



Future Funding Considerations

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3M PFAS Settlement Work Group Meeting

May 15, 2024

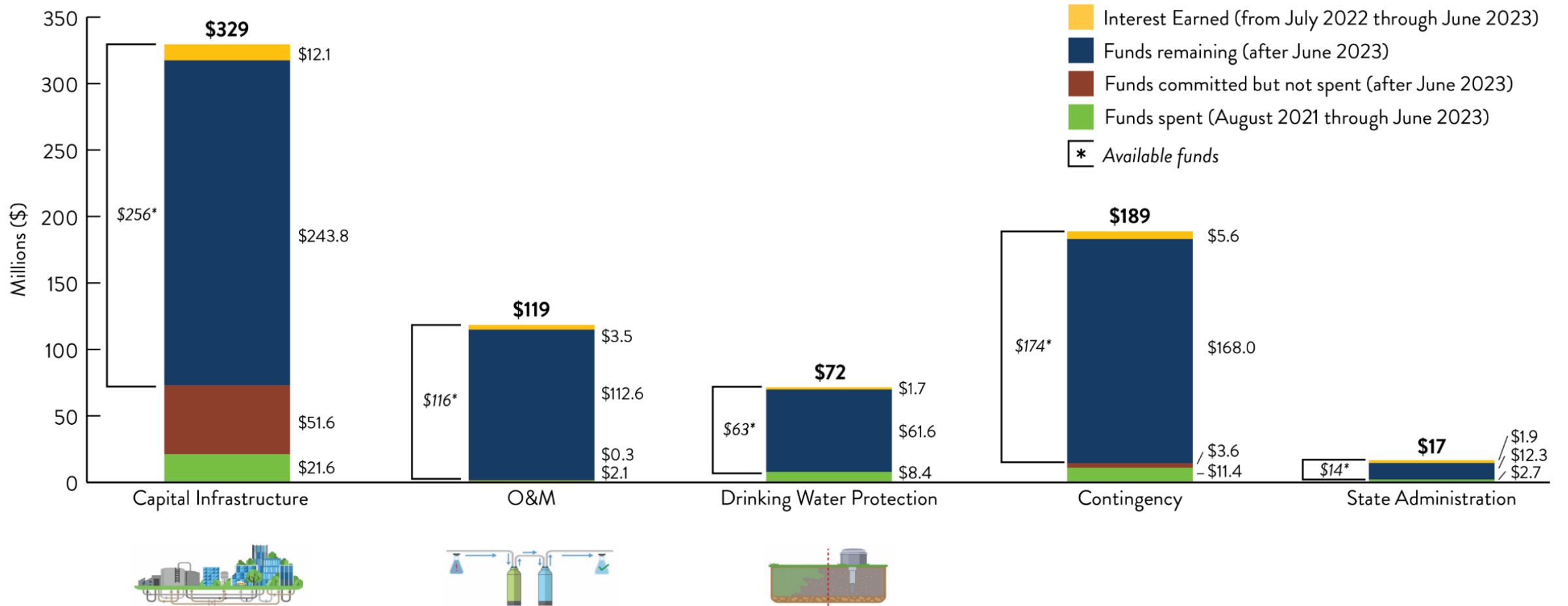
Agenda

- Current Spending and Earnings
- Anticipated Spending
- Fund Reallocation



Status of Funds through Fiscal Year 2023

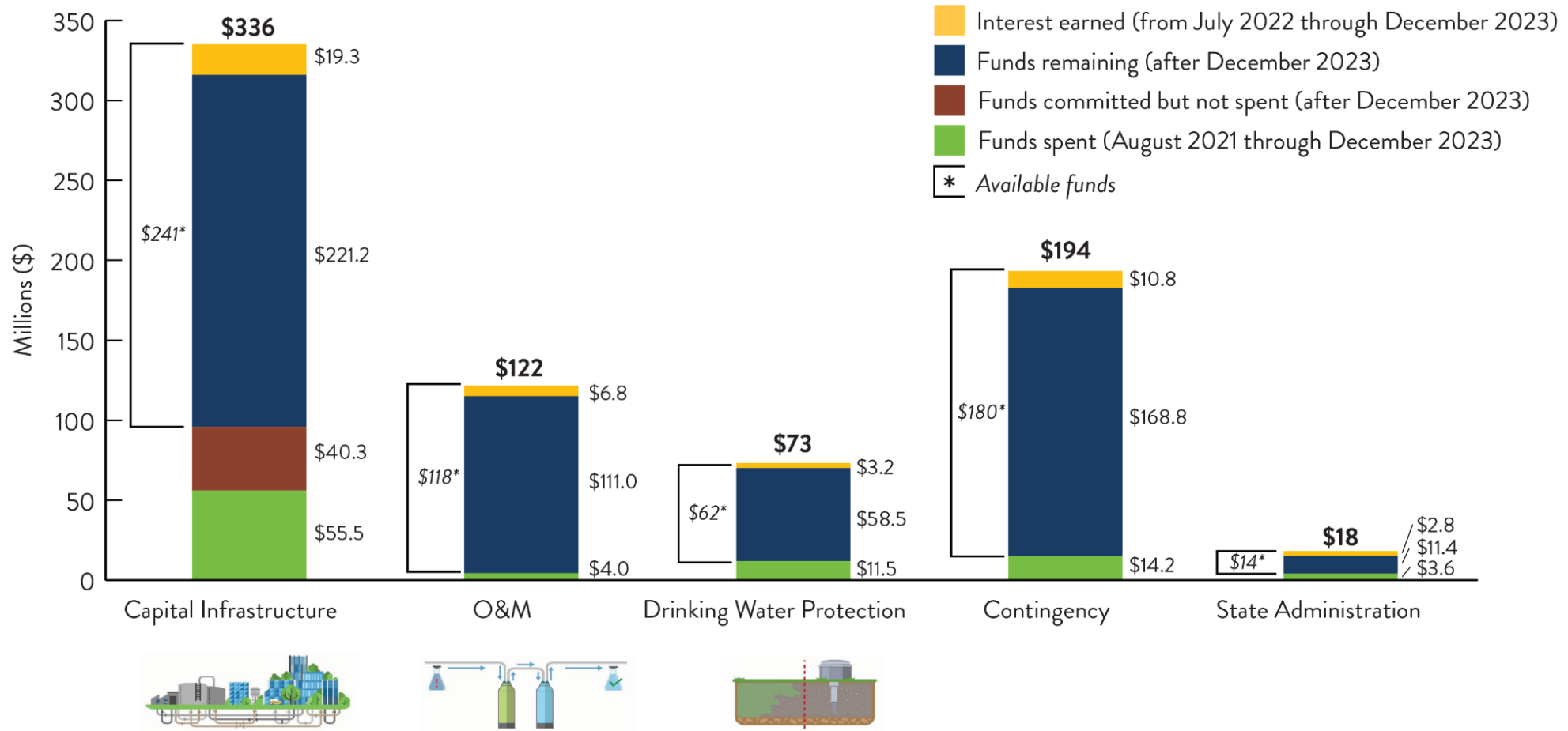
(July 2022 through June 2023)



Fiscal Years (FY) run from July 1 through June 30

Funds Committed through First Half of Fiscal Year 2024

(July 2023 through December 2023)



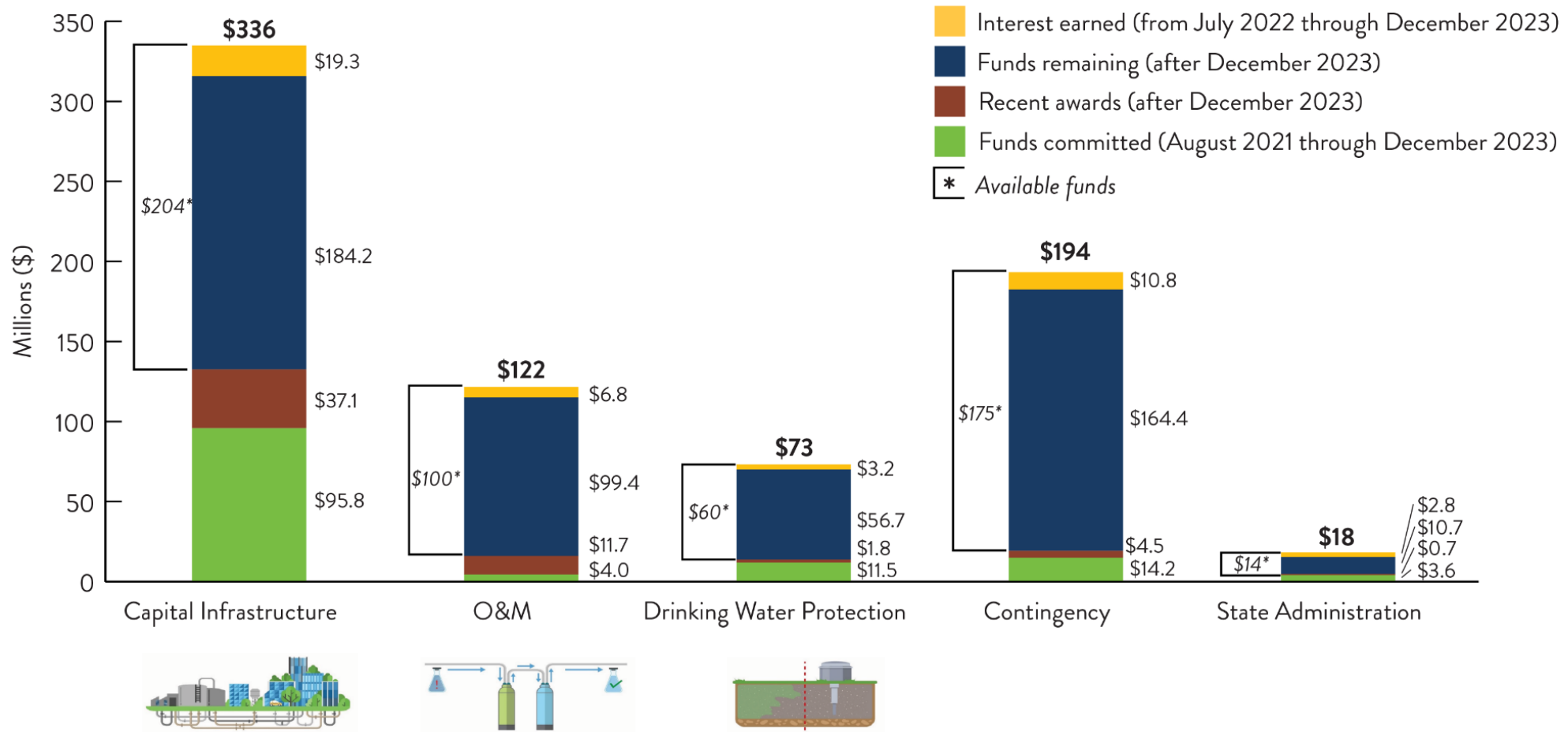
Anticipated Awards through Remaining Fiscal Year 2024

(January 2024 through June 2024)

Major Projects Awarded in Second Half Fiscal Year 2024	Funding Category	Award Amount
Woodbury WTP Equipment Pre-procurement	Capital	\$24,501,600
Woodbury Temporary Water Treatment Capital	Capital	\$9,183,700
Cottage Grove IZWTP Design Grant Amendment	Capital	\$2,550,000
Cottage Grove High Zone Raw Water Main (planning and design)	Capital	\$572,000
Lake Elmo Neighborhood Connections	Contingency	\$451,100
Newport Home Connections	Capital	\$25,000
Newport Interconnection Improvements Planning	Capital	\$20,000
Other anticipated commitments or spending (e.g., on-going temporary treatment O&M, projects currently under discussion, etc.)	Multiple	\$18,404,900
Sum	-	\$55,663,400

Anticipated Awards through Remaining Fiscal Year 2024

(January 2024 through June 2024)



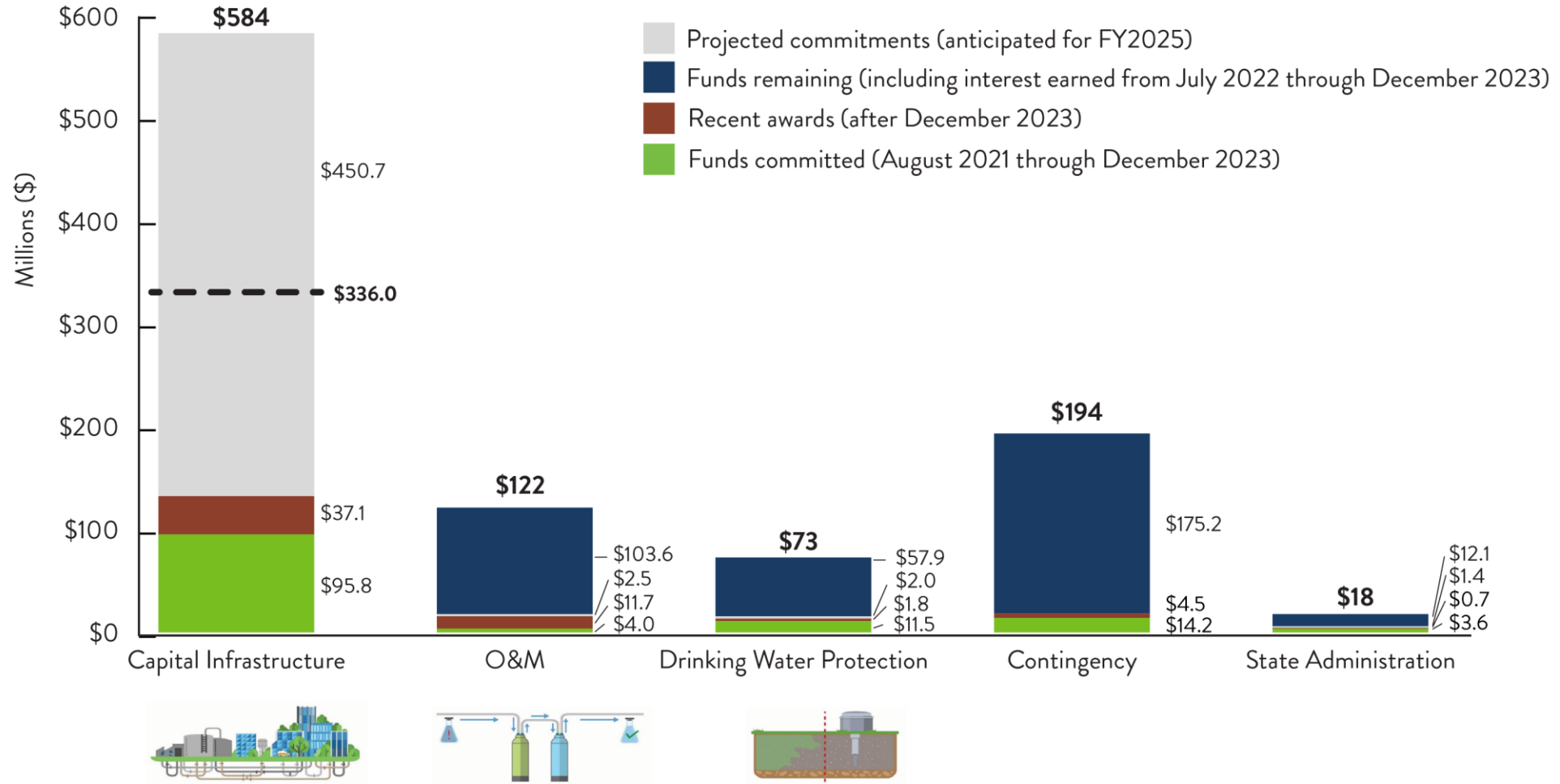
Anticipated Awards in Fiscal Year 2025

(July 2024 through June 2025)

Major Projects Anticipated in Fiscal Year 2025	Funding Category	Award Amount
Woodbury CWTP Construction	Capital	\$205,000,000
Woodbury Water Mains	Capital	\$136,000,000
Cottage Grove IZWTP Construction	Capital	\$100,000,000
Cimarron Connection or WTP	Capital	\$6,900,000
Lake Elmo Well 2 WTP	Capital	\$2,300,000
Lake Elmo South Area Production Wells 6 & 7	Capital	Unknown
POET Installation costs	Capital	\$528,800
Sum	-	\$450,728,800

Fund Projections through Fiscal Year 2025

(July 2024 through June 2025)



We anticipate earning interest, but interest projections are not included in this graph due to uncertainty.

Implications of Spending on Fund Allocations

- **Capital fund allocation** will continue to fund eligible projects, including using interest earned on capital funds, until the fund is depleted
 - Anticipated capital grants awarded through Fiscal Year 2025 will exceed the amount of funding originally allocated to capital in the Conceptual Plan
 - Reminder that the Fiscal Year 2025 capital projects (and costs) are expected over multiple years, but we want to have the full grant amount in the capital account before approving grant projects
- **Contingency fund allocation** will be used to fund eligible projects
 - Likely to use remaining dollars from the contingency fund allocation for capital projects in Fiscal Year 2025

Implications of Spending on Fund Allocations

- **O&M allocation** will maintain individual POETSs as well as municipal water treatment plants
 - Will likely need to reallocate a portion of O&M funding in Fiscal Year 2025
- **Drinking water protection allocation** will complete Project 1007 feasibility study, as required under the Settlement, and fund drinking water sampling for private wells and public systems
 - Will likely need to reallocate a portion of drinking water protection funding in Fiscal Year 2025
- **State administration allocation** will continue to fund the implementation of the Conceptual Plan
 - Will likely need to reallocate a portion of state administration funding in Fiscal Year 2025

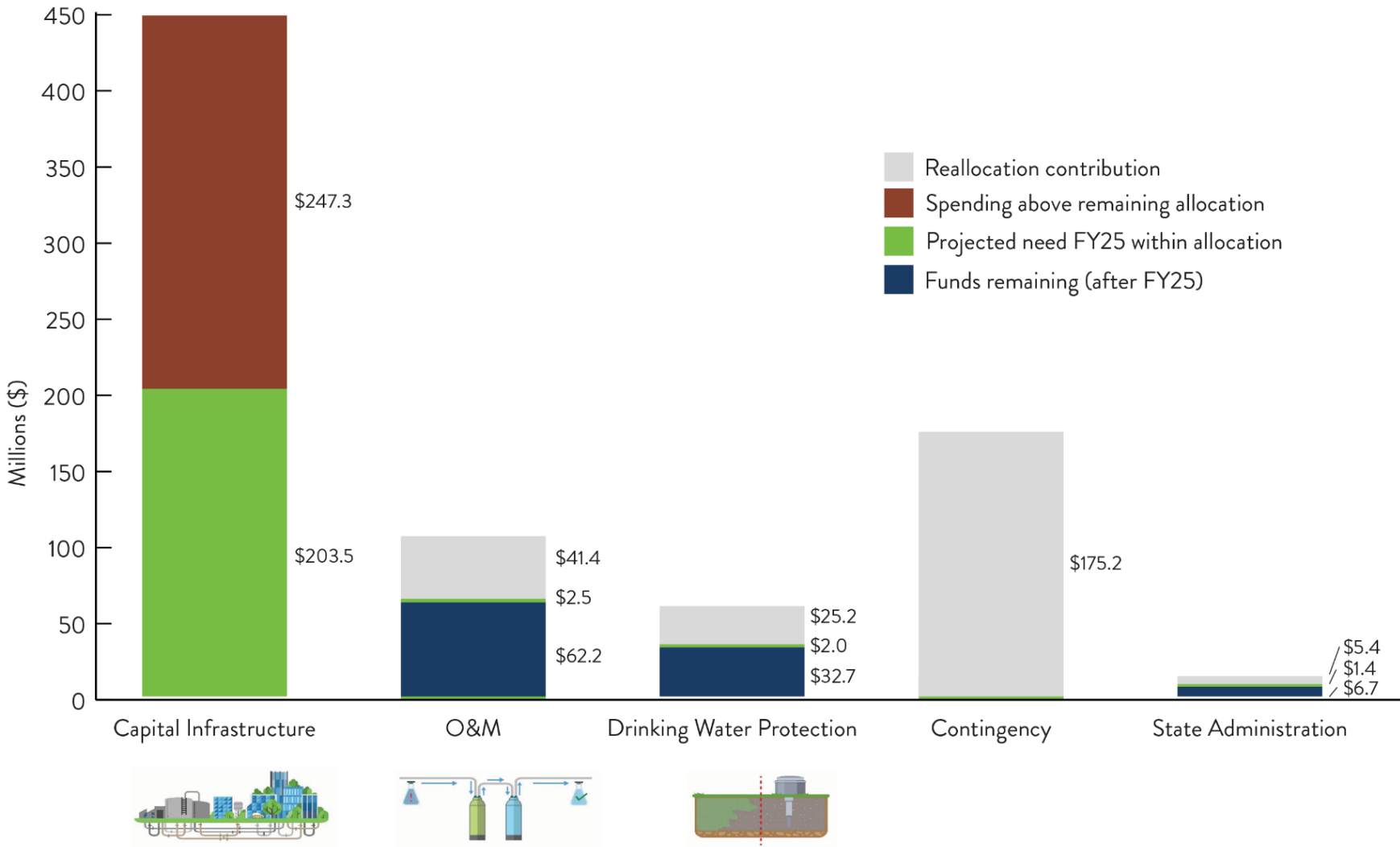
Fund Reallocation Discussion

- No reallocation is anticipated to be needed for Fiscal Year 2024
- Proposed approach for Fiscal Year 2025: After utilizing remaining uncommitted funds in Contingency, reallocate proportionately from Drinking Water Protection, O&M, and State Administration (see next slides)

Fund Reallocation Discussion

Fund Category	Anticipated Commitments FY25	Spending Above Available Funds	Reallocation Contribution	Funds Remaining After FY25
Capital	\$450,728,800	\$247,263,300	-	\$0
Contingency	\$0	-	\$175,196,100	\$0
Drinking Water Protection	\$2,000,000	-	\$25,223,500	\$32,681,100
O&M	\$2,530,200	-	\$41,538,600	\$62,195,700
State Administration	\$1,410,500	-	\$5,417,000	\$6,692,600
Sum	\$456,669,500	\$247,263,300	\$247,263,300	\$101,569,400

Fund Reallocation Discussion



We anticipate earning interest, but interest projections are not included in this graph due to uncertainty.

Remaining Potential Project Needs

- Additional POET Capital Costs
- O&M Costs
- Drinking Water Protection
 - Private well sampling
- Treatment on existing and new wells or alternatives in **Lake Elmo***
- Additional home connections in **Cottage Grove, Lake Elmo, Lakeland, Newport, Oakdale, St Paul Park and Woodbury**
- Expanding **Oakdale** drinking water treatment facility and additional treatment for Wells 3 and 10 *
- Construction on interconnects and potential WTP for **Newport ***
- **Prairie Island Indian Community** well treatment and distribution system
- Treatment on one well in **Lakeland ***
- Treatment on one well in **Eagle's Watch***

**Potential project needs are based on conservative assumptions and may change depending on anticipated MDH HBV guidance.*

Fund Reallocation Key Takeaways

- East Metro Area has additional PFAS treatment needs due to EPA MCLs and potentially MDH HBVs
 - Capital grant requests are anticipated to exceed the amount of funding originally allocated to capital and contingency in the Conceptual Plan, and a funding reallocation will be necessary
 - Propose reallocating proportionately from Drinking Water Protection, O&M, and State Administration

Next Steps

- The remaining Settlement funding will likely be committed within approximately 2 years
- Need improved cost estimates and projections from Communities
- Co-Trustees are working on the path forward that we will discuss with the work groups
- When allocations run out of funding, drinking water activities would revert to being reimbursed by 3M under the 2007 Settlement Agreement and Consent Order (Consent Order)

Discussion