

Minnesota 3M PFAS Settlement

Notes for Combined Priority 2 Working Group Meeting

Wednesday, January 17, 2024

9:00 a.m. – 12:00 p.m.

Hybrid Teams and in-person meeting

Combined work group members in attendance

- Aaron Betcher
- Amy Sigveland
- Brian Johnson
- Clark Schroeder
- David Filipiak
- Howard Markus
- Ingrid Schneider-Sougstad
- James Kelly
- Jeff Holtz
- Jess Richards
- Jill Trescott
- John Buelow
- Karie Blomquist
- Kevin Chapdelaine
- Kirk Koudelka
- Kristin Seaman
- Melissa Kuskie
- Monica Stiglich
- Pam Anderson
- Randall Clary
- Ron Moore
- Stephanie Souter
- Steve Johnson
- Tony Manzara
- Victoria Reinhardt

Presenters

- Debra Fleischer, Abt Associates
- Karen Carney, Abt Associates

Welcome

Debra Fleischer (Abt Associates) opened the work group meeting by walking through the hybrid meeting logistics, conducting roll call, and discussing the meeting agenda. Melissa Kuskie (Department of Natural Resources [DNR]) provided opening remarks. She explained that the meeting would cover a review of the overall Priority 2 process, provide survey results, and discuss contamination related screening and evaluation components and the overall Request for Proposals (RFP) process and timeline. The next Priority 1 meeting is on February 21st. Kirk said the February meeting will discuss the new Minnesota Department of Health (MDH) Health-Based Values (HBVs) – what the values are, the underlying science, and how this update impacts Priority 1 and drinking water supply. MDH will attend the February meeting. The press release about the new drinking water guidance can be found here:

<https://www.health.state.mn.us/news/pressrel/2024/statement011624.html>.

Priority 2 Overview and Feedback

Karen Carney (Abt Associates) presented an overview of the Priority 2 work group process. She reviewed what Priority 2 is, what the Priority 2 goals are, and the process to award Priority 2 funding for projects.

Language from the Settlement indicates that Priority 2 is intended to replace, protect, and enhance the natural resources and services that have been lost due to the release of PFAS from 3M. Any projects that are funded by Priority 2 must be consistent with this language.

Karen reviewed the Priority 2 goals, which are: 1) to restore, protect, and enhance aquatic and terrestrial resources, wildlife, and habitat; 2) to increase understanding of fish tissue contamination, improve communication about PFAS-based fish consumption advisories, and identify and enhance alternative, non-contaminated fishing areas; and 3) to improve and enhance outdoor recreational opportunities. These goals were established using work group feedback and are consistent with the Settlement language.

The Government and 3M and Resident work groups support the Priority 2 planning process by providing feedback on goals, the screening and evaluation criteria, and some components of the RFP. The technical subgroup identifies relevant natural resources and recreation planning efforts. Priority 2 has limited funding, so projects will be solicited via a competitive public RFP. Co-Trustees will then select projects that best meet the Priority 2 goals.

Karen noted that due to the use of an RFP process, the Co-Trustees need to be aware of potential conflicts of interest to ensure work group members are not perceived as having an unfair advantage. The work group cannot talk about or advocate for specific projects in meetings, and only certain parts of the RFP process can be discussed with the work group.

Karen provided a summary of the feedback received since the November work group meeting. One work group member had asked why the project evaluation process is not public. Karen explained that per Minnesota statute 13.591, data created or maintained by a government entity as part of the selection or evaluation process are protected nonpublic data until completion of the process.

Feedback

There were no comments or questions from work group members.

Survey Results: Funding Priorities, Caps and Minimums

Karen summarized the results of the work group survey on funding priorities and project funding caps and minimums. Karen explained that the Co-Trustees will allocate specific amounts of funding to different project types (e.g., wildlife and habitat restoration, outdoor recreation). This ensures that Priority 2 funding addresses all three Priority 2 goals and supports multiple project types. While a project may align with multiple goals, the RFP will ask project proposers to identify the project's primary purpose to determine its allocation "bin." During evaluation, the project will be compared against other projects within the same allocation bin – e.g., wildlife and habitat restoration projects will only compete against other wildlife and habitat restoration projects. If funding for a certain allocation remains after considering all projects, remaining funds may be re-allocated to other project types. Funding caps for individual projects may or may not be used.

Karen explained that the survey covered two main topics: funding priorities and project funding caps and minimums. Within the funding priorities topic, the Co-Trustees asked for feedback regarding the relative importance of funding wildlife and habitat restoration compared to outdoor restoration, PFAS-sensitive projects compared to non-PFAS-sensitive projects, and recreational fishing compared to other types of outdoor recreation. Respondents were asked to allocate 10 points between each set of project activities (e.g., 10 points

for wildlife and habitat restoration and zero for outdoor recreation, or six points for recreational fishing and four for other outdoor recreation). Twenty-two out of 27 work group members responded to the survey. The Co-Trustees will consider this feedback as they develop the RFP and make funding priority decisions.

Karen presented a series of graphs displaying the survey responses. The first graph showed the comparison of wildlife and habitat restoration to outdoor recreation. Thirteen respondents chose an option that favored wildlife and habitat restoration over outdoor recreation, seven respondents prioritized both equally, and two slightly favored outdoor recreation. The most common single choice was to prioritize both equally.

The second graph showed the comparison of PFAS-sensitive to non-PFAS-sensitive projects. Eleven respondents chose options that favored PFAS-sensitive projects, six respondents prioritized both equally, and five chose options that favored non-PFAS-sensitive projects. The most common single choice was to prioritize both equally.

The third graph showed the comparison of recreational fishing projects to other outdoor recreation projects. Fourteen respondents chose options that favored other outdoor recreation, three respondents prioritized both equally, and five chose options that favored recreational fishing. The most common overall choice was to favor other outdoor recreation by eight points to two.

Survey responses regarding individual project funding caps had a wide mix of thoughts and feedback. Some respondents wanted no caps, which would allow for large projects that could achieve large-scale benefits. Other respondents wanted caps to ensure that funds were distributed to all project types. Of those in support of project caps, some wanted caps to vary by project type, while others thought the cap should be equal for all project types. Regarding a funding minimum, some respondents recognized that the administrative burden of implementing several small grants could be undesirable and there was a desire to ensure that projects are large enough to make a difference.

Feedback

One work group member expressed concern over taking the survey feedback as definitive claims given that the sample size was less than 30. Karen noted that the 22 respondents were out of a total 27 work group members, and the results shown were all the feedback received.

One work group member noted that some project proposers are going to be volunteer organizations and there should be a method of sorting out if there will be administrative costs associated with the project. Karen responded that both administrative costs – DNR’s costs associated with reviewing the grants as well as administrative costs associated with implementing the project on the applicant’s side – are important to consider. Applicants should discuss their administrative costs, if applicable, in the proposal.

One work group member asked if the Co-Trustees have a limit on how many grants can be reviewed and administered. Melissa said they can’t give a number at this moment. If the Co-Trustees start receiving exceedingly small projects, then they would need to evaluate if DNR has the internal resources needed to review them. DNR is imagining that most applications received will request tens to hundreds of thousands into the millions, and they currently have the resources to handle the amount of applications they expect to receive.

One work group member asked if the DNR administration costs come out of the Priority 2 funding or the larger funding source. Melissa and Jess responded that some does come out of Priority 2 but that there are dedicated

grant administration staff at DNR who are paid through DNR's normal funding. Kirk added that the Priority 2 fund has gained interest, so the total amount is larger than \$20 million now.

One work group member felt the work group should be notified if DNR needs additional resources. If DNR needs to take a lot of funding from Priority 2, this might change how the work group members feel about funding minimums. Kirk noted that, with interest, Priority 2 has \$21.1 million as of June 30th, 2023. Jess added that the Letter of Intent (LOI) will provide an opportunity for DNR to see the number of applicants before the final RFP and to evaluate if DNR's resources appear to be sufficient. DNR does not expect this opportunity to be much different from other programs in terms of number of applicants.

One work group member noted that in their experience as a grant administrator, approximately 5% of funding went to administration costs. There are checks and balances in place so that administration does not take too much of total funding, and the Minnesota Pollution Control Agency (MPCA) and DNR have a lot of experience with this.

One work group member asked for the types of PFAS-sensitive and non-PFAS-sensitive projects to be reiterated. Karen clarified that PFAS-sensitive projects are those that could increase the risk of PFAS injury to natural resources, such as a habitat restoration project that would draw wildlife to highly contaminated areas or a fishing project that would expose humans to increased health risk. Non-PFAS-sensitive projects are those that do not increase wildlife and people's interactions with PFAS contamination, such as trail projects and bird viewing platforms.

One work group member asked if there are recent restoration grants where a funding minimum was put in place. Susan Johnson (MPCA) responded that the coastal grants have a minimum of \$25,000. Karen said all of them have minimums that typically range between \$5,000 to \$25,000. The work group member asked if the minimums were based on the anticipated project costs or if they were trying to make the grant process more reasonable and limit the number of applications to review. One work group member noted that the review time for small and large grants is similar, so administration costs can get high when there are a bunch of small grants. Melissa said that certain categories of projects will take more money to implement. Jess added that the minimums for certain categories could be less than others.

One work group member asked about the timeline on which the Priority 2 funding is supposed to be spent, as this impacts the types of projects that can be implemented.

One work group member asked if the work group has talked about leveraging other sources of funding, and if that is worth a more dedicated conversation with the Board of Water & Soil Resources (BWSR).

One work group member asked if the Co-Trustees have decided what information will be required in the LOI and if the LOIs will be public information. Karen asked to hold this question until after the presentation on the application process.

One work group member stated that the purpose of the funding, in their view, is to initiate a new world of projects that are tied to the region and local natural resources. Priority 2 funding is not supposed to replace funding available from other sources. Jess said the RFP will ask if the project qualifies for other funding sources in order to identify projects that can only be funded with Priority 2 funds. Kirk noted that the Co-Trustees don't want to turn down projects just because they could qualify for other funding sources. Melissa added that although projects can't be required by existing laws and policies (project additionality), having matching funds

would be favorable because it would allow the project to accomplish more. Karen said that if an existing project could do something new or be expanded upon with Priority 2 funding, that would also be an appropriate project to receive Priority 2 funding. One work group member said that the difference is between supplanting and supplementing.

Public Comments and Questions

There were no comments or questions from members of the public.

Contamination Related Screening and Evaluation

Karen presented a high-level overview of how the Co-Trustees intent to move forward with the contamination related screening and evaluation. She reviewed the 3+4 Hybrid Option: option 3 allows PFAS-sensitive activities to move forward only if located outside of “high risk” areas, which would be handled in the screening process, while option 4 allows any project with PFAS sensitive activities to be considered, with PFAS status included in the evaluation process.

By screening out projects in high-risk areas, the Co-Trustees aim to avoid investing in areas that may be significantly impacted by future remediation activities and avoid funding PFAS-sensitive activities in areas with a high risk of PFAS-related injuries to natural resources. Karen walked through the high-level approach to screening out high-risk areas. No projects of any type will be allowed in areas where future remedial construction is planned or highly likely, regardless of the contaminant of concern. There could be exceptions where it is clear that the proposed project would not be affected by planned remediation. PFAS-sensitive projects will not be allowed in 3M Disposal Sites, a portion of Raleigh Creek downstream from Oakdale Disposal Site, and in the Mississippi River at the 3M Cottage Grove production facility. The portion of Raleigh Creek will likely be from the disposal site down to Tablyn Park, but the exact range will be clearly stated in the LOI process.

When considering PFAS status during project evaluation, the Co-Trustees will first review available data and compare it to established natural resource injury thresholds. This will be done using publicly available sampling data and any other relevant data sets that can support risk analysis. Where contamination data are not available, the Co-Trustees will enlist expert judgement to assess the potential for natural resource injury – this will generally involve examining available data nearby and considering paths of exposure to assess the likelihood of contamination.

Feedback

One work group member asked if the Co-Trustees have an idea of where the future remediation sites could be and if there are any planned remediation projects on the horizon. The work group member specifically asked if Raleigh Creek would be subject to any remediation. Kirk responded that there will be remediation at the 3M disposal sites, but there are also other projects going on in urban areas, such as brownfield redevelopment. Project proposers would likely have a good idea of the work already going on in their area. The work group member asked if the planned Oakdale Public Works Facility site will be subject to remediation. Kirk said that will fall under the 3M disposal sites. Rebecca Higgins (MPCA) added that MPCA will release the Project 1007 feasibility study at the end of the first quarter. The study will recommend where effort could be focused in the future for remedial options for portions of the 1007 reach. The Oakdale Public Works Facility is located on the Brockman parcel, which is the site of remedial action. Rebecca provided a link to City of Oakdale's Public Works

Facility & redevelopment of the Brockman Parcel open house (<https://www.oakdalemn.gov/975/New-Public-Works-Facility>).

Karen added that project applicants can use the “What’s My Neighborhood” tool to help identify areas where there might be remediation. She noted that there could be remediation planned in a project area, but the project could go forward if it would not be affected by the remedial actions.

One work group member asked if Raleigh Creek near Menards would be an area of concern. Rebecca confirmed that it is.

One work group member asked if the Co-Trustees have an established method for how project applicants can find publicly available data on PFAS contamination. Kirk said that there are new state fish sampling results available, which have been provided in past work group meeting documents. He also said that one of the reasons for the LOI is to see who needs what data.

One work group member asked if planned development or redevelopment not specifically related to remedial action would be considered against a project. Kirk said it is easier to predict sites of future remedial action based on PFAS contamination status. Jess said it could expand to general development and it is important to understand how the proposed project relates to any existing plans. Melissa added that remedial actions will still be the most important factor.

Two-Part Application Process and RFP Timeline

Karen presented on the application process and RFP timeline. The timeline was briefly discussed at the November work group meeting, where the key takeaway was that work group members felt applicants would need a minimum of 45 days between RFP release and the due date, with a preference for 60-90 days. Karen explained that the grant application process will be rolled out in two parts.

The first part of the application process will be the LOI, which will focus on the screening criteria. The LOI will be due 30 days after release. This is intended to be a light lift, and the Co-Trustees only want enough information about the project to determine if it qualifies for Priority 2 funding. If applicants submit an LOI and pass screening, that does not commit them to submitting a full proposal. The main goal of the LOI is to ensure that only projects that qualify for Priority 2 funding submit full proposals. The Co-Trustees estimate that the LOI review will last approximately 30 days, and it will be completed prior to the release of the RFP.

Projects that pass screening will be invited to develop full proposals, which will focus on the evaluation criteria. Passing screening does not guarantee a project funding and it does not indicate how well the project will be scored. There will be 60 days between RFP release and the proposal due date. In total, the period of time between LOI release and full proposal deadline will be approximately 120 days.

Karen then reviewed the estimated RFP timeline. The Co-Trustees expect to release the LOI and host a Q&A opportunity in late spring 2024, with the full RFP release and public grant application workshop in late summer 2024. The full grant application will be due in fall 2024, with applicants notified in winter 2024-2025. Funded projects will start in spring 2025.

Feedback

One work group member asked if the grant workshop will only be open to people who submitted a LOI. Karen confirmed that is correct.

One work group member expressed support for having the workshop before the LOI is due, so that people can decide if they even want to submit a LOI. They felt that help earlier on the process would be beneficial, given that the first step (the LOI) is necessary to complete the second step (the RFP). This would return better LOIs, meaning better proposals.

One work group member asked how the Co-Trustees are going to notify the public about the funding opportunity. Melissa said there will be a broad communications strategy, including email lists, news releases, webpages, social media posts, and GovDelivery announcements. Kirk added that they will also produce blurbs for local governments to use in their communication channels.

One work group member expressed support for the pace of the overall timeline.

One work group member asked if the Co-Trustees had an expected date to start communication about this funding. They noted that advance notice is important, especially if relying on other organizations to help spread the word.

One work group member asked if the content of the LOIs will be public information. Susan responded that it will be protected until the evaluation is complete.

One work group member asked what the evaluation criteria for public engagement would be. Karen responded that this was discussed in a previous work group meeting and will be included in the RFP. She noted that the criterion is not about public approval, but about getting community members involved before, during, or after the project. Melissa added that proposals should include a specific plan for community engagement.

One work group member expressed support for having the grant workshop after the LOI and before the RFP, as having it later in the process will allow applicants to get help with the more complicated steps and processes. Jess noted that the Q&A opportunity will be aimed at helping people with the LOI. Karen added that the Q&A session will likely be approximately 10 days after the release of the LOI, to give people time to look at it and come up with questions. The grant application workshop can help clarify what different components of the RFP are looking for.

One work group member asked if there would be another work group meeting and what role the work group members play going forward. Karen said this would be discussed more in the next presentation.

Next Steps

Karen covered the next steps for Priority 2. Before the next meeting, the Co-Trustees will share the content from the January meeting; consider and incorporate work group feedback on funding priorities and other RFP topics; and plan the RFP launch. Karen noted that the January work group meeting is the last meeting before the RFP release. Future Priority 2 updates will be provided at combined Priority 1 and Priority 2 meetings. Karen, Melissa, and Jess thanked work group members for their participation and feedback.

Feedback

One work group member asked for clarification on the combined Priority 1 and Priority 2 meetings and the February MDH HBV meeting. Kirk explained that the Co-Trustees are looking at setting up a regular monthly Priority 1 meeting that Priority 2 work group members could attend (the combined meeting). The February meeting is a briefing on the new MDH HBVs that both Priority 1 and Priority 2 work group members can attend.

One work group member asked if a notice will be sent to Priority 2 work group members about the February meeting. Kirk confirmed that it will.

One work group member noted that Priority 1 had cost overruns and asked if Priority 2 projects will be able to ask for additional money if they need it. Jess said that he didn't know if amendments to grants would be allowed in Priority 2.

One work group member asked if there would be a second round of Priority 2 funding and what would happen if not all the money was spent in one round. Melissa responded that it is hard to predict the response to the RFP. There are projects eligible for Priority 2 funding that would need large amounts of money, but those proposals might not come through the door. Additional rounds would depend on what projects are received in the first round. If funding remains, it could be a possibility, but applicants should not count on it.

One work group member asked if there was a timeline on when all funds need to be spent and noted that project length should be considered in the application. Susan said there is no timeline on the 3M funds, but state grant funding needs to be spent within five years.

One work group member asked if the LOI will ask for the amount the applicant intends to apply for. Karen said it will ask for a ballpark number, and the Co-Trustees will likely provide high level statistics about the projects that submitted an LOI (e.g., number of submittals, total amount of funding asked for).

Public Comments and Questions

There were no comments or questions from members of the public.