

# Long-Term Planning and Cost Considerations

Terill Hollweg and Mark Lorie, Abt Associates

3M PFC Settlement Subgroup 1 Meeting

November 20, 2019

# Purpose

- We want to understand subgroup thoughts on how to handle a number of topics related to settlement planning
  - E.g., future growth and development, operations and maintenance (O&M), recapitalization, and contingencies
- This will help the Co-Trustees' prioritize settlement spending and inform decisions related to
  - The development of the Conceptual Drinking Water Supply Plan
  - Long-term planning activities
- We had a discussion on some of these topics back in May with the work groups – we want to revisit and expand the discussion for today

# Plan for Today

- Break-out groups to discuss the following topics:
  - Future growth and development
  - O&M and recapitalization
  - Contingencies

# Future Growth and Development

- To what extent should settlement funds be used to cover future growth and development? For example:
  - Extending municipal water pipes to a new neighborhood development (e.g., water mains, service connection to the house)
  - Increasing capacity of public water systems (e.g., new municipal wells, pumping, treatment, pipe sizing) to handle future growth
  - Drilling and/or treatment of new private wells
- If so, how long should future growth/development be covered? (Note: Scenarios will be considering community build-out to 2040)



# Recap of May Discussion on Operations and Maintenance

- General support from the work groups that funds should be set aside to cover long-term O&M costs
  - Suggestion that the settlement funds cover the life of the asset
  - Suggestion that settlement funds only cover PFAS-related O&M costs – other non-PFAS related O&M costs should be covered by the communities
  - Not sure how much to set aside – depends on capital costs
- Work groups seemed to first prioritize capital costs, and then O&M costs

*Any thoughts or reactions to this summary?*

# Follow-up Discussion on O&M and Recapitalization

- How important is it to retain funds for O&M?
- How many years do we want to cover O&M? Should the length of O&M funding differ by project type (e.g., private well treatment, public water systems)?
- Do we want to set aside money for recapitalization?



# May Discussion on Contingencies

- What money do we want to set aside to address issues that may occur later on? (e.g., changing HBVs, plume movement/detection, future water supply/use)
  - General consensus from work groups that money should be set aside for contingencies (10%-25%?)
  - There were questions regarding where the money is held and how much to set aside
  - There was a suggestion to take advantage of interest

*Any thoughts or reactions to this summary?*

# Follow-up Discussion on Contingencies

- How much settlement funds should be set aside for contingencies?  
10%? 25%
  - What types of activities do you think this could cover?
- How do you feel about taking higher financial risk for higher long-term yield?
  - High risk high yield investment account?
  - Low risk low yield savings account?





# Other questions

- How much settlement funds should be set aside for the other part of Priority 1 (e.g., groundwater recharge, water conservation)?

# Any Other Questions/Comments?

- Please submit any additional input to Walker Smith by December 2<sup>nd</sup>

