pollution Control-Research is expected to undergo some reductions, new federal Clean Diesel funding of has been received and the overall Program funding level is projected to remain stable through FY2011.

Land Program federal funding is projected to decline 7% from FY2008-2009 to FY2010-2011. The Underground Storage Tank program funding has been removed from PPG eligibility and has been granted as a stand-alone program. Funding for Superfund site specific activities is projected to decrease 61% from FY2008-2009 levels. In addition to reduced funding for site-specific activities, the Superfund CORE grant, which provides flexibility to ongoing state administration of non-site-specific Superfund activities, will receive a federal reduction of 2%. This reduction is due primarily to the decrease in number of federally identified clean-up sites in Minnesota, but does not reflect the need for ongoing monitoring of these sites. Funding for the Leaking Underground Storage Tanks (LUST) will decrease in FY2010-2011 by 15%. As a standout from the other trends, the Brownfields program will receive an increase of 1% in funding.

In the Cross Media Program, funding will increase from FY2008-2009 levels due to the PPG Maximization Initiative; effectively relocating programs found in the Water Program to Cross Media. The MPCA anticipates continued receipt of National Environmental Information Exchange Network (NEIEN) grants to increase the quality and availability of environmental data generated by the MPCA for its stakeholders, whether federal or the public. NEIEN grant awards are competitive and future awards will be added into MPCA's PPG.

Federal Funds Summary

Federal Programs (\$ in Thousands)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Reimbursement of Technical Services (CFDA 12.113)	0	SO	200	240	254	267
Air Pollution Control – Research (CFDA 66.034)	0	SO	698	450	450	450
Clean Diesel Program (CFDA 66.04)	0	0	295	295	295	295
Water Pollution Control Program Support (CFDA 66.419)	0	SO	335	119	251	170
Surveys and Studies - CWA Section 104(B)(3) (CFDA 66.436)	0	SO	56	0	0	0
Water Quality Management Planning (CFDA 66.454)	0	SO	196	108	126	126
Non-Point Source Technical Assistance (CFDA 66.460) ¹	1,879	SO	3485	898	0	0
Non-Point Source Program Implementation (CFDA 66.460)	201	GPS	3,974	8,203	4,700	4,800
Wetlands Program Grants (CFDA 66.461) ¹	0	SO	110	189	0	0
Wastewater Operator Training and Security (CFDA 66.467) ²	9	SO	41	19	0	0
Great Lakes Program (CFDA 66.469)	0	SO	304	266	226	225
Beach Act Monitoring and Implementation Program (CFDA 66.472)	0	SO	178	241	0	0
Wetland Demonstration Program (CFDA 66.479)	22	SO	324	215	0	0
Performance Partnership Grants (CFDA 66.605)	2,668	SO	9,309	9,366	12,366	12,366
Environmental Info. Exchange Network (CFDA 66.608) ^{See 1}	0	SO	311	0	0	0
Environmental Policy and Innovation (CFDA 66.611) ³	26	SO	78	4	0	0
Pollution Prevention Program (CFDA 66.708) ^{See 1}	76	GPS	98	0	0	0
Multi-Media Capacity Building (CFDA 66.709)	0	SO	46	103	20	0
Superfund State Programs (CFDA 66.802)	312	SO	955	767	358	325
Underground Storage Tank Program (CFDA 66.804) ⁴	0	SO	0	533	690	690
Leaking Underground Storage Tank Trust Fund (CFDA 66.805)	252	SO	1,769	1,402	1,350	1,350

¹ Program will be incorporated into the Performance Partnership Grant during this reporting period.

² Program ending Federal FY 2009

³ Special project grant ended 9/30/08.

⁴ Program removed from PPG grant in Fed FY 2009 for special reporting purposes.

Federal Funds Summary

Federal Programs (\$ in Thousands) (Continued)	Related SFY 2008 Spending	Primary Purpose	SFY 2008 Revenues	SFY 2009 Revenues	Estimated SFY 2010 Revenues	Estimated SFY 2011 Revenues
Superfund Core Program Cooperative Agreements (CFDA 66.809)	19	SO	191	229	224	224
Brownfield Response Program (CFDA 66.817)	0	SO	774	694	746	746
Agency Total	5,464	-	23,450	24,152	22,056	22,034

<p>Key: Primary Purpose SO = State Operations GPS = Grants to Political Subdivision</p>
