Pollution Control — Projects Summary

($ in thousands)

Project Title	Priority Ranking	Funding Source	Project Requests for State Funds 2026	2028	2030
Statewide Drinking Water Contamination Mitigation	1	GO	$ 20,684	$ 20,684	$ 20,684
		GF	$ 5,000	$ 5,000	$ 5,000
Sustainable Construction and Demolition Waste Transition	2	GO	$ 59,000	$ 59,000	$ 59,000
		GF	$ 59,000	$ 59,000	$ 59,000
Addressing Legacy Contamination through Superfund	3	AP	$ 34,737	$ 34,737	$ 34,737
Capital Assistance Program	4	GO	$ 59,308	$ 59,308	$ 59,308
Total Project Requests			$ 237,729	$ 237,729	$ 237,729
General Obligation Bonds (GO) Total			$ 138,992	$ 138,992	$ 138,992
Appropriation Bonds (AP) Total			$ 34,737	$ 34,737	$ 34,737
General Fund Cash (GF) Total			$ 64,000	$ 64,000	$ 64,000

($ in thousands)

Statewide Drinking Water Contamination Mitigation

AT A GLANCE

2026 Request Amount:	$25,684
Priority Ranking:	1
Project Summary:	$20.684 million in GO bonds and $5 million in general fund cash to design and construct drinking water system improvements for communities with drinking water supplies contaminated by man-made contaminants such as PFAS and 1,4-dioxane. This request includes hook-ups for private residential wells to municipal systems and sealing existing wells.

Project Description

The proposal would provide assistance to communities that are unable to provide safe drinking water to their residents due to man-made contaminants. A variety of projects will be considered depending on the nature of the impacts to the drinking water systems. Examples include building a drinking water treatment system for impacted wells, drilling new drinking water wells in areas that are uncontaminated, or connecting homes with private wells to public drinking water systems. The funding will help with the design and construction of the necessary improvements. In some cases, the improvements will involve non-bondable expenses for which the general fund cash will be used, such as capping private wells, or servicing privately owned manufactured home communities. Appropriations from general obligation bonds will be used for the publicly-owned upgrades. Long-term operations and maintenance are not included in this proposal. If no responsible parties are found for the contamination, the municipalities or operators of the drinking water system will need to fund the long-term maintenance. MPCA will act as the fiscal agent for these funds and work with impacted communities to implement the solutions.

Project Rationale

This proposal provides financial resources to multiple communities or neighborhoods in Minnesota that are unable to provide safe drinking water due to man-made contaminants where there is no responsible party or the responsible party is unable or unwilling to respond in a timely manner. In recent years MPCA has been sampling for (and finding) PFAS and 1,4-dioxane at contaminated sites. Private wells have been found to exceed state health-based values and a number of municipal systems have exceeded the maximum contaminant levels under the Safe Drinking Water Act. Funding will go to communities that do not have any existing flexibility in their public water supply systems to attain compliance and provide safe drinking water to their residents or to communities that have the ability to connect impacted private well users to their treatment systems. Depending on the specific need, the cost per community can range from approximately $2M to $30M.

Project Timeline

Projects vary in their readiness. The agency anticipates at least two neighborhood connection

projects will be able to start within the first year of fund availability.

Other Considerations

These projects provide safe drinking water to children and families in Minnesota. Sites are often located in environmental justice areas. This aligns with the Governor's One Minnesota plan.

Impact on Agency Operating Budgets

There is no impact to the MPCA's operating budget. The work to implement the projects related to the bond dollars can be completed within existing staff levels. Long-term operations and maintenance of the systems are not included in the proposal and will be borne by the municipality or private entity unless a responsible party can be found.

Description of Previous Appropriations

2025 legislation (Session Law 2025 1st Special Session, Chapter 15, Article 1, Section 8) established this program in statute and appropriated $6 million in GO bonds for a project or projects on the priority list. Subsequent funding will be used to fund other projects on the priority list.

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Sustainable Construction and Demolition Waste Transition

AT A GLANCE

2026 Request Amount:	$118,000
Priority Ranking:	2
Project Summary:	$59 million in GO bonds and $59 million in GF cash to advance statewide construction and demolition (C & D) infrastructure and improve solid waste management systems through grants to local units of government. Grants are used for design, closure, construction of a final enhanced cover system on unlined C & D landfills, construction of transfer stations and mixed-use facilities to replace closing unlined C & D landfills, and to divert waste and materials from entering landfills.

Project Description

The proposal is for grants to communities to properly design, close, and construct a final cover system on unlined C&D landfills to reduce or prevent the releases of contaminants to groundwater and surface waters. In addition, the proposal includes grants for transfer stations and mixed-use facilities to replace unlined C&D landfills, where necessary, to provide convenient local access to the public, particularly in rural and underserved communities.

The MPCA has been pursuing multiple efforts to prevent and reduce risks to groundwater from unlined construction and demolition landfills. Groundwater is the primary source of drinking water for 3 in 4 Minnesotans. Unlined landfilling has resulted in contamination of private drinking water wells. At this time, there are approximately 40 open unlined C&D landfills owned and operated by local units of government throughout Minnesota.

The proposal also seeks to keep C&D and other waste and materials out of landfills through grants to build alternatives for long-term management of C&D materials by incorporating options for increased waste diversion, beneficial use of materials, reuse, and recycling processes. Infrastructure is needed to design and construct integrated systems for beneficial use, reuse, and recycling as local units of government close their unlined C&D landfills. Reuse and recycling projects can include concrete, brick, porcelain, and asphalt shingles for roadway projects, wood for biochar, mulch or compost feedstock, scrap metal collection, public reuse sheds/buildings, and other new or emerging technologies such as gypsum board recycling. The state has an opportunity to advance C&D materials management by incentivizing regional systems where many small landfills are replaced with a local collection option. This transfer station model is similar to mixed municipal solid waste management systems and does not exist for C&D waste in parts of the state. Several local governments throughout Minnesota have expressed interest in funding to support their local projects to properly manage C&D materials and waste, as well as improvements to increase recycling, reuse, and management for long-

term solid waste management.

The proposal consists of $88 million for infrastructure and equipment to transition away from unlined landfills, including $59 million in general obligation bonds for bondable infrastructure and $29 million in general fund cash for non-bondable infrastructure and equipment. Projects would have a 75% state, 25% local cost share. In addition, $30 million in general fund dollars is to construct enhanced cover systems, where public and private landfills would be eligible for the grants. Enhanced cover grants would have a 50% state, 50% local cost share.

Project Rationale

The Minnesota Waste Management Act (M.S. 115A) was enacted to promote an integrated solid waste management system in a manner appropriate to the characteristics of the waste stream. At the time, it was believed that C&D landfill design requirements would be protective of the state's land, air, water, and other natural resources and human health. A review of 2022 annual groundwater reports submitted by unlined C&D landfills indicated that 90% of the facilities that have groundwater monitoring exceed a permit threshold for at least one contaminant of concern. Unlined landfills lack a protective barrier below the waste, thereby allowing for the movement of pollution to native soils, groundwater or surface water. Landfill covers are a significant tool in minimizing groundwater contamination and leachate generation. Enhanced landfill covers have an increased ability to reject precipitation at a rate greater than the currently required two-foot soil cover for C&D landfills.

Project Timeline

Planning an preparation, finalizing project scope and budget: June - August 2026

Develop RFP documentation and RFP process: August 2026 - February 2027

Award projects: February - April 2027

Finalize design: February - June 2027

Site preparation and construction (weather-dependent): February 2027 - September 2029

Other Considerations

The MPCA will select grantees for enhanced cover grants based on permit application completeness, robustness of cover design as shown through the Hydrologic Evaluation of Landfill Performance (HELP) model evaluation, the quality of plans and specifications submitted, site specific evaluation based on risk to human health, and the environment and compliance status. Releases to groundwater requiring mitigation will still be the responsibility of the owner/operator to address. The MPCA has initiated rulemaking to amend the current rules governing C&D landfills to ensure the environment and human health are protected.

Impact on Agency Operating Budgets

The Legislature authorizes a direct appropriation for the administrative costs and grants for the projects. This request does not affect MPCA's annual operating budget.

Description of Previous Appropriations

None

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($ in thousands)

Addressing Legacy Contamination through Superfund

AT A GLANCE

2026 Request Amount:	$34,737
Priority Ranking:	3
Project Summary:	$34.737 million in appropriation bonds for the cleanup of contaminated sites across Minnesota where there is not a viable responsible party to do the work.

Project Description

The proposal is to clean up and remediate two sites in Greater Minnesota:

• The Hibbing Gas Manufacturing Plant Site operated as a gas plant by the City of Hibbing from 1918 to 1969. The project would remove free-phase coal tar, contaminated soil, and below-ground infrastructure at the historical gas plant in order to eliminate or significantly reduce human health risk to site contaminants of concern in soil, groundwater, surface water, and sediment contamination in a wetland discharge area.

• The City of Duluth Dump #1 operated from approximately 1954 to 1959 and accepted mixed municipal solid waste, which may have filled in portions of the wetland area. Site contaminants include volatile organic compounds (VOCs), metals, polycyclic aromatic hydrocarbons (PAHs), and polychlorinated biphenyls (PCBs). This request, in addition to the bond dollars from 2020, would cover the cost of the complete removal of waste from the site to eliminate the contact with groundwater.

Project Rationale

The proposal addresses contamination issues at sites that have been investigated and where immediate environmental and human health concerns have been mitigated (e.g. installation of a vapor mitigation system in a home). However, these sites still need long-term solutions to address the source of the problem and reduce future risks to the environment and human health.

• Hibbing Gas Manufacturing Plant Site: Contaminated sediments and product would be removed. This facility is adjacent to a proposed low-income housing development and the cleanup would provide a better environment for the community.

• Duluth City Dump #1: Impacted groundwater, surface water, and soil/sediment remain at the site, posing potential exposure risks to East Branch Chester Creek. Methane gas from existing waste at the landfill also poses a risk. Completion would eliminate the need for indefinite long-term operation and maintenance of the site.

Project Timeline

The Hibbing Gas Manufacturing Plant Site is shovel ready. Construction can begin as soon as dollars are appropriated. Duluth City Dump #1 will be ready, by the time dollars are appropriated, to initiate the over-excavation and off-site disposal. Estimated duration of construction is three years.

Other Considerations

The proposal requests the use of appropriation bonds, as was done in 2020 under 16A.966, for multiple projects, including Duluth Dump #1. For the Duluth Dump project, an analysis identified this cleanup option as the highest initial cost, but also the most protective alternative to protect the environment and human health. However, this cleanup option also eliminates the long-term cost of operation and maintenance. The Hibbing Gas location is immediately adjacent to a low-income housing development project. This would provide a better environment and reduce exposure for community members.

Impact on Agency Operating Budgets

There is no impact to MPCA's operating budget. Work to remediate the sites will not begin until bond dollars are appropriated, and will be completed with existing staff to oversee the contracted construction work.

Description of Previous Appropriations

Remediation Fund has been used to fund various activities at these sites including, but not limited to: investigation of extent and magnitude of contamination, vapor investigation, contaminant monitoring in potable and monitoring wells, drinking water and vapor intrusion mitigation and/or treatment systems, feasibility studies. Bond dollars are requested for sites involving large or expensive construction work to remediate the property.

In 2020 (Session Laws 2020 5th Special Session, Chapter 3, Article 4, Section 3), $30,400,000 in appropriation bonds were authorized to be issued for this program.

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($ in thousands)

Capital Assistance Program

AT A GLANCE

2026 Request Amount:	$59,308
Priority Ranking:	4
Project Summary:	$59.308 million in GO bonds for capital assistance grants to local governments. The grants would be used for construction, expansion, and/or upgrades to solid waste facilities.

Project Description

The Capital Assistance Program (CAP) provides funds to communities to preserve existing solid waste infrastructure or expand/upgrade solid waste infrastructure. Eligible facilities can include transfer stations, household hazardous waste facilities, materials recovery facilities, and reuse, recycling, and compost facilities. This program provides critical support that local governments rely on to finance waste management. The MPCA prioritizes projects within the CAP so that funding flows first to projects that are ready for construction and aligned with the state's waste management hierarchy. Prioritization will occur later in the process (typically in the fall), but more than ten local governments have expressed interest in being included on the 2026 list.

Project Rationale

Putting waste in landfills is the least desirable disposal method for Minnesota solid waste. Diverting usable material like recyclables from landfills slows the creation of landfills that we must manage-- at cost to the environment and taxpayers. The collected recyclable materials support Minnesota industries in creating new products and jobs. Energy and steam produced from waste at resource-recovery facilities (instead of landfills) is also used by local communities. Landfills, on the other hand, must be monitored and managed in perpetuity, even after they stop receiving new waste. Closed landfills produce contaminated fluids (leachate) and methane gas that must be properly contained and managed. CAP provides grants to local governments to develop and implement an integrated solid waste management system, enabling preferred waste management practices consistent with the Minnesota Waste Management Act (M.S. 115A).

Project Timeline

Based on an enactment date in May 2026, the MPCA would solicit final applications from proposers with a due date in late calendar year 2026. MPCA would proceed to develop and execute a grant contract in the first quarter of calendar year 2027. Once executed, the project would be able to begin construction. Solid waste projects typically take 1-2 years to construct. Reimbursement (in the form of grants) occurs as tasks are completed.

Other Considerations

CAP, under M.S. 115A.49 - 115A.54, is the MPCA's main program to assist local governments in

financing the infrastructure necessary for an effective, integrated solid waste system. CAP also assists local governments in achieving environmental goals, provides orderly and deliberate development and financial security of publicly owned infrastructure, leverages local funds, and is a catalyst for regional cooperation. Local governments are responsible for meeting rigorous CAP application requirements and assuring operating and maintenance costs for the life of the project (20 years minimum). Priority projects identified for FY26 represent a variety of project types, including infrastructure for reuse, recycling, household hazardous waste, and waste processing to recover materials from the waste stream.

Impact on Agency Operating Budgets

The Legislature authorizes a direct appropriation for the administrative costs and grants for the projects. This request does not affect MPCA's annual operating budget.

Description of Previous Appropriations

The Capital Assistance Program was originally created in statute in 1980, and has received a total of $120.406 million over the lifetime of the program (through FY24). Below are the most recent appropriations to projects under the Capital Assistance Program:

- 2025 1st Special Session Bonding Bill, Chapter 15, Article 1, Section 8 - $6,000,000
- 2023 Session, Chapter 71, Article 1, Section 3 - $15,628,000
- 2023 Session, Chapter 72, Article 1, Section 8 - $10,000,000
- 2020 5th Special Session, Chapter 3, Article 1, Section 8 - $25,816,000

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