

Minnesota 3M PFAS Settlement

Notes for Citizen-Business Working Group Meeting

Tuesday, May 17, 2022

1 p.m. – 4 p.m.

Hybrid WebEx and in-person meeting

Group members in attendance

- Barbara Ronningen
- David Filipiak
- Jamie Wallerstedt
- Jess Richards
- Kevin Chapdelaine
- Kirk Koudelka
- Mark Jenkins
- Michael Madigan
- Monica Stiglich

Presenters

- Kirk Koudelka, Minnesota Pollution Control Agency (MPCA)
- Jess Richards, Minnesota Department of Natural Resources (DNR)
- Debra Fleischer, Abt Associates
- Heather Hosterman, Abt Associates
- Jennifer Peers, Abt Associates

Welcome and updates

Debra Fleischer (Abt Associates) welcomed the work group to the meeting and reviewed the agenda. Kirk Koudelka (MPCA) and Jess Richards (DNR) also welcomed the group and explained upcoming priorities and Co-Trustee actions. They said that a future Subgroup 1 meeting will discuss water treatment technologies. They encouraged work group members to identify topics of interest for regarding treatment technologies for discussion. Kirk and Jess also provided an update on grant applications. Woodbury and Cottage Grove currently have some of the largest grants in progress, but many communities are moving forward. Jess also discussed personnel additions and changes at DNR, including Melissa Kuskie, the new Ecological and Water Resources (EWR) Assistant Division Director (replaced Ann Pierce), Ronald Wieland, DNR NRDA Specialist and Jill Townley, the EWR Environmental Review and NRDA Unit Supervisor. Melissa will be involved in Priority 1 and 2 work, and Ronald/Jill will focus on Priority 2 only.

The work group liaison provided a recap of the Citizen-Business and Government-3M meetings in January. During the January Co-Trustee meeting, there was a presentation about changing state and federal Health Index (HI) values. Subgroup 1 met in February and discussed the results of the Cottage Grove ion exchange (IX) pilot study. The liaison highlighted the importance of testing and fully understanding the water chemistry in each community before proceeding with treatment. Work group members also received an update on Project 1007. The liaison encouraged work group members and the public to visit the website on Project 1007 for additional details (<https://3msettlement.state.mn.us/project-1007>) and wondered how Project 1007 might differ in the upcoming year if there are not continuing drought conditions.

Preliminary Plan for Settlement Priority 2

Jennifer Peers (Abt Associates) discussed updates and plans for Priority 2. Jennifer shared that Karen Carney (Abt Associates) will be leading the Priority 2 work moving forward. Jennifer provided background information on Priority 2 and PFAS in the environment, including:

- PFAS bioaccumulates and biomagnifies in the environment. This means that PFAS is taken up by plants and invertebrates, which are consumed by other organisms.
- PFAS are “forever chemicals” because they do not biodegrade.
- PFAS cause ecological harm (also known as injuries) to fish and wildlife, which results in less wildlife for humans to enjoy and consume.

The purpose of Priority 2 under the 3M Settlement is to replace, protect, and enhance natural resources and services that have been lost. The 3M Settlement provides a list of example actions under Priority 2 (e.g., boat ramps, restoration of wildlife habitat), but does not limit projects to only those listed. Early in the 3M Settlement process, the Co-Trustees and work groups created overarching goals for Priority 2 including restoring and protecting wildlife and habitats, reducing fish tissue contamination, and improving outdoor recreation. More specific goals will be developed under Priority 2 moving forward.

Based on feedback from January work group meetings, the Co-Trustees proposed an updated structure for Priority 2 work groups:

- Similar to the Priority 1 work group structure, Priority 2 will have two work groups made up of government representatives and residents (Government/3M work group and citizen work group). The work groups will provide high-level feedback on process documents and identify and recommend projects. Priority 1 work group members can continue serving on Priority 2 work groups if they would like. Additional communities will be invited to the Priority 2 Government/3M work group if they have experienced injury from PFAS released by 3M and are in the East Metropolitan Area and/or downstream locations of the Mississippi and St. Croix Rivers. Additional Citizen work group members will be selected through an application process.
- Similar to the Priority 1 subgroup structure, Priority 2 will have one technical subgroup made up of natural resource staff, watershed districts, and other resource and recreation stakeholders. The subgroup will provide background and technical information and provide high-level feedback on process documents. The new subgroup will be formed by invitation.

Jennifer explained the process that the Co-Trustees took to identify impacted communities under Priority 2. Co-Trustees considered the impacts to natural resources and recreation opportunities and based criteria on multiple lines of evidence (e.g., PFAS contamination pathways, PFOS-impaired waters, and fish consumption PFOS advisories). The contamination had to be related to releases from 3M specifically as there are other PFAS sources in the region. After looking at communities affected along the Mississippi and St. Croix Rivers and those impacted in the East Metro region, the Co-Trustee propose the following communities be included in Priority 2:

- Afton
- Cottage Grove
- Denmark
- Grey Cloud Island
- Hastings
- Inver Grove Heights
- Lake Elmo
- Lake St. Croix Beach
- Lakeland

- Lakeland Shores
- Landfall
- Maplewood
- Newport
- Nininger township
- Oakdale
- Prairie Island Indian Community
- Rosemount
- St. Mary's Point
- St. Paul
- St. Paul Park
- South St. Paul
- West Lakeland
- Woodbury
- Dakota County
- Washington County
- 3M

To receive funding for Priority 2 projects, communities or other project sponsors will need to submit a project proposal. Communities can opt out of participating in the work group process and still apply for project grants. The Co-Trustees will address potential conflict of interest issues before the proposal process begins.

Jennifer reviewed the estimated Priority 2 timeline. Work group and subgroup members will be selected in summer 2022 with the first meetings scheduled for September 2022. It will take approximately six months for the work groups and subgroups to develop detailed goals and criteria followed by three months to develop grant solicitations using the criteria developed by the work groups. There will be a six-month process to review and evaluate proposals. Then, awards will be granted, and metrics will be developed to track progress.

Questions on Priority 2 should be directed to 3MPriority2@state.mn.us.

Feedback

One work group member had clarifying questions on the lakes north of the Washington County Landfill and whether or not they were contaminated by PFAS. They had thought those lakes previously tested clean and did not have a fish advisory. A representative from DNR explained that the lakes in question (Lake Jane and Lake Olson) had fish advisories but may not have been impacted by 3M. Jennifer explained that one weakness of this process is that data on injuries is not consistent across communities.

Another work group member expressed concern about the long list of potential participants for the technical subgroup. They felt that managing that many organizations could be a challenge. Jess recognized that this would be a challenge, especially with much less funding for Priority 2 than Priority 1. He explained that there may be overlap in expertise (e.g., if watershed representatives are involved, there may not be a need for environmental groups focused on water).

Another work group member stressed the importance of developing clear criteria for selecting projects and determining which priorities were most important to the region. They were concerned about the lack of consistent data across communities. Jennifer explained that Priority 2 will focus on leveraging funding for needs that may not be addressed by other funding avenues.

One work group member asked if St. Paul should be included in the Priority 2 list since they have impacted waterbodies. Jess explained that the purpose of the initial screen was to come up with an idea of who should be included in the work groups. He said this is an example of where clear screening criteria would be helpful and noted that some PFAS contamination in the area is from sources other than 3M. Jess also expressed the importance of robust communication plans for the proposal process so that communities that are not in the official work group are engaged and aware. He stressed that Priority 2 is about the natural resources of the entire area and not only individual communities.

One work group member asked if there was a way to access more comprehensive fish data for the region and how to compare that to current fish data now that 3M has cleaned up a portion of the contamination. Jennifer explained that Priority 2 funds could be used to gather consistent data in the area if that is something work group members wanted. The work group member stressed the importance of establishing baseline data so that future success and impacts could be measured.

Public Comments

One member of the public asked about the application process for the citizen work group. The Co-Trustees explained that additional details would be communicated on the Minnesota-3M website (<https://3msettlement.state.mn.us/>) and through GovDelivery. They expect this process to begin in June.

Priority 1 and 2 Future Meeting Structure

Heather Hosterman (Abt Associates) walked through the meeting structure for Priority 1 and Priority 2 moving forward:

- Priority 1 work groups will meet at least twice a year for updates on spending and projects, reallocations, and special topics as needed. Other updates will be provided via email.
- Priority 1 subgroup meetings will be held as needed, but technical topics will be included in work group meetings whenever possible.
- Priority 2 work groups will meet at least quarterly starting in September 2022.
- Priority 2 subgroup meetings will occur approximately every other month, meeting more frequently at the start and then less frequently as Co-Trustees wait for project proposals to come in.

Feedback

Multiple work group members agreed that this was a reasonable approach. Some work group members asked about combined Priority 1 work groups moving forward. Kirk and Jess explained that this is a possibility as long as everyone is given the opportunity to share comments. Work group members were open to having future meetings either combined or separate.

Final Investment Planning for the Settlement and Conceptual Plan

Heather Hosterman presented on the final investment plan for the Settlement money. The Co-Trustees worked with the State Board of Investment (SBI) to create this approach. Heather noted that the future performance of any investment are not guaranteed. The proposed approach includes:

- Capital funds (\$387M): Invest 100% of capital funds in laddered Treasury bonds and cash to cover expenses based on Co-Trustees' expected capital spending schedule over 10 years. This is adaptable to cover costs sooner or later than anticipated and covers the assumed 3% rate of inflation as estimated in the Conceptual Plan.
- Operations and maintenance (\$115M): Invest 40% into equities, 30% in fixed income, and 40% in cash to increase annual returns while lowering the probability of shortfalls to cover the projected 20- and 30-year costs outlined in the Conceptual Plan.

- Contingency (\$183M): Invest 25% in equities, 25% in fixed income, and 50% in cash. This allows for funds to grow to meet future needs while focusing more on capital preservation and liquidity than O&M given the potential for short-term capital spending needs.
- State administration funds (\$15M): Keep money in a cash account so that funds are available as needed and to avoid high administrative costs for managing the funds.

The Co-Trustees are going to present these options to the SBI Board for final approval on May 25. These funds will be monitored closely, and regular updates will be provided to work group members.

Feedback

There was no feedback from the work group.

Next steps

Heather reviewed next steps on Priority 1, including:

- MPCA and DNR will continue to review grant forms and establish grant agreements, develop new metrics to show implementation progress, and implement the investment plan.
- Subgroup 1 will tentatively meet in June (June 15 from 1 – 4 PM).
- There will be no work group meetings in June. The next work group meetings will likely be in fall 2022.

Heather also discussed Priority 2 next steps, including:

- MPCA and DNR will recruit members for Priority 2 work groups, invite subgroup members, develop Priority 2 goals, and develop charters for the Priority 2 groups.
- The initial work group meetings are scheduled for September 2022.
- The initial subgroup meeting is scheduled for September 2022.

Feedback

There was no feedback from the work group.

Public comments and questions

There were no questions or comments from the public.