



REPORT TO THE  
LEGISLATURE

AUGUST 2021

# 3M Settlement biannual report and spending plan

Report to the Legislature on Natural Resource  
Damages settlement

**m** MINNESOTA

Minnesota Pollution Control Agency  
Minnesota Department of Natural Resources



## Legislative charge

*The commissioner of the Pollution Control Agency and the commissioner of the Department of Natural Resources must jointly submit by February 1 and August 1 each year, a biannual report to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over environment and natural resources on expenditures from the water quality and sustainability account during the previous six months. Minn. Stat. § 115B.52*

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# Foreword

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On February 20, 2018, the State of Minnesota settled its Natural Resource Damage lawsuit against the 3M Company in return for a settlement of \$850 million. Minnesota's Attorney General sued 3M in 2010 alleging that the company disposed of chemicals known as per- and polyfluoroalkyl substances (PFAS) and had damaged and continue to damage drinking water and natural resources in the Twin Cities East Metropolitan Area. After legal and other expenses, about \$720 million remains to finance drinking water and natural resource projects in the East Metro.

The Minnesota Pollution Control Agency and the Minnesota Department of Natural Resources are Co-Trustees of these funds.

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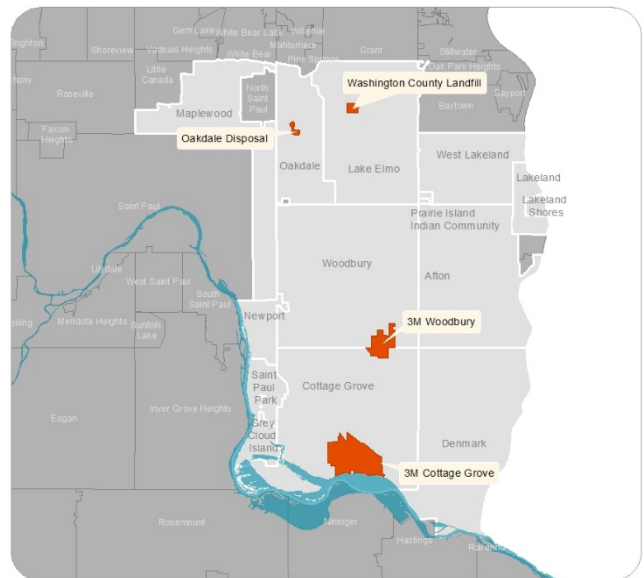
# Summary

The State of Minnesota and the 3M Company announced an agreement to settle the state's Natural Resource Damages lawsuit for PFAS contamination on February 20, 2018. Under the terms of the agreement, 3M made an \$850 million grant to the state to be used for safe drinking water and natural resource projects, and the state's lawsuit expenses. After legal and other expenses were paid, about \$720 million is available to finance drinking water and natural resource projects in the Twin Cities East Metropolitan Area. The Minnesota Pollution Control Agency (MPCA) and Minnesota Department of Natural Resources (DNR) are Co-Trustees for the grant.

Figure 1: PFAS contamination traced to four disposal sites

## Priority One — Ensure safe and sustainable drinking water

The top priority for the grant money is to enhance the quality, quantity, and sustainability of drinking water in the East Metropolitan Area. This area includes, but is not limited to, the cities of Afton, Cottage Grove, Lake Elmo, Lakeland, Lakeland Shores, Maplewood, Newport, Oakdale, St. Paul Park, Woodbury and the townships of Denmark, Grey Cloud Island and West Lakeland, and the Prairie Island Indian Community. The goal of this highest priority work is to ensure safe drinking water in sufficient supply to residents and businesses in the East Metropolitan Area to meet their current and future water needs.



## Priority Two — Enhance natural resources

The second priority for grant money is to restore and enhance water resources, wildlife, habitat, fish and other aquatic resources, resource improvement, and outdoor recreational opportunities in the East Metropolitan Area.

The terms of the 2018 3M Settlement Agreement (2018 Agreement) specify that \$20 million from the settlement is available for priority two projects. After the safe drinking water goals of the first priority are reasonably achieved, all remaining grant money is then available for natural resource restoration and enhancement projects.

## Remaining grant funds

If there are funds remaining after the first two priority goals have been met, the grant can be used for statewide environmental improvement projects. Only projects in categories such as statewide water resources, habitat restoration, open space preservation, outdoor recreation improvements, or other sustainability projects would be eligible.

# 3M Settlement work groups

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The MPCA and DNR are responsible for implementing the 2018 Agreement. Under the terms of the agreement, the two agencies are responsible for establishing at least one working group to identify and recommend projects, and are also responsible for determining what projects and other activities will be funded with settlement money.

To engage with communities, stakeholders, and technical experts, the MPCA and DNR created two main work groups — the Government and 3M Working Group and the Citizen–Business Group. To assist these two main groups, a Drinking Water Supply Technical Subgroup 1 (Subgroup1) was formed to analyze options and deliver assessments and advice on alternatives and options.

The MPCA and DNR co-chair these groups and will make all final decisions.

## Government and 3M Working Group

The Government and 3M Working Group is composed of one representative each from the MPCA, DNR, 3M, Washington County and one representative from each of the following communities: the cities of Afton, Cottage Grove, Lake Elmo, Lakeland, Lakeland Shores, Maplewood, Newport, Oakdale, St. Paul Park, Woodbury, the townships of Denmark, Grey Cloud Island and West Lakeland, and the Prairie Island Indian Community. One representative from the Citizen – Business Group is also a liaison to this group.

The group’s charter, meeting dates, and presentation materials are available on the 3M Settlement website — <https://3msettlement.state.mn.us/government-and-3m-working-group>.

## Citizen–Business Work Group

The Citizen–Business Group is composed of MPCA, DNR, and 15 at-large citizen, business, and nongovernmental representatives who live or work in the East Metropolitan Area. One representative from the Government and 3M Working Group is also a liaison to this group.

The group’s charter, meeting dates, and presentation materials are available on the 3M Settlement website — <https://3msettlement.state.mn.us/citizen-and-business-group>.

## Drinking Water Supply Technical Subgroup 1

This technical subgroup analyzes options and provides assessments and advice to the MPCA, DNR, Government and 3M Working Group and the Citizen–Business Group for long-term options for drinking water supply and for treatment of existing water supplies that will ensure safe drinking water in sufficient supply to residents and businesses in the East Metropolitan Area to meet their current and future needs.

The subgroup is composed of technical experts from MPCA, DNR, MDH, 3M, Metropolitan Council, Washington County, the Minnesota Geological Survey, U.S. Geological Survey, Minnesota Rural Water Association, and the Minnesota Well Water Association. The cities of Afton, Cottage Grove, Lake Elmo, Lakeland, Lakeland Shores, Maplewood, Newport, Oakdale, St. Paul Park, Woodbury, the townships of Denmark, Grey Cloud Island and West Lakeland, and the Prairie Island Indian Community each have one representative on the subgroup.

The group’s charter, meeting dates, and presentation materials are available on the 3M Settlement website — <https://3msettlement.state.mn.us/technical-subgroup-1-drinking-water-supply>.

## Planning and assistance

MPCA and DNR retained Abt Associates (Abt) as consultants to coordinate and facilitate implementation activities for the 2018 Agreement. Abt Associates is an existing MPCA contractor for Natural Resource Damage Assessment (NRDA) work and has considerable expertise with natural resource damage assessments and settlement implementation. In addition, Abt is providing an essential supplement to existing agency staff capacity.

Wood Environment & Infrastructure Solutions Inc. (Wood) was retained to develop a comprehensive groundwater model and drinking water model for the East Metropolitan Area, as well as cost estimates associated with long-term drinking water supply options. These models enabled the Co-Trustees to evaluate long-term drinking water supply options for the 14 communities.

AECOM Technical Services Inc. (AECOM) provided an independent peer review of the groundwater model. They are also the primary contractor in the assessment and evaluation of Project 1007 (discussed on pp. 8-9 of this report).

Wood and AECOM are existing MPCA environmental consultants for Superfund projects, have extensive experience in providing technical assistance with hazardous substance release site evaluations and municipal infrastructure projects, and bring national expertise on PFAS contamination issues.



# Conceptual Drinking Water Supply Plan

The Conceptual Drinking Water Supply Plan (Conceptual Plan) is a key component to ensure drinking water needs and options for the East Metropolitan Area are appropriately and thoroughly considered. The value of the Conceptual Plan is to identify drinking water projects that will meet the needs of the communities in the area — now and into the future.

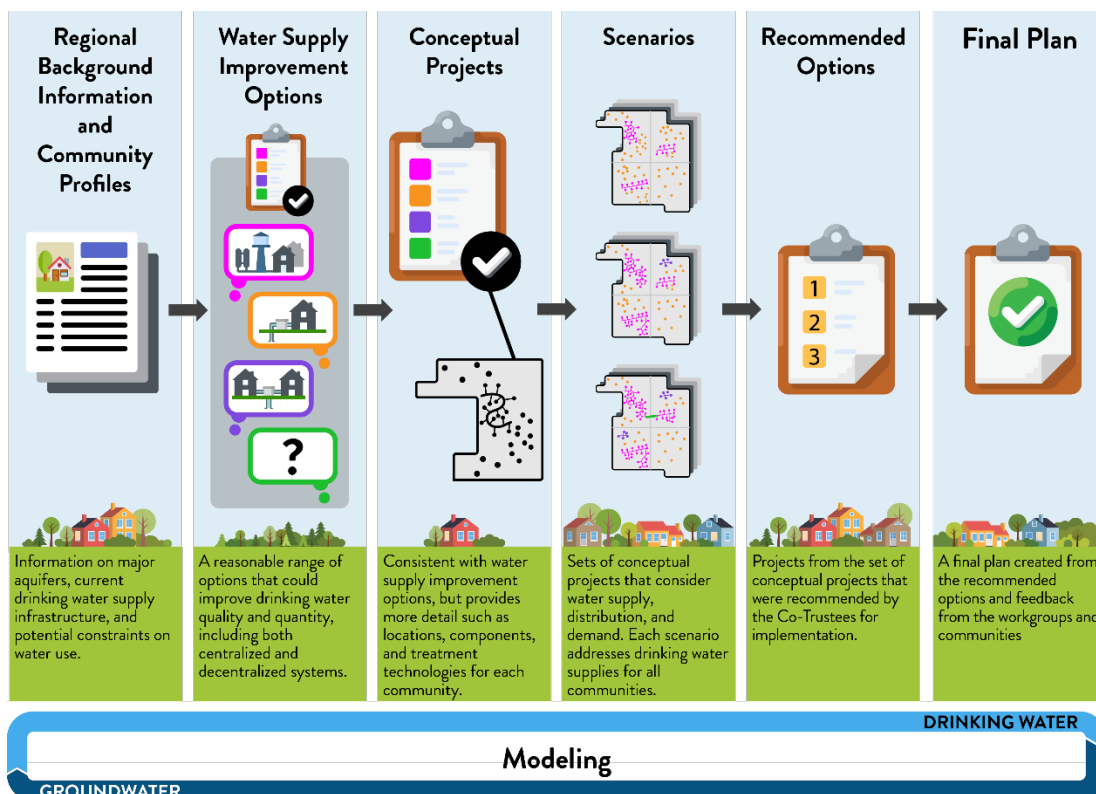
The Drinking Water Supply Technical Subgroup 1 (Subgroup 1) is providing technical input and feedback on potential projects and technologies for evaluation.

## Approach and timeline

The Conceptual Plan is being developed in a sequential process, refining a suite of projects to ultimately reach a final plan for the East Metropolitan Area. An overview of the step-wise approach is described below.

- ✓ Step one — Develop regional background information and community profiles (people, growth, drinking water needs for today and tomorrow, existing resources)
- ✓ Step two — Identify water supply improvement options for individual communities (high-level)
- ✓ Step three — Identify concept-level projects (more detailed)
- ✓ Step four — Evaluate and refine the preliminary list of long-term options, also called scenarios
- ✓ Step five — Release the three recommendations for East Metropolitan Area
- Step six – Release the final plan based off feedback received from the work groups and public on the recommended options (anticipated August 2021)

Figure 2: Step-wise Conceptual Plan approach





## Preliminary list of long-term drinking water supply options

In February 2020, the MPCA and DNR shared a list of preliminary long-term drinking water supply options for those living and working in the East Metropolitan Area. Using the drinking water and groundwater models, four groups of scenarios were developed and evaluated.

- **Treatment:** Treating existing public and private drinking water wells
- **Community-specific:** Projects submitted by the 14 communities (within their borders)
- **Regional:** Multi-community shared public water systems supplied by either surface water or groundwater
- **Integrated:** Combination of projects from treatment, community-specific, and regional scenarios

The comprehensive set of scenario options looked at water supply distribution and demand from the more than 6,000 private wells across all 14 communities as well as the eight communities that have public water systems. Population and water demand within the East Metropolitan Area are expected to grow. To account for that, future water demands were based on each community's comprehensive plan.

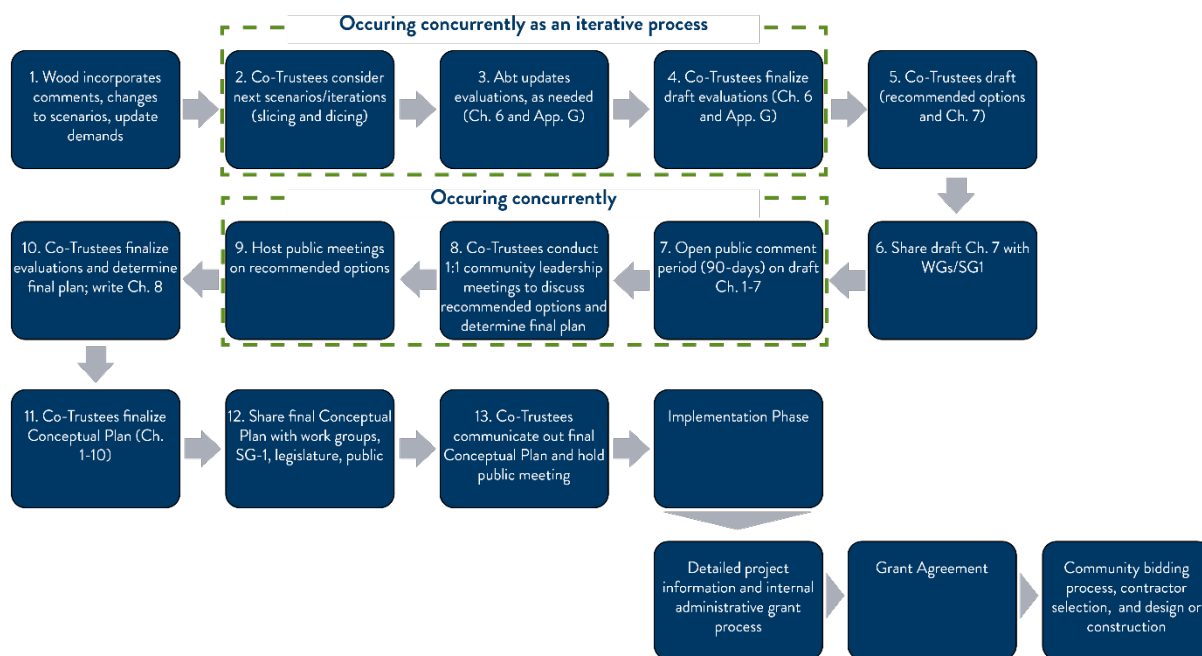
The preliminary list of options were refined based on feedback from the communities, the work groups, and meetings with the local elected officials and technical staff.

## Refining the scenarios

Beginning in May 2020, the Co-Trustees, with assistance from Wood and Abt, used the feedback from the work groups and the communities to refine the scenarios, including:

- Review of Wood's revised groundwater model data based on updates to the water supply projections from Lake Elmo, Oakdale, and Woodbury.
  - The revised water supply projections resulted in an overall 15 percent increase in the average daily demand for water supply.
- Review of groundwater modeling results for White Bear Lake.
  - DNR uses the results to evaluate whether any future growth in the East Metro communities may impact White Bear Lake water levels.

Figure 3: Process for finalizing the Conceptual Plan



In September 2020, the Co-Trustees released the Draft Conceptual Plan that included recommended options for public review and comment. The public comment period on the three recommended options was open from September 10 to December 10, 2020. During that time, the Co-Trustees:

- Held over 25 briefings outlining the draft recommended options for the Government and 3M Working Group, Citizen-Business Group, and the Drinking Water Supply Technical Subgroup 1, local elected officials, legislators, and the news media, including multiple rounds of community leadership and technical one-on-one meetings;
- Conducted four virtual public meetings;
- Presented the draft recommended options to local elected officials at their request;
- Ran nine different ads across four social media platforms, including Facebook, Twitter, LinkedIn, and Instagram, using both a paid and organic social media strategies;
- Developed a variety of resources to help summarize the comprehensive set of options, including an interactive map for private well owners, one page summaries of each option, an educational video on PFAS in the east metro area, and maps and figures; and
- Received and reviewed over 30 letters from community organizations and 330 responses from the public.

## Final plan

Following the public comment period, the Co-Trustees have continued to update the Draft Conceptual Plan based on feedback from the public and government units. The final Conceptual Plan is anticipated to be released August 2021.

## Public participation

Citizens were and still are invited to join all work group meetings, and/or sign up for GovDelivery email notices. The comprehensive set of three recommended options was open for public comment from September 10 through December 10, 2020. The MPCA and DNR reviewed and considered all public comments as they finalize the Conceptual Plan.

There were some common themes throughout the public comments, including:

- Administrative elements of the Conceptual Plan: Communities would like to begin preliminary work before the Conceptual Plan is final. There were also concerns about how the funds would be distributed among the communities and whether the State would guarantee to implement everything included in the Conceptual Plan regardless of capital costs.
- Capital and O&M cost estimates: There were concerns about the high amount of funding for West Lakeland Township and the difference in O&M funding for public and private wells. Some commenters felt the cost estimates were too low and that the cost difference would have to be covered by communities and their residents.
- Funding categories: Many commenters wished to prioritize drinking water treatment before sustainability and conservation projects were funded. Others asked for more specific information about what was covered under drinking water protection versus sustainability and conservation.
- Municipal versus private wells: Many West Lakeland Township residents do not want to connect to a municipal system. If they are connected, many requested to keep their wells for irrigation. Commenters from Lake Elmo and Oakdale did not want to connect to other systems.

## Project 1007

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Investigation continues into an area known as Project 1007 in the north-central portion of Washington County, as part of Priority 1 of the Settlement.

Project 1007 is a system of pipes, open channels, catch basins, and two dams that direct the flow of water from the Tri-Lakes (DeMontreville, Olson, and Jane) area to the St. Croix River. It also uses a number of lakes and creeks to connect to the St. Croix River. One of those creeks, Raleigh Creek, flows through the former 3M Oakdale disposal site. Additionally, between the late 1980's to the early 1990's, untreated water from the Washington County Landfill was discharged to Project 1007.

The purpose of the investigation is to understand how Project 1007 is contributing to PFAS contamination in drinking water resources in the East Metro. The results of the investigation will be used to evaluate long-term drinking water protection options in the area. The progress reports and supporting documents are available at: <https://3msettlement.state.mn.us/project-1007>

## Investigation process

The Project 1007 investigation has led to a better understanding of PFAS movement from surface water into sediment and further into groundwater/drinking water resources. Large sets of data have been collected across the Project 1007 corridor and have confirmed PFAS impacts in surface water, sediment, surface water foam, and groundwater. Surface water and groundwater continue to move PFAS contamination from the Oakdale disposal site across the region with no notable decrease in concentrations. The highest surface water sample collected to-date was obtained in 2020. As a result of

this continued long-term source of PFAS in the area, combined with historic impacts from the Washington County landfill, there is currently no evidence that groundwater concentrations are decreasing at this time as well.

3M implemented a MPCA-approved work plan in the fall of 2020 to reassess PFAS impacts to surface and groundwater at the Oakdale disposal site. Final results have not yet been submitted and the MPCA will continue dialogue with 3M regarding the status of results and outcomes of the investigation. 3M has submitted monitoring reports for the groundwater control system at the site as a requirement of the 2007 Consent Order (see p. 10 for detail).

Beginning in September of 2020, an ecological risk assessment was conducted and demonstrated health risks to multiple species in various areas of the Project 1007 system. The species at-risk include: the spotted sandpiper, great blue heron, little brown bat, muskrat, tree swallow, and mink. An assessment of threatened and endangered species known to the area will be completed in the early part of fiscal year 2022. This ecological risk assessment work will continue to be iteratively assessed based on new toxics information and health risks to various species.

Surface water, porewater, sediment, soil and groundwater data are used in surface water and groundwater models. Together, the models are providing an understanding of the area's surface water systems and their interactions underground. The combined model will provide estimates of long-term movement of the PFAS across the area. The model includes an area from the Mississippi River to the St. Croix River in an effort to characterize the direction of groundwater and contaminants due to complex movement of groundwater in multiple directions away from the source areas. The model will be used to evaluate the feasibility of innovative technologies directly aimed at PFAS removal and potential destruction in surface water. This cleanup work is aimed at removing PFAS in surface water, sediment, and groundwater. Additional sampling this year will help estimate the volume of sediment that will be considered for excavation and disposal at a landfill. Groundwater evaluation is underway to understand the long-term cleanup options available to protect the drinking water resources of the region.

Additional work will be completed in the current fiscal year, and is described in the FY2022: Co-Trustee planned activities section below.

## Funded projects

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A total of \$39,321,669 of Settlement funds have been awarded in grants to East Metropolitan Area local units of government to assist in addressing PFAS impacts.

### Priority 1 Projects

The MPCA and DNR, through discussions with both the Government and 3M Working Group and Citizen-Business Group members, recognized there may be some time-sensitive opportunities for projects that are consistent with the 2018 Agreement's first priority. These projects could be implemented before the Conceptual Plan was completed and not conflict with potential outcomes and funding of the plan. Funding for the projects came directly from the Settlement funds, as well as from interest earned on the Settlement funds.

There were multiple application periods for projects of different types (expedited, requests for funding). An initial round of applications were accepted through May 25, 2019 and was open to everyone, including individuals, for-profit businesses, nonprofit organizations, and public entities including the state, tribes, counties, schools, and higher education institutions. A second round of applications for east metro communities opened in May 2020 to focus on municipal water supply extensions.

The MPCA and DNR along with the Minnesota Department of Health (MDH) evaluated all the proposals. The work groups also provided input on the projects in order to help the Co-Trustees make informed funding decisions.

In addition, the Co-Trustees approved requests from the cities of Cottage Grove and Woodbury to proceed with the purchase of property for the location of new drinking water treatment facilities in each respective city. The Co-Trustees determined it was reasonable to approve these requests as the need for a new drinking water PFAS treatment facility was consistent across all three proposed options.

The following list are those projects being funded.

Applicant	Project	Amount funded
City of Cottage Grove	The city will extend the water main in the River Acres neighborhood to connect 123 homes to the city's municipal drinking water supply system.	\$8,800,000
City of Cottage Grove	The city will connect 36 homes in the Granada Avenue neighborhood to the city's municipal drinking water supply system.	\$2,250,000
City of Cottage Grove	The city has purchased property to construct a new water treatment facility for treating PFAS.	\$2,550,000
City of Lake Elmo	The city will extend a municipal water supply system to 61 homes located in the Lake Elmo Parkview.	\$5,200,000
City of Lake Elmo	The city will extend a municipal water supply system to 65 homes located in the Stonegate 1 <sup>st</sup> and 2 <sup>nd</sup> addition neighborhoods	\$4,384,300
City of Lake Elmo	The city will extend a municipal water supply system to 48 homes located in 38 <sup>th</sup> and 39 <sup>th</sup> Street neighborhood.	\$3,984,000
City of Lake Elmo	The city will extend a municipal water supply system to six homes located just east of 31 <sup>st</sup> Street and south of Stillwater Boulevard.	\$549,100
City of Lake Elmo	The city will extend a municipal water supply system to 44 homes located in the Whistling Valley neighborhood.	\$3,660,000
City of Lake Elmo	The city will extend a municipal water supply system to 41 homes located in the Hamlet on Sunfish Lake neighborhood.	\$2,712,200
City of Lake Elmo	The city will extend a municipal water supply system to 23 homes located in the Torres Pines neighborhood.	\$2,219,000
City of Oakdale	The city conducted a feasibility study to evaluate treatment locations for its four city wells that received well advisories. The study will determine if there is sufficient space for a temporary or permanent treatment facility at the well location or at a centralized location.	\$20,000
City of Woodbury	The city has purchased property to construct a new water treatment facility for treating PFAS.	\$2,747,000
City of Woodbury	The city conducted a feasibility study to better understand the city's existing water supply distribution as it relates to PFAS contamination.	\$96,069
Washington County	The county will administer and oversee a program to seal PFAS-impacted wells located in the East Metropolitan Area.	\$150,000
<b>Total funded</b>		<b>\$39,321,669</b>

## Ion exchange pilot project

A pilot project is underway in Cottage Grove to evaluate ion-exchange (IX) as a potential treatment for PFAS in the East Metropolitan Area. Currently, MDH has not approved IX as a treatment option for drinking water systems in Minnesota. The water quality in the East Metropolitan Area is similar enough that MDH expects to be able to use the data gathered from the IX pilot study to validate the design of IX PFAS removal for any of the affected East Metropolitan Area communities.

The pilot project also compares IX with granular activated carbon (GAC) treatment in order to help local and state officials understand other considerations such as the size of a treatment plant or cost due to frequency of filter change-outs. A \$950,000 grant was provided to the City of Cottage Grove to conduct the pilot study.

The pilot project started in December 2019 and is expected to be completed by end of 2021. MPCA and MDH are evaluating the progress of the pilot project closely; the entire study conclusion may not be needed to make recommendations for MDH to approve the technology to treat PFAS in public drinking water systems. An early issue from iron was identified which resulted in a brief delay of the pilot project. Low levels of iron are in the groundwater in this area of Washington County. It was not expected to interfere with the ion exchange resin treatment capacity; however, the iron caused significant interference with the ion exchange resin and an iron treatment pre-filter was needed. While this appeared to be a setback, it actually provided valuable information as to the need for some type of pre-treatment, should ion exchange resin be considered for future treatment systems.

## Lake Elmo well

The Co-Trustees approved funding for \$2.5 million to the city of Lake Elmo to construct a new municipal well (well #5) in the northern portion of the City. This was in response to the closure of the City's municipal well #1 due to elevated levels of PFAS. In 2018, MDH issued a health advisory for well #1 and recommended the City take appropriate actions to address the PFAS contamination. In response to the Co-Trustees request, the City completed a feasibility study which determined the most cost-effective action was to install a new well. The new well is planned for completion in mid-2021, at which time well #1 will be sealed.

## Capacity grants

Some of the larger affected communities have full-time staff who are experts with their city's municipal drinking water system, whereas smaller communities typically rely on outside contractors to help them operate and maintain their systems and associated infrastructure.

Some communities expressed a need for funding to support their participation on the technical subgroup, SG1. The MPCA and DNR agreed to provide "capacity grants" to ensure that all communities could fully participate in the technical subgroup. The original \$25,000 grants became effective on December 1, 2018 and have since been amended, as needed, in order to support the ongoing participation of the technical subgroup or related planning activities in development of the Conceptual Plan.

A total of \$650,000 has been provided to the following communities to extend their capacity grants to continue their work as part of the technical subgroup:

- |                              |                                   |                     |
|------------------------------|-----------------------------------|---------------------|
| • Afton                      | • Lakeland                        | • St. Paul Park     |
| • Cottage Grove              | • Newport                         | • Washington County |
| • Grey Cloud Island Township | • Oakdale                         | • West Lakeland     |
| • Lake Elmo                  | • Prairie Island Indian Community | • Woodbury          |

Watershed districts and other organizations have also extended their capacity grants:

- Valley Branch Watershed District
- South Washington County Watershed District
- Middle St. Croix Watershed Management Organization
- Washington Conservation District
- Ramsey-Washington Metro Watershed District
- Minnesota Geological Survey

## Temporary drinking water treatment systems

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Under terms of the Settlement, 3M is to provide up to \$40 million, in addition to the \$850 million grant amount, over the first five years of the 2018 Agreement, for temporary drinking water treatment systems until a long-term action is identified.

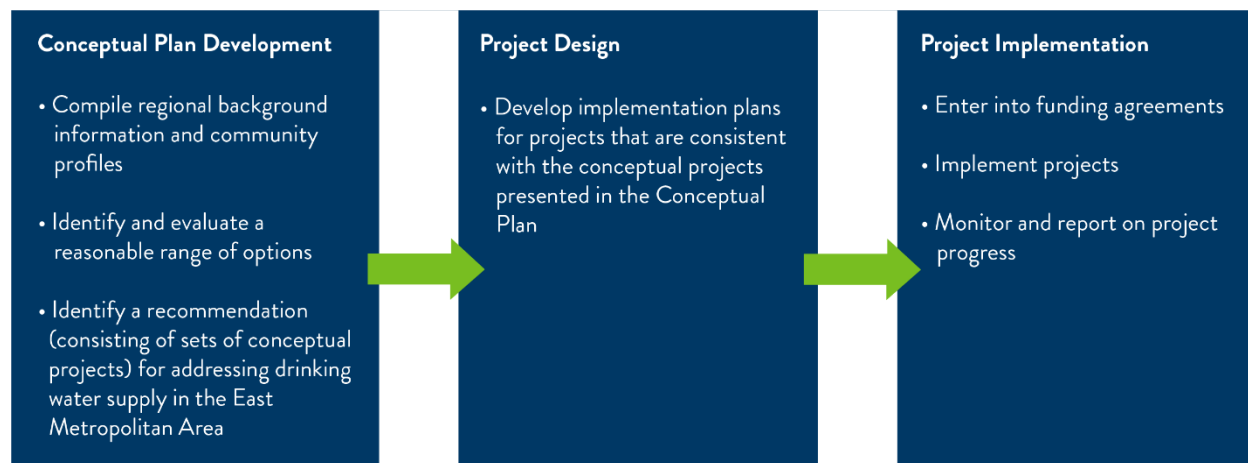
These temporary treatment systems are to meet 3M's obligation to provide an alternative drinking water supply where public or private drinking water wells exceed MDH criteria for PFAS, as outlined in the 2007 Settlement Agreement and Consent Order (2007 SACO) between 3M and the MPCA. Such temporary municipal carbon treatment systems are currently operating in Cottage Grove, St. Paul Park, and Woodbury. Construction of a temporary treatment system has now been completed for one well in Oakdale, which started operation in July 2021. This temporary treatment system in Oakdale is in addition to the carbon treatment system already in place. Under the terms outlined in the 2007 SACO, the MPCA seeks costs recovery of State expenses related to these temporary treatment systems.



# FY2022: Co-Trustee planned activities

As part of priority one activities, the MPCA and DNR updated the three recommended options based on feedback received from work group members and the public. The goal is to finalize the Conceptual Plan in August 2021. Once the Conceptual Plan is finalized, the MPCA and DNR will move forward with funding projects through a project implementation process.

Figure 4: Overview of the planning and implementation process



## Conceptual Plan implementation

Immediately following the completion and release of the Conceptual Plan, MPCA will begin the implementation phase. This phase includes a process that allows communities to access grant funding for municipal capital infrastructure planning and design, construction, and O&M. For individual homeowners, the MPCA will continue to manage the installation and maintenance of whole home treatment systems using contractors. The implementation phase is driven by communities and will cover multiple years as communities choose to access grant funding and move through the grant process.

## Project 1007

The investigations for Project 1007 are being coordinated in phases. Once the investigation phases are complete, the data will be used for feasibility studies to evaluate potential mitigation efforts for the East Metropolitan Area.

To inform the overall understanding of PFAS contamination in the Project 1007 corridor, sampling will continue for surface water, sediment, surface water foam, soil, and groundwater; all of which have been confirmed to contain PFAS.

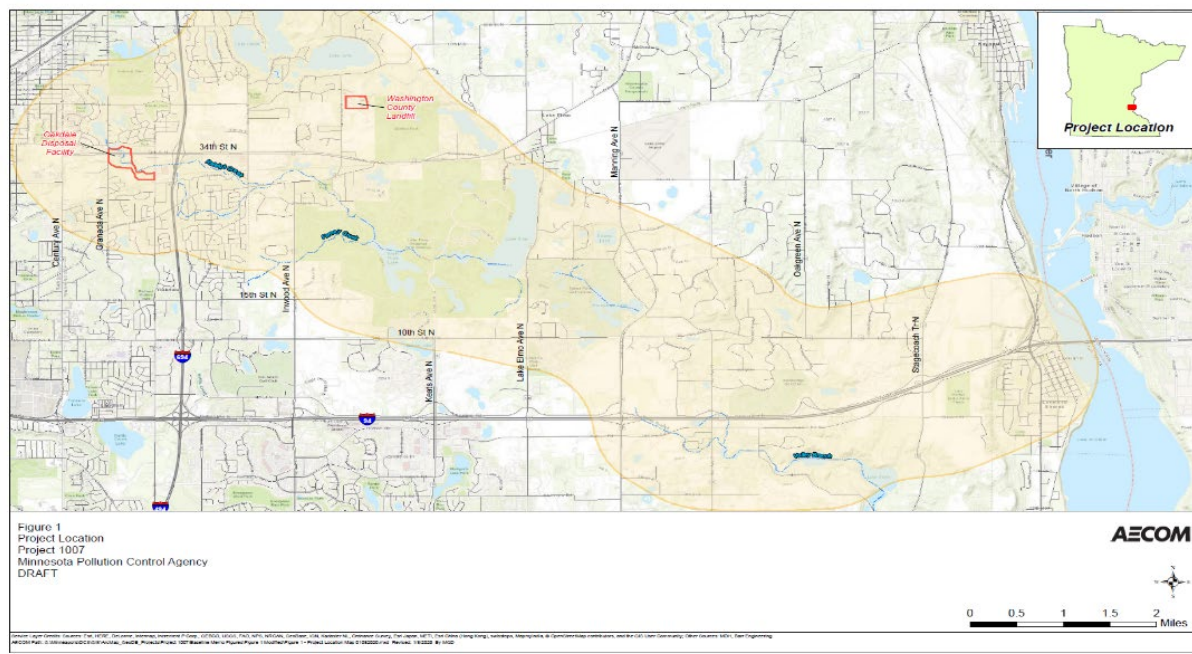
Deep and shallow monitoring wells are being installed throughout the corridor to gain a better understanding of the contaminant movement into the multiple drinking water aquifers that serve Oakdale, Lake Elmo and West Lakeland.

Known ecological risks will be further evaluated as new information and studies are understood for the known PFAS impacts in the area.

Modeling will continue in the area, to evaluate the long-term impacts across the region. Groundwater aquifer pumping tests will inform the model and long-term feasibility study.

Interim cleanup actions are being evaluated for surface water impacts along the Project 1007 corridor, in order to reduce PFAS concentrations that spread into groundwater and drinking water. Surface water systems that treat PFAS compounds will be compared to one another and their applicability to the specific conditions of the Project 1007 area as part of the evaluation. Innovative PFAS removal and destruction technologies are also being considered.

**Figure 5: Project 1007 14-mile corridor**



### 3M Settlement work groups

The Settlement identifies the top priority as safe and sustainable drinking water and the second priority as enhancing natural resources. MPCA and DNR anticipate providing regular updates to the Government and 3M Working Group, Citizen-Business Group, and SG1 as projects are implemented.

Work will soon begin to establish a new technical subgroup, Subgroup 2 (SG2), which will analyze and deliver assessments and advice on long-term options for groundwater protection, recharge, conservation, and sustainability in the East Metropolitan Area. SG2 may also provide input on groundwater data, studies, and modeling needs to support the analysis of long-term options. As with SG1, this technical subgroup will support and advise the MPCA, DNR, and main work groups. The work of SG2 may include support and advice for Priority 1 and Priority 2 efforts. Anticipated work for FY2022 includes recruiting work group participants, developing work group governance procedures including a charter, scheduling regular meetings and beginning to establish criteria for evaluating project proposals.

## FY2022: Co-Trustee spending plan

The spending plan includes MPCA and DNR direct staff and contractual expenses to manage and implement the 3M Settlement, including projects identified in the final Conceptual Plan. Conceptual Plan project costs include implementation of capital planning and design work, other drinking water infrastructure improvement work (such as expedited and request for funding projects), operation and maintenance for long-term treatment systems, and reimbursements to homeowners for individual connections to a municipal system, whole house treatment system removal, and private well sealing.

Category	Estimated amount
<b><i>Settlement, work group and technical subgroup costs</i></b>	
Work group assistance (Abt, Wood)	\$720,000
Project 1007 (AECOM)	\$6,300,000
MDH staff/technical support	\$200,000
<b><i>MPCA/DNR staff and operational costs</i></b>	
MPCA/DNR staff/technical support for Priority 1	\$1,000,000
MPCA/DNR costs for Priority 2	\$70,000
<b><i>Total staff and consultant technical support for FY2022</i></b>	<b><i>\$8,290,000</i></b>
<b><i>Community grants</i></b>	
Planning and design work for Conceptual Plan project implementation	\$21,200,000
Other funded projects – capital infrastructure (including expedited and request for funding projects), long-term treatment O&M, and GAC removal	\$22,000,000
Estimated capacity grant payments	\$510,000
<b><i>Total estimated community grant expenditures for FY2022</i></b>	<b><i>\$43,710,000</i></b>
<b><i>Total estimated expenditures for FY2022</i></b>	<b><i>\$52,000,000</i></b>

# Expenditures

Expenses related to implementation of 3M Settlement: Original grant: \$850,000,000

This report covers the period January 1, 2021 – June 30, 2021. Note – a prior period correction resulted in the negative interest earned balance.

**Balance:** January 1, 2021 **\$739,023,490**

**Revenue:** Interest earned January 1, 2021 – June 30, 2021 **\$1,345,417**

Prior period adjustment July 1, 2020 – December 31, 2020 **\$(6,878,892)**

Total Revenue **\$(5,533,475)**

**Expenditures:** January 1, 2021 – June 30, 2021

Category	Amount
<b><i>Settlement, Work Group and Technical Sub-Group costs</i></b>	
Work group assistance (Abt, Wood)	(\$382,262)
Project 1007 (AECOM)	(\$1,601,061)
MDH staff/technical support	(\$53,056)
Reimbursements	
Individual home connections/well sealing	(\$134,471)
<b><i>MPCA/DNR staff and operational costs</i></b>	
MPCA/DNR staff/technical support	(\$355,160)
<b><i>Total Co-Trustee expenditures subtotal (as of June 30, 2021)</i></b>	<b><i>(\$2,526,010)</i></b>
<b><i>Grants</i></b>	
Funded projects	(\$3,657,134)
Capacity grant payments	(\$109,672)
<b><i>Total Grant expenditures subtotal (as of June 30, 2021)</i></b>	<b><i>(\$3,766,810)</i></b>
<b><i>Total Expenditures (as of June 30, 2021)</i></b>	<b><i>(\$6,292,820)</i></b>
<b>Balance (as of June 30, 2021)</b>	<b>\$727,197,195</b>