

Minnesota 3M PFAS Settlement

Notes for combined working group meeting

Wednesday, Nov. 5, 2025

9 a.m. - 12:00 p.m.

Hybrid Teams and in-person meeting

Combined working group members in attendance

- Christina Volkers
- Clark Schroeder
- Dan Wietecha
- Greg Johnson
- Jess Richards
- Karie Blomquist
- Kirk Koudelka
- Laurie Elliott
- Mark Jenkins
- Mary van Milligen
- Melissa Kuskie
- Michael Madigan
- Monica Stiglich
- Nicole Miller
- Pam Anderson
- Paul Simonsen
- Pete Flock
- Rachel Dana
- Ron Moorse
- Ryan Burfeind
- Ryan Stempski
- Stephanie Souter
- Steve Love
- Tony Brinkman

Presenters

- Kirk Koudelka, Minnesota Pollution Control Agency (MPCA)
- Jess Richards, Minnesota Department of Natural Resources (DNR)
- Rebecca Place, MPCA
- Debra Fleischer, Abt Global
- Emma Glidden-Lyon, Abt Global

Welcome

Debbie Fleischer (Abt Global) opened the work group meeting by walking through the hybrid meeting logistics. Kirk Koudelka (MPCA) provided updates on community and neighborhood projects. The low-zone treatment system in Cottage Grove is up and running and a well in Lake Elmo now has treatment. The drinking water system for Hasting, Woodberry's and others are under construction. Many projects are in the design phase. Township was added to the settlement. Ms. Fleischer conducted roll call for work group members and discussed the meeting agenda.

Annual Review

Rebecca Place (MPCA) presented an overview of the implementation of the Conceptual Drinking Water Supply Plan. Ms. Place discussed the Annual Review which focuses on implementation of the Conceptual Plan over Fiscal Year (FY) 2025. She went over the Annual Review purpose, progress on implementation, impacts to implementation from new information, projects in FY 2026 and anticipated impact on settlement funds, and contingency funding and fund reallocation.

The Annual Review includes new information that has evolved from the previous year, a review of actual costs of projects, reallocation discussions as needed, and any other adjustments necessary. The 3M PFAS webpage will continue to be updated as needed.

In FY 2025, approximately \$91 million was spent and \$29 million was earned from interest. Of the funding spent, \$79.7 million is from capital funds, \$6.4 million is from operations and maintenance (O&M), \$3.4 million is from drinking water protection, \$0.3 million is from contingency, and \$1.5 million is from state administration. There are 48 active grant agreements.

The Conceptual Plan originally anticipated approximately \$154 million to be spent on the municipal water system projects currently underway. From August 2021 through June 2025, the actual approved project amount has been \$512 million. Some reasons why the actual cost was higher than the Conceptual Plan estimate include: additional wells requiring treatment, changes in growth projections, changes in design assumptions, inflation, and additional projects not originally included in the Conceptual Plan. For example, three additional communities are now eligible under the settlement for water treatment plants: Cimarron Park, Eagle's Watch, and Hastings.

For municipal system projects active in FY 2025, the expected expenditure in the Conceptual Plan was \$101 million. The actual approved project amount was \$366 million. As with the cumulative cost comparison, three of these projects were not originally included in the Conceptual Plan. This variation greatly contributes to the difference between the actual costs and Conceptual Plan estimates for FY 2025. The other communities with active municipal system construction projects in FY 2025 were Cottage Grove, Woodbury, Lake Elmo, Newport, and Oakdale and experienced higher project costs than the Conceptual Plan estimated. The increase can be attributed to additional settlement eligible design elements, construction, communications services, additional planning, designing for temporary treatment systems, and inflation.

Ms. Place discussed in greater detail changes since the release of the Conceptual Plan that have impacted projects, including changing PFAS health values for drinking water, inflation and other cost increases, and accounting for temporary drinking water treatment systems.

New health-based values (HBVs) from the Minnesota Department of Health (MDH) were finalized in 2025. The 2007 Consent Order requires the use of health-based values (HBVs), and the settlement prioritizes exceedances of HBVs and health risk limits (HRLs). The US Environmental Protection Agency (EPA) also released maximum containment levels (MCLs) for PFOA and PFAS. The EPA's deadline for compliance was extended to 2031.

In terms of inflation, from 2020-2023 there was higher inflation than the assumed 3% in the Conceptual Plan, labor shortages, and supply chain issues. Relevant cost indices have stagnated over the last year.

Finally, O&M costs for temporary systems now come from the settlement funds. Originally, O&M costs for these systems came from a separate \$40 million account that was expended and expired February 20, 2023. Temporary municipal treatment systems are currently operating in Cottage Grove, Woodbury, and Oakdale. In FY 2025, approximately \$5.2 million was spent on temporary treatment.

While costs have increased, the settlement has also earned higher interest than expected. Some settlement funds are in a State Fund of Investment (SBI) and have outperformed the 1% annual earning anticipated in the Conceptual Plan for funds allocated to capital projects and the 3.5% anticipated for O&M. In 2025, the SBI earned about 4% interest.

In response to the impact of these changes, Co-trustees have continued the pause on additional neighborhood connections where most residents already have access to safe drinking water via point of entry treatment systems (POETS). Resources are being added to the private well sampling program to accommodate increased sampling requests. Finally, Co-trustees are planning how to reallocate funds between the settlement accounts to address the need for capital projects.

Ms. Place thanked the workgroup for responding to the community survey. The community survey received a 100% response rate. In 2026, new projects across all allocations are expected. Metrics are tracked every calendar year and can be found here: <https://data.pca.state.mn.us/views/3Msettlementsspending/Overview>

Looking ahead, the Co-Trustees anticipated primary points of uncertainty are: drinking water wells that will receive a health advisory in the future but were not included in the Conceptual Plan, project cost increases since the original estimates were completed, and a change in construction and system operation assumptions or methods.

The final discussion included in the Annual Review is of the contingency fund allocation and fund reallocation. In FY 2025, \$300,000 of the \$183 million allocated in contingency funds was spent. 7.7% of the fund has been spent since the release of the Conceptual Plan. The contingency fund allocation is currently covering commitments needed for capital projects and \$162 million has been committed from contingency funds for capital projects.

In FY 2025, the reallocation process was not necessary. In FY 2026, reallocation will be necessary and is discussed in the Future Funding Presentation.

Work group feedback

A work group member asked where they could get the PowerPoint presentation. MPCA responded that it will be posted on the 3M Settlement website after the meeting.

A work group member asked if MPCA could clarify the additional municipal systems that have been added since the release of the Conceptual Plan. MPCA confirmed that the additional municipal systems are located in Hastings, Cimarron Park, and Eagle's Watch. MPCA clarified that the communities added to the settlement are Hastings and Baytown Township. Baytown Township is not planning a municipal system. There are currently 16 communities considered part of the settlement and nine of them are currently planning for municipal systems. Newport is currently still assessing their municipal drinking water alternatives.

A work group member asked if the Conceptual Plan accounts for future costs of POETS and if so, what was the amount. MPCA said the Conceptual Plan included construction, installation, and O&M in the construction and operations budget for POETS. POETS were considered when putting together the numbers in the Contingency Plan. Every spring, MPCA releases a report with a chart of the number of wells sampled in each community and how many received well advisories. An interactive map is also released where well sampling has been done. The link to the most recent report and map is on the MPCA website and the 3M Settlement website here: <https://3msettlement.state.mn.us/sites/3msettlement/files/2025-03/lrc-pfc-1sy25.pdf> and <https://www.health.state.mn.us/communities/environment/water/pfasmap.html>, respectively. Last year approximately \$1 million was spent on O&M for private wells and POET maintenance. This year, a little under half a million has been spent to-date.

Public comments and questions

There were no public comments at this time.

Future funding considerations and transition path

Emma Glidden-Lyon (Abt Global) presented on the settlement commitments, disbursements, and planning for the future transition to Consent Order. Emma covered the current commitments and earnings, anticipated commitments, and fund reallocation and transition.

In FY 2025, contingency funds began covering capital project commitments. Capital commitments have continued to increase. Last November, \$441 million had been committed to capital projects, in May \$470 million was committed, and now a cumulative \$515 million is committed. Contingency needs to be drawn from because \$515 million in commitments is \$163 million over the available amount in the capital fund allocation.

The fund accounts continue to earn interest. Approximately, \$90 million in interest has been earned since the release of the Conceptual Plan and \$29 million in interest was earned in FY 2025.

Seven new or amended grants have been executed so far in FY 2026 (July 2025 through October 2025) totally approximately \$1 million.

Ms. Glidden-Lyon thanked all the communities for their participation in the Community Survey and their ongoing conversations with MPCA. There was a 100% response rate. In the survey, each question was tailored to each community. Information was gathered on the estimated grant request date, completion date or length of grant, and total cost estimates for projects. The feedback provided was used to get a better understanding of current projects and future settlement needs.

Using the community survey input, MPCA anticipates \$66 million in new capital commitments for the remainder of FY 2026 (July 2025 through June 2026). There will also be continued POET installations and other ongoing costs. The capital grant requests are anticipated to exceed the amount of funding that was originally allocated to both the capital and contingency accounts in the Conceptual Plan. Funding reallocation is anticipated.

The total anticipated new O&M grants through FY 2026 is \$10.3 million. This estimate is just for new commitments in FY 2026 and does not reflect on-going O&M projects or future projects beyond FY 2026.

Ms. Glidden-Lyon presented a bar graph representation of the anticipated FY 2026 commitments across all the fund accounts. All of the capital funds and most of the contingency funds have been committed to on-going projects.

The capital allocation in the Conceptual Plan is \$317 million, which has been supplemented by approximately \$37 million in interest for a total of \$354 million. The estimated cumulative capital commitments by the end of FY 2026 are \$575 million. Therefore, there is a need to cover the difference.

The contingency allocation has approximately \$195 million available in uncommitted funds. This amount combined with the total \$354 million in capital allocation equals \$549 million funds available for capital commitments. This is still less than the estimated need of \$575 million and as a result, reallocation from the other allocations will be needed.

The Co-Trustees intend to use the funds from O&M, drinking water protection, and state administration allocations to cover the additional capital need. The reallocations from these accounts will be made in proportion to the original distribution percentages, ensuring that the funding structure remains balanced and consistent with past allocations.

As of the time of the work group meeting, it is anticipated that the capital commitments will exceed the available funds (i.e., capital and contingency allocations) by approximately \$26 million. The reallocation from the other funds would be as follows: drinking water protection will fund \$9 million, O&M will fund \$15 million, and state administration will fund \$1.9 million. At the end of FY 2026, an estimated \$137 million will be left in unobligated funds in the settlement.

There will be new capital requests for funding after FY 2026, including municipal water systems projects. Continued interest and unused funding being returned to the settlement will help to offset some of the need.

In planning for the transition to the Consent Order, the Co-Trustee's key assumptions include:

- Use community data and best estimates to show a range in the timing of the transition.
- The point of transition from the settlement to the 2007 Consent Order is when funds are committed (i.e., grant awards).
- Future interest is not included in the estimates of timing given uncertainty of interest.
- Estimates of future O&M, Drinking Water Protection, and State Administration spending are included.

Based on those assumptions, the current point of transition is estimated to be in the second half of calendar year 2027.

The Co-Trustees are continuing to work to determine when and how much money will be needed so that the timing and the scope of the transition to the Consent Order is better understood. O&M is being tracked on the water treatment plant level to accurately capture those costs within the timeframe of the settlement. As grants end, the return of unused funds to the settlement is being tracked. Interest is also being tracked. Interest earned in the first quarter of FY 2026 was about \$6 million so far. When allocations run out of funding, drinking water activities would revert to being reimbursed by 3M under the 2007 Settlement Agreement and Consent. Lastly, the mediation with Co-Trustees and 3M continues.

Work group feedback

A work group member asked about the lower and upper bound of estimated funding needs graphic. Is the green line allocated or is it spent and taken out of the funds? Abt clarified that the green line is allocated. A work group member asked when the total funds will be dispersed. How long will the funds be there physically? Abt said that once the funds have been allocated, they are reserved for that allocation. MPCA added that once that grant is assigned, the money is not available for other pieces.

A work group member asked when the money is going to run out and when all the capital projects will be completed. Abt responded that the end date depends on what is in the grant agreement itself.

A work group member asked if the negotiations with 3M include disagreements on when the money will run out. The work group member asked if a transition to the 2007 Consent Decree is possible while there's still money that's allocated but not yet spent. MPCA said that's how the state budget system works: once dollars are obligated it is spoken for, and the dollars cannot be used for anything else.

A work group member asked the number of mediation sessions so far and if there has been any progress. They also asked about the contingency plan if money runs out before there is a solution. MPCA doesn't have the exact number of mediation sessions because there are multiple levels of conversation.

A work group member said they saw the City of Lakeland on a list of future projects and asked for additional details about projects there. MPCA clarified that the City of Lakeland water is tested annually and the settlement would only fund a municipal treatment system if the testing results changed.

A work group member asked where the Prairie Island Indian Community project is located. MPCA clarified that the Prairie Island Indian Community property is in West Lakeland township and the treatment for their well was included in the Conceptual Plan.

A work group member emphasized the importance of having the Consent Decree and thanked the state for working on their behalf during mediation. The work group member is hopeful that 3M can come on board with this issue when the work group has been transparent from the beginning, health indexes have changed, and they really need the ability to plan for the future.

Public comments and questions

A member of the public asked if treatment of drinking water contamination linked to PFAS-laden sludge generated at 3M's Cottage Grove facility and subsequently incorporated into agricultural soil included in the settlement/consent order funds or if that contamination source specifically considered out of scope. MPCA said they'd need to go back to their team to see if they have any information on those activities. Another workgroup member added that they had made a public records request to the Met Council about biosolids distribution and spreading in Washington County. The response said there had been no biosolid application in Washington County from the Met Council. There may be other sources but none from the Met Council in Washington County.

Next steps

Rebecca Place (MPCA) presented on next steps. All ongoing work, including grant form review, implementing community projects, resampling private wells, communication with residents about sampling, and installing whole-home treatment systems in homes that have well advisories will continue.

There is a backlog for whole-home treatment system installation (currently over one year). Tripled private well sampling last year resulted in additional well advisories. There are over 900 residents waiting for their POETS to be installed, and the number of samples being submitted to MDH's lab has increased. We are currently working through the State's request for proposal (RFP) process, to bring on additional contractors that can install POETS. This should be finalized in March, at which time we will have an update on timelines for residents. In the meantime, residents will continue to have access to bottled water.

MPCA continues to conduct investment planning activities, including using the community survey results to confirm the timeline of existing grants, estimate the timing and costs for all future grants, and estimate the timing for the drawn down of settlement funds.

The Co-Trustees continue to meet with 3M Company representatives in mediation.

The date for the spring meeting is May 20, 2026, after the legislative session ends. The meeting will include tracking progress on project implementation, discussing status of reallocations, comparing actual costs to plan estimates, continuing discussions on future reallocation with work group members, and an update on mediation between Co-Trustees and 3M Company.

Finally, Ms. Place provided a brief update on Priority 2 natural resources work. The RFP for Priority 2 closed in October. Projects are currently being evaluated. In spring 2026, applicants will be notified, and contracts will be initiated. Project work will begin later that same year.

Work group feedback

A work group member asked if POETS are being put into homes in areas where a municipal water system is available. MPCA said the preference is for residents to connect to city water especially if it is right in front of their house. A work group member asked if residents are required to connect to city water if that's not their preference. MPCA confirmed that if the connection to city water is determined to be feasible, MPCA will only fund connection to city water and would not offer POETS.

Multiple work group members asked about the number of Priority 2 applications and if the total exceeded the allocated amount. 82 letters of interest were initially received, and 56 full applications have since been submitted. The total amount requested across all the applications does exceed the total allocated amount.

A work group member asked if the spring work group meeting presentation could include the Priority 2 finalists. MPCA said they will take the request into consideration but can't go public until contracts have been signed.

Two work group members asked if in the future the presentation could be sent to them in advance of the meeting. MPCA will try and provide presentations in advance going forward.

A workgroup member asked why Clean Water Amendment funds advertised in the media are not being used for settlement eligible projects. MPCA noted that the Amendment funds specifically does not cover remediation costs and that it's for more general surface water efforts across the states (e.g. lake impairments, etc.), including contaminant issues beyond PFAS. Past projects can be found at: <https://www.legacy.mn.gov/clean-water-fund>.

Public comments and questions

A member of the public asked about the status of Project 1007. MPCA said they are finalizing the feasibility study and will post it online sometime between December and January. They are also in the process of creating a communications plan and an easily digestible version of the study. MPCA said the intent of the report is to do the source assessment and determine the alternatives to reduce the PFAS. The feasibility study includes cost, but it does not have plans on how it will be funded. Options for funding sources will be considered but at not part of the feasibility plan.