

Minnesota 3M PFC Settlement
 Agenda for Subgroup 1 Meeting

Wednesday, November 18, 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)	Gary Krueger – MPCA Jason Moeckel – DNR Emma Glidden-Lyon – Abt Associates Mark Lorie – Abt Associates	1:00 PM
2. Update on cost estimates and feedback	Gary Krueger – MPCA Jason Moeckel – DNR Hannah Albertus-Benham – Wood	
3. Overview of cost coverage under Settlement versus Consent Order	Gary Krueger – MPCA Jason Moeckel – DNR	
4. Public comments and questions	Mark Lorie – Abt Associates	2:30 PM
BREAK	N/A	2:40 PM
5. Co-Trustee water rate study	Gary Krueger – MPCA Jason Moeckel – DNR Shannon Ragland – Abt Associates	2:50 PM
6. Next steps	Gary Krueger – MPCA Jason Moeckel – DNR Mark Lorie – Abt Associates	
7. Public comments and questions	Mark Lorie – Abt Associates	3:50 PM
ADJOURN		4:00 PM

Minnesota 3M PFC Settlement
Notes for Drinking Water Supply Technical Subgroup 1 Meeting

Wednesday, November 18, 2020

1:00 p.m. – 4:00 p.m.

Virtual WebEx Meeting

Group members in attendance:

Brian Bachmeier	Brian David	Dan DeRudder	Gary Krueger
Greg Johnson	Jack Griffin	Jim Westerman	Jon Herdegen
Karla Peterson	Kristina Handt	Lucas Martin	Marian Appelt
Molly Wellens	Richard Thron	Ryan Burfiend	Ryan Stempski
Stephanie Stouter	Stu Grubb		

Presenters:

- Gary Krueger, Minnesota Pollution Control Agency (MPCA)
- Emma Glidden-Lyon, Abt Associates
- Mark Lorie, Abt Associates
- Hannah Albertus-Benham, Wood

Welcome

Emma Glidden-Lyon (Abt) and Gary Krueger (MPCA) welcomed the Subgroup. Gary reviewed the agenda for the meeting, explaining it had been rearranged based on the Government-3M meeting earlier in the day.

Update on cost estimates

Gary and Hannah Albertus-Benham (Wood) provided an update on cost estimates used to develop the Conceptual Plan. Gary said the State had received comments from the Subgroup and work groups about where costs could be improved. He urged Subgroup 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 review the estimates. Because the State and communities have multiple consultants working on this effort, there are already many viewpoints and the State feels 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.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 details 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 (currently estimated at \$79,000) in place. The demolition costs include the demolition of temporary facilities, restoration including backfill, disposal of demolition materials, and contingency for constructions costs. 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. Hannah also discussed community- specific updates including:
 - Prairie Island Indian Community - adding costs for well modification and storage tanks
 - Oakdale – verifying well configuration to cover capacity based on community feedback
 - Newport – verifying well connections and storage requirements
 - West Lakeland – continuing discussions on municipal connections
- General cost overruns: Wood will continue to refine the costs as they receive feedback from communities. Hannah reminded the Subgroup that these are high-level cost estimates in order to compare options in the Conceptual Plan. Subgroup 1 will be in charge of the technical aspects of the plan.

Feedback:

One Subgroup member thought the estimate for demolishing treatment facilities was too low and said costs for demolition of wells in the past ranged from \$250,000 to \$300,000. Another Subgroup member pointed out substantial differences between the temporary treatment systems in Cottage Grove versus Woodbury. They asked this be discussed during the one-on-one meetings. The Subgroup member also asked when these costs would be provided in a total cost summary update. Hannah explained they would be incorporated into the next draft of the Plan, which would be the final Plan. The Co-Trustees still need to have a discussion on these details. The Subgroup member stressed the importance of receiving these updates sooner rather than later. They also requested someone from the Health Department be included in estimating the demolition costs to ensure the full costs for safe well sealing are included. Another Subgroup member pointed out that any well that is sealed or capped typically has to be done from the bottom up. Depending on the aquifer connection, that could get very expensive. Hannah explained the \$79,000 estimate would need to be updated given all of the well sealing rules have not been incorporated.

One Subgroup representative was frustrated that their community is being asked to review costs at a high-level to make decisions. They do not feel they have had any concrete solutions to review and feel their community is behind. Gary assured them that they would discuss in more detail during the one-on-one meetings and that the State would still be working with communities after the comment deadline of December 10th.

Gary and Hannah asked the Subgroup members about their confidence in the contingency fund. One Subgroup member felt there was no point adjusting the contingency percentage until there was more refinement of the actual costs. Their community's analysis showed the Plan was underfunded and recommended that higher cost assumptions were made across the Plan for all communities. They suggested discussing the contingency fund in future meetings when the costs had been refined. This Subgroup member also requested to discuss their technical memo during their one-on-one meeting. Hannah asked if there were points in the technical plan that would apply to other communities as well. Some Subgroup members felt that Wood's estimate for linear pipe costs were low – some communities had different cost assumptions for repaving and fixing roads. Another Subgroup member said their estimates for property costs were much higher than what was laid out in the Plan. One other Subgroup member said all of their cost estimates were higher than those included in the Plan. They also encouraged the Co-Trustees to consider loss of service if they plan to abandon or seal a well. Gary explained that if a well was sealed, service to homes originally served by the closed well would be covered by another well.

Some Subgroup members were frustrated over the lack of site-specific details. Until the final engineering costs are available, they would be interested in seeing the reference studies Wood used to calculate costs. They also asked for a list of local projects that Wood referenced. Overall, Subgroup members asked for additional background information on the assumptions Wood used.

Public comments and questions

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

Co-Trustee water rate study

Mark Lorie (Abt Associates) provided an update on the rate study, which aims to estimate how the projects in the Plan might affect community water rates and typical household water bills in the future. Costs that are not covered by the Settlement (e.g., costs related to growth, not PFAS contamination) will need to be covered by the communities. Mark emphasized that this was not as detailed of an analysis as a community would undertake to plan water rates and does not account for gradual increases in rates. Individual factsheets were sent to work group and subgroup members showing overall community household water bills, percent change in household bills, and household water bills compared to income for each of the three options.. There will be an opportunity to ask more detailed questions during the one-on-one meetings. A draft rate study report will be prepared after one on one meetings.

Feedback:

Subgroup members asked for one-on-one meetings to discuss the rate studies. They would like this meeting to cover methodology and community-specific assumptions made as part of the study.

One Subgroup member said that well abandonment was an issue in their community. They need further clarification on how that would be handled once the comment period ends on December 10th.

Another Subgroup member asked for whom they should prepare their water rate questions. Mark explained that Wood is in charge of the cost information and Abt and Wood are collaborating on the rate study.

When asked about the usefulness of the rate study, Subgroup members said they would provide feedback via email after they had a chance to review in more detail.

Next steps

Mark 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 16, 2020: Subgroup 1 meeting. The plan is to have few presentations and focus on Subgroup 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

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

- Communities have indicated their desire to have access upfront funding to initiate major capital projects (instead of relying 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 Subgroup feedback on whether upfront funding would help communities implement Conceptual Plan projects. Subgroup members are encouraged to send data on what they have done in the past.

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:

A Subgroup member from Woodbury supported making land purchases now. A location for their treatment plant is available now but will likely not be in the future. Lots that large are rare in Woodbury and Woodbury would like to move forward soon. They understand that the funds would be returned if not used to purchase that land.

Before closing the meeting, Gary gave a brief overview of the Consent Order versus the Settlement funds. He explained that Consent Order would cover capital and O&M for wells with an HI of 1 or greater once the Settlement funds are depleted.

Public comments and questions

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