

Minnesota 3M PFC Settlement
 Agenda for Citizen-Business Group Meeting

Tuesday, November 17, 2020
 1:00 PM-4:00 PM

Webex link: [Join WebEx meeting](#)

(If using Webex, we request that you connect to the audio using your phone rather than the computer, and use the “Call me” option. Please refer to the Webex instructions for more information.)

Conference line (if not using the Webex “Call me” option): 1-415-655-0002; Access code: 178 111 4554#

Meeting Purpose:

- Clarify details about the recommended options, including costs and impacts to community rates
- Achieve a common understanding of how Co-Trustees evaluate costs and how the Settlement fund will be managed as cost estimates are refined and updated
- Clearly identify next steps and the path forward to finalize the Conceptual Plan

1. Welcome a. Webex instructions b. Roll call c. Agenda d. Updates and email follow-up e. Liaison report(s)	Kirk Koudelka – MPCA Jess Richards – DNR Emma Glidden Lyon – Abt Associates Mark Lorie – Abt Associates	1:00 PM
2. Update on cost estimates	Kirk Koudelka – MPCA Jess Richards – DNR Hannah Albertus-Benham – Wood	
3. Overview of cost coverage under Settlement versus Consent Order	Kirk Koudelka – MPCA Jess Richards – DNR Gary Krueger – MPCA	
4. Public comments and questions	Mark Lorie – Abt Associates	2:15 PM
BREAK	N/A	2:25 PM
5. Co-Trustee water rate study	Kirk Koudelka – MPCA Jess Richards – DNR Shannon Ragland – Abt Associates	2:35 PM
6. Next steps	Kirk Koudelka – MPCA Jess Richards – DNR Mark Lorie – Abt Associates	
7. Public comments and questions	Mark Lorie – Abt Associates	3:50 PM
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Minnesota 3M PFC Settlement
Notes from the Citizen – Business Group Meeting

Tuesday, November 17, 2020

1:00 p.m. – 4:00 p.m.

Virtual Webex Meeting

Group members in attendance:

Amy Schall	Dave Schulenberg
David Filipiak	Jeff Holtz
Jess Richards	Kathryn Sather
Kevin Chapdelaine	Kirk Koudelka
Mark Jenkins	Michael Madigan
Monica Stiglich	Steven Johnson

Presenters:

- Kirk Koudelka, Minnesota Pollution Control Agency (MPCA)
- Jess Richards, Minnesota Department of Natural Resources (DNR)
- Emma Glidden-Lyon, Abt Associates
- Mark Lorie, Abt Associates
- Hannah Albertus-Benham, Wood

Welcome

Emma Glidden-Lyon (Abt) and Kirk Koudelka (MPCA) welcomed the work group. Kirk reviewed updates since the last meeting. The November meeting agenda was built on questions heard in past meetings. December's meeting will be dedicated to receiving feedback from work group members on the Conceptual Drinking Water Supply Plan (Conceptual Plan).

Monica Stiglich and Kevin Chapdelaine provided a liaison report. Items discussed during the October work group meeting include:

- Difficulties comparing results and rates between communities. Each community is dramatically different, so comparing communities' spending per capita is not a good method.
- Movement of the plume and well testing. Minnesota Department of Health (MDH) has had trouble getting residents to allow them to test wells. Either residents do not answer requests or refuse permission.
- Public information campaign. During the last meeting, a work group member suggested using some of the Settlement money for a robust information campaign explaining how the Settlement money is being used and how community members can help conserve water.
- Project 1007 update. Work group members requested an update on Project 1007. This will be part of the December agenda.
- Set asides for sustainability and conservation. Some work group members feel the amount of money dedicated to sustainability is too high, while others feel that money spent as part of the Settlement could prevent the need for additional treatment in the future.

- Water rates. It is very important to some work group members to understand how the Settlement will impact water rates. The work group members need to be able to communicate these points to residents, which has been a challenging part of the entire Settlement.
- Consent Order versus Settlement. There were questions about what happens when the Settlement money is depleted and what will be covered by 3M under the Consent Order.

Update on cost estimates

Kirk and Hannah Albertus-Benham (Wood) provided an update on cost estimates used to develop the Conceptual Plan. Kirk said the State had received comments from the work groups about where costs could be improved. He urged work group members to consider the larger picture of the Conceptual Plan because many final costs will not be known until the design and implementation phase. He also acknowledged that there were requests to have a third-party come in and review the estimates. Because the State and communities have multiple consultants working on this effort, there are already many viewpoints and the State feels that an additional third-party review is not the best use of resources.

Hannah's presentation was organized into three main categories: sampling data updates and implications, cost updates in progress, and general cost overrun discussion. Key points include:

- Sampling data updates and implications: Wood updates municipal well and POET system counts based on new sampling data. This added treatment for Well 11 in Cottage Grove under Option 2, since its HI is above 0.3. Even with new sampling data, Wood has kept \$41 million in contingency for neighborhood hookups. Additionally, Wood is updating Appendix E, section E.4 with new sampling data. They will also add more introductory language so that E.4 can act as a standalone document. Lastly, Wood is not redoing the particle tracking analysis since new well sampling data would not change it much.
- Cost updates in progress: Wood is currently verifying treatment plant capacities and tank costs based on expedited projects. Additionally, they are refining estimates for neighborhood connections for some communities. Originally Wood had estimated \$2,500 per house connection, but some communities said that should be higher based on previous construction or average lot size. Wood is refining costs to demolish temporary treatment facilities that are in place and community-specific components that may vary across each community. There are also updates being made to address White Bear Lake considerations, particularly in Lake Elmo because they do not currently have the capacity to address future growth. Because of this, the Conceptual Plan includes an option for an interconnect with Woodbury. Including the interconnect in the Conceptual Plan is primarily to have a budgetary placeholder to account for future water needs for Lake Elmo; however, other options may be considered as well upon making a final decision. Oakdale also has a drinking water well within five miles of White Bear Lake, but they have capacity through 2040 and, therefore, do not need to drill any new wells.
- General cost overruns: Wood will continue to refine the costs as they receive feedback from communities. Hannah reminded the work group that these are high-level cost estimates in order to compare options in the Conceptual Plan.

Hannah also explained that because of the cost refinements to date, the estimates now meet Class 4 cost estimate level of accuracy, which is a lower class, compared to Class 5, than before. The cost

estimates will reach Class 3 during the more-detailed design phase. Wood will be scheduling one-on-one meetings with the communities starting the week of November 30th to refine costs even more.

Feedback:

Hannah asked the work group a few questions, including if they were comfortable with the contingency percentage in the draft Conceptual Plan. Some work group members said yes, for a very high-level comparison between the options. One work group member added they would also need to see detailed design, inspection, and administrative costs to feel confident in the contingency.

There were questions from work group members about the removal of POETS. Hannah explained POETS would only be removed if a home was being connected to the municipal water supply. There were also concerns about destroying temporary treatment systems at municipal wells. Work group members asked if the State would be rebuilding the treatment systems at wells or if those wells would cease to have treatment. Hannah explained that in some communities, the permanent systems would be built in the same locations as the temporary systems. In some cases, the temporary facilities are not in the same place that the permanent treatment facilities will be. For example, in Cottage Grove, wells 3 and 10 have temporary systems. However, in the Plan, the temporary system would be removed from those wells and one larger system would be routed to serve all of the wells in the area (wells 3, 4, 5, 6, 7, 8, and 9). Some work group members were frustrated that money was being spent on demolition of treatment systems instead of spending the money treating aquifers. Hannah said the cost to demo facilities was around \$80,000, a small portion of the overall Settlement. Another work group member asked if the filters on the temporary treatment systems could be used elsewhere. Representatives from MDH explained best practice is to reuse the filters or sell them back to the manufacturer.

One work group member was frustrated that there has never been an analysis done to see if everyone could get POETS. Hannah explained that the treatment scenarios that were developed and presented in February 2020 address this and provide cost estimates. The work group member said they never saw those costs. Another work group member asked why a resident would want to switch from non-detect levels in their POETS to a municipal system that has detectable levels of PFAS.

Another work group member asked if Wood was refining the operation and maintenance (O&M) costs, or just the capital costs dealing with construction. Hannah explained that most of the refinement was focused on construction costs.

One work group member asked to discuss the White Bear Lake issue in more detail. They felt it was forcing Lake Elmo to have an interconnect with Woodbury that may not be necessary depending on the White Bear Lake outcome. Hannah and Kirk explained that the interconnect was serving as a budget placeholder to ensure a solution for Lake Elmo could be implemented.

Overview of cost coverage under Settlement versus Consent Order

Gary presented on differences between the 2007 Consent Order and the Settlement Agreement. There were question about this topic at the last work group meeting. Key points include:

- The Consent Order: This was developed in 2007 to cover releases of PFAS from three 3M disposal sites. 3M must provide an alternative drinking water source when unsafe PFAS levels are linked back to one of the disposal sites. The Consent Order covers treatment capital and

O&M costs on wells where an HI is greater than or equal to 1. The Consent Order also covers some additional costs including contractor costs and sampling and lab costs. Once the Settlement funds are depleted, the Consent Order will again cover treatment for wells with an HI greater than or equal to 1.

- Settlement Fund: The Settlement Fund is designed to cover a long-term drinking water solution. It also covers Project 1007 costs and related contractor costs. Paragraph 19 also states that 3M is to provide up to \$40 million for temporary treatment measures over the first five years of the Settlement agreement.

Gary noted that there will be an update on Project 1007 during the December work group meeting.

Feedback:

One work group member asked about PFAS exposure levels for people who had lived in the East Metro their entire lives. They explained that the Health Standards were first developed in 2002 and have been reduced dramatically since then as new research showed higher health risks associated with PFAS. They felt another presentation on the health standards would be beneficial. Others disagreed since they already had a presentation on health standards a while ago. This work group member also asked that the group take a roll call so each member could state their preferred option in the draft Plan.

Public comments and questions

One member of the public thanked the State and work group for sharing this information. They stated that communities outside the East Metro were suffering from PFAS contamination due to the use of firefighting foam, not from 3M dumping practices. They asked if there was an opportunity for the Consent Order to be renegotiated to cover treatment for additional communities and PFAS sources. Gary explained that any additional action against 3M would probably have to be brought in a separate legal action.

Note – discussions to this point in the meeting required more time than anticipated. As a result Co-Trustees and work group members agreed to modify the agenda to ensure there was sufficient time to discuss next steps for the work group.

Next steps

Mark Lorie (Abt Associates) presented on next steps. Key deadlines include:

- December 10, 2020: Email spreadsheet for detailed comments on the Conceptual Plan to pfcinfo.pca@state.mn.us by this date
- December 15, 2020: Citizen-Business Group meeting. The plan is to have few presentations and focus on work group feedback. Mark asked the group how they wanted to determine discussion topics for December's meeting – a survey, WebEx polls?
- December 2020 – February 2021: Finalize evaluation of options and select final decision, which will be outlined in Chapter 8 of the Plan
- February – March 2021: Finalize Conceptual Plan
- April 2021: Communicate final Plan and share with the public

Feedback:

One work group member said that they did not like Webex polls since it was hard to add longer text boxes. Some work group members advocated for a survey ahead of the meeting. One work group member said the survey should focus on the top five items to discuss. If the meeting topics are left too broad, it could be unproductive. Another work group member said that the discussion should be on the record. Citizens need to know they were well represented by this group.

Upfront Funding

Mark also presented on upfront funding for Conceptual Plan projects, including:

- Communities have indicated their desire to have access to upfront funding to initiate major capital projects (instead of relying solely on post-project reimbursement)
- Co-Trustees have begun evaluating options for upfront funding. Co-Trustees would develop procedures for establishing grant agreements, setting amounts and granting upfront funds
- Mark asked for work group feedback on whether upfront funding would help communities implement Conceptual Plan projects. Work group members are encouraged to send data on what they have done in the past.

Feedback:

One work group member stressed the importance of audits to ensure every dollar was traceable. Another work group member said that there would need to be a process for reimbursement as the projects are implemented. Waiting to reimburse communities at the end could create budgeting problems.

Advanced Purchases of Property for Projects:

Mark also presented on the advanced purchase of property for Conceptual Plan projects. The Co-Trustees are still considering funding to communities to purchase select property needed under the Conceptual Plan to ensure its availability in fast-developing areas. Funding agreements will include additional clauses including recovery of funds to the Settlement if the property is not used for its intended purpose.

Feedback:

One work group member asked if land for water towers would fall under this category. Kirk explained the Co-Trustees are looking closely at tight criteria for the advanced purchase of property.

Another work group member asked if Wood had identified sites where there could be acreage issues. Kirk said the Co-Trustees are looking at potential issues in cities with lots of private land. He asked for additional input from the cities on this issue. The Co-Trustees are currently looking at how cities handled these issues in the past. One work group member expressed concern that this would become a speculative land fund and agreed there should be a clause to return the money if the land is not used for its intended purpose.

Before the meeting closed, one work group member asked again about an update on PFAS health impacts. Kirk suggested another meeting to discuss this topic and provide an opportunity for work group members and the public to ask questions. Kirk also asked if work group members preferred to have a conversation about health impacts via email.

Public comments and questions

There were no questions or comments from the public at this time.