Capital Assistance Program (CAP)

Under the Solid Waste Processing Facilities Capital Assistance Program (CAP), more than 100 grants have been awarded for a variety of projects in Minnesota since 1985. Minnesota **cities, counties, solid waste management districts, and sanitary districts are eligible** to receive CAP grants to help finance the capital costs of investment in the proper management of materials and solid waste.

The objective of CAP is recovering materials and energy from waste and to minimize land disposal of municipal solid waste (MSW) through waste reduction, reuse, recycling, composting source-separated compostable materials or yard waste, resource recovery, waste separation, and waste processing.

In preparation for future state bonding sessions, Minnesota Pollution Control Agency (MPCA) asks local government to identify funding needs for the development of integrated solid waste management systems and infrastructure in Minnesota. Grant recipients must demonstrate to the MPCA that they have an ability and plan to fund the program intended for the facility.

Eligible projects

Eligible projects invest in infrastructure to improve materials management, in a sustainable manner, and develop alternatives to MSW land disposal through waste reduction, material reuse, solid waste processing, and resource recovery. Examples include:

- Increase capacity for prevention of wasted food and food rescue
- Increase reuse, repair, and rental of materials
- Increase overall recycling of MSW and household hazardous waste
- Manage source-separated organics
- Expand transfer station capacity
- Reduce the amount or toxicity of waste processing residuals
- Waste-to-energy facilities

Eligible applicants must have or be in a county that has a comprehensive solid waste management plan approved by the MPCA. The CAP review process ensures that a project is consistent with the solid waste management activities described in the plan. Applicants are also required to incorporate the state of Minnesota Sustainable Building Guidelines and alternative energy into their projects, if applicable, and whenever possible.

Eligible costs

CAP grants from general obligation bond proceeds may only be used for qualified capital expenditures including but not limited to:

- Final design, engineering, and architectural plans
- Land
- Structures
- Major remodeling (if it adds to the value or life of a building and is not of a recurring nature),
- Waste processing equipment
- On-site mobile equipment

- On-site roads, parking and landscaping
- Transmission facilities and utilities at the site
- Other improvements or acquisitions of tangible fixed assets of a capital nature

Equipment is not eligible unless purchased and installed upon initial acquisition and construction of a building, expansion or major remodeling and needed for the governmental program to be operated in the project.

Projects, including the land, buildings, and equipment, must be publicly owned by the eligible applicant. However, under certain lease agreements, a county or local unit of government may lease the facility and operations to a private business. The MPCA encourages public-private cooperation in the development and operation of facilities.

Maximum grant amounts

The CAP funding formula provides an incentive for local governments to work together on regional projects.

Depending on project type, a single-county project may receive funding of 25 percent, 50 percent, or 75 percent of the eligible capital costs, up to a maximum of $5 million. Multi-county projects may receive 25 percent, 50 percent, or 75 percent of the eligible capital costs, or up to $5 million times the number of participating counties, whichever is less. See example scenarios below.

- Eligible capital costs for recycling, household hazardous waste, source-separated compostable materials or yard waste may equal 50 percent state funding.
- Eligible capital costs for waste reduction or reuse projects may equal 75 percent state funding.
- Eligible capital costs for a new MSW transfer station to serve an existing resource recovery facility may equal 75 percent state funding.

Example 1: A single county plans to build a 200-ton-per-day recycling and composting facility (50 percent funding).

- Eligible costs: $18 million
- Maximum grant: $5 million

Example 2: A three-county solid waste commission plans to build a 300-ton-per-day waste-to-energy resource recovery facility (25 percent or $5 million per participating county, whichever is less).

- Eligible costs: $54 million
- Maximum grant: $15 million

Example 3: Several counties partner to build a new food rescue building that will house a food bank for the three-county area. (75 percent funding)

- Eligible costs: $18 million
- Maximum grant: $13.5 million (three counties at $5 million only eligible for 75% total project costs)

Example 4A: One county puts up a reuse shed to capture items for continued use, located on the border so it can service three counties. (75 percent funding).

- Eligible costs: $17 million
- Maximum grant: $5 million

Example 4B: A regionally developed reuse shed is built in one county to capture items for continued use to service three counties under a Joint Powers Agreement. (75 percent funding).

- Eligible costs: $17 million
- Maximum grant: $12.75 million (three counties at $5 million only eligible for 75% total project costs)

Projects without waste reduction, reuse, recycling, composting source-separated compostable material or yard waste, or resource recovery are not eligible for assistance. Solid waste disposal facilities and equipment are not eligible for assistance.

MPCA staff assistance available

The MPCA encourages interested applicants to seek planning and technical help from MPCA staff before submitting a CAP interest form.

How to apply

The CAP grant program is established by Minn. Stat. §§ 115A.49-115A.54 and is administered under Minn. R. 9210.0100-9210.0180. MPCA rules governing CAP establishes a competitive, two-stage application process that allows the MPCA to identify and assist projects that will be most beneficial in meeting state goals through the proper management of materials and solid waste.

Availability of CAP funding is subject to an appropriation by the Minnesota State Legislature.

- An interested applicant seeking CAP funding notifies the MPCA of their project.
- MPCA provides the CAP interest form and assists local government through proposed project development.
- The CAP interest forms are evaluated to identify projects that best meet MPCA program objectives.
- These potential grant applicants are selected and submitted to Minnesota Management and Budget (MMB) for funding consideration.
- MMB works directly with the Governor's Office for statewide bonding initiatives.
- When a project is funded under CAP, the recipient of the award is legislatively named into Minnesota session laws.
- After the bonding bill, legislatively named CAP recipients must submit a complete and approvable grant application to the MPCA within a reasonable amount of time.
- CAP projects have four years to complete the construction of the facility and being program operations.

The CAP application form outlines the grant application requirements and evaluation criteria. These documents are provided upon request or after a project has been awarded.

How applications are reviewed

Applications are reviewed by MPCA staff and other appropriate agencies, such as regional development commissions. The MPCA commissioner makes the final decisions on grant awards.

What grant recipients must do

In addition to providing some level of matching funds, each CAP grant recipient must provide funding for operations and submit annual written reports to the MPCA on the status of the project.

From these reports, other Minnesota communities and the MPCA can share the knowledge and experience gained from the CAP funded projects.

For more information

The MPCA can offer more information on CAP or other financial assistance. Contact Nathan Reinbold at 218-316-3938 or visit the MPCA website at Grants, loans, and contracts | Minnesota Pollution Control Agency.