

Minnesota 3M PFC Settlement
 Agenda for Government and 3M Working Group Meeting

Wednesday, September 16, 2020
 9:00 a.m.-12:00 p.m.

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: 171 206 5517#

Meeting Purpose

- Clarify details about the recommended options and achieve a common understanding of how Co-Trustees arrived at the recommendations described in the Draft Conceptual Plan
- Begin to gather feedback on the recommended options and the supporting documentation
- Clearly identify next steps and the path forward for finalizing the CDWSP

1. Welcome a. Webex instructions b. Roll call c. Agenda d. Updates and email follow-up	Kirk Koudelka – MPCA Jess Richards – DNR Heather Hosterman – Abt Associates Milt Thomas - MPCA	9:00 a.m.
2. Update on the process a. Developing the recommendations b. Work groups, community, and public input c. Finalizing the Conceptual Plan	Kirk Koudelka – MPCA Jess Richards – DNR Mark Lorie – Abt Associates	
3. Review the recommended options a. Overview of the recommended options b. Background on the funding categories and overview of the recommended allocations c. Determining HI thresholds for recommended options	Kirk Koudelka – MPCA Jess Richards – DNR Mark Lorie – Abt Associates Hannah Albertus-Benham – Wood	
4. Public comments and questions	Milt Thomas – MPCA	10:20 a.m.
BREAK	N/A	10:30 a.m.
5. Recommended options details a. Ineligible costs b. Addressing White Bear Lake c. Neighborhood connections d. Particle tracking and contingency	Kirk Koudelka – MPCA Jess Richards – DNR Hannah Albertus-Benham – Wood	10:40 a.m.
6. Next steps	Kirk Koudelka – MPCA Jess Richards – DNR Mark Lorie – Abt Associates	
7. Public comments and questions	Milt Thomas – MPCA	11:50 a.m.
ADJOURN	N/A	12:00 Noon

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Notes for Government and 3M Working Group Meeting

Wednesday, September 16, 2020

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

Virtual WebEx Meeting

Group members in attendance:

Chris Hartzell	Christina Volkers
Clint Gridley	Daniel Kylo
Jeff Dionisopoulos	Jennifer Levitt
Jess Richards	Jessica Stolle
Jim Kotsmith	Kathryn Sather
Kevin Chapdelaine	Kirk Koudelka
Kristina Handt	Lowell Johnson
Monica Stiglich	Steven Colvin

Presenters:

- Kirk Koudelka, Minnesota Pollution Control Agency (MPCA)
- Jess Richards, Minnesota Department of Natural Resources (DNR)
- Heather Hosterman, Abt Associates
- Mark Lorie, Abt Associates
- Milt Thomas, MPCA
- Hannah Albertus-Benham, Wood

Welcome

Heather Hosterman (Abt) and Kirk Koudelka (MPCA) welcomed the work group.

Updates and follow-up

Milt Thomas (MPCA) and Kirk reviewed the meeting goals - receive feedback on the recommended options and clearly communicate a path forward on the Conceptual Drinking Water Supply Plan (CDWSP). The October meeting will focus on more detailed feedback. They thanked the Government-3M Working Group for their dedication to get the recommended options to the public. The Co-Trustees are currently reviewing the Requests for funding.

Update on the process

Mark Lorie (Abt Associates) reviewed project activities since May. During the May meeting, the Government-3M group discussed the results of the key considerations survey. The results of the survey were used to develop the recommended options. Additional key activities included:

- Having working sessions between the Co-Trustees, communities, and technical staff throughout the summer. Communities provided information to refine the cost estimates and discuss recommended options.

- Refining the recommended scenarios through an iterative process, including finalizing cost estimates for different health index (HI) thresholds to identify wells to receive treatment. This process eliminated scenarios that would not work well for multiple communities and honed in on the options currently recommended.
- Publishing the draft CDWSP and opening it to a 45-day public comment period (September 10-October 26). The public can provide comments at: <https://www.surveygizmo.com/s3/5830547/Minnesota-3M-PFC-Settlement-Questions-for-the-Public>. The Co-Trustees are determining how they will review and incorporate feedback from the public and the work group members.

Review the recommended options

Mark provided an overview of the recommended options. Chapter 7 and Appendix E of the Conceptual Plan contain more details. The options are summarized below:

- **Option 1 (preferred)**

Funding priorities	Option 1 - preferred 	Option 2 	Option 3 
Initial capital costs	\$302.5 M	\$319.1 M	\$299.1 M
O&M costs for public water systems	\$147 M - around 40 years	\$131 M - around 35 years	\$161 M - around 21 years
O&M costs for private wells	\$19 M for over 100 years	\$24 M for over 100 years	\$19 M for over 100 years
Capital costs for potential additional neighborhood connections	\$41 M	\$41 M	\$41 M
Future contingency	\$38 M	\$33 M	\$28 M
Drinking water protection	\$70 M	\$70 M	\$70 M
Sustainability and conservation	\$60 M	\$60 M	\$60 M
State administration	\$22 M	\$22 M	\$22 M
Total	\$700 M	\$700 M	\$700 M

Kirk clarified that while the Settlement started with approximately \$850 million, there was about \$130 million in legal fees, investigations (e.g., Project 1007), contracting, and other items not noted. \$20 million is reserved for Priority 2 items, leaving approximately \$700 million. The legislative reports detail how the money is being spent, and can be found on the 3M Settlement website.

One work group member asked if the capital costs are in present or future values. Mark explained that they are in current dollars and they do not factor in inflation and interest because the capital funds will be spent relatively quickly. The Settlement is invested now and some of that interest has been used to address the expedited projects. Kirk also added that the contingency fund could be used to help cover inflation on capital costs, if needed.

Mark also discussed the categories of funding in more detail, including:

- **Initial capital costs.** To build drinking water supply infrastructure based on 2040 demand. Infrastructure required for growth only are not covered under the Settlement funds.
- **O&M costs.** To cover annual O&M for treatment systems (for Options 1 and 2) and bulk water charges (for Option 3). Does not include recapitalization costs because available funds would not cover a full standard lifecycle of infrastructure (50 years). O&M for point of entry treatment systems (POETS) for at least 100 years was a priority for work group members.

One work group member asked if the Settlement funds would be placed into separate trusts for each community. Kirk and Jess Richards (DNR) explained that the funds for all communities were being invested together so that it is a stronger venture and can earn 3.5% interest. The fund is in a fairly conservative account at the moment. The 3.5% has been calculated from a long time period so whether the economy strengthens or weakens, the communities and State can expect an interest rate of about 3.5% over the long-term. They also explained that funds set aside for O&M are considered spent. However, there is some flexibility to reimburse the O&M fund if needed.

Another work group member asked how many people were on private wells versus public. Kirk said there were approximately 6,000 people on private wells at this time.

- **Capital costs for additional neighborhood hookups.** Neighborhoods within communities with existing municipal systems were considered for connection based on: number of existing homes on private wells and their HI, long-term costs of POETS versus cost of extending distribution mains, size of neighborhood, proximity to nearest source.
- **Future contingency.** Includes treatment and hook up for homes that are within the potential projected flow path of the PFAS plume and are not otherwise captured in initial capital.
- **Drinking water protection.** Geared toward improving overall source water quality and future treatment needs. The amount is based on preliminary cost estimates from AECOM. Remediation at the disposal sites is still 3M's responsibility. There has been work done, but Co-Trustees are asking for action from 3M at some disposal sites (e.g., Oakdale). The goal of this fund is to reduce the need for treatment by protecting groundwater at the source.

Work group members asked about the assumptions used to reach this number (\$70 million). Kirk explained this is a rough estimate at this point.

Another work group member asked about grant opportunities for local agencies or watershed districts to work on drinking water protection projects from these funds. Kirk said that this particular fund needs to be defined more. It does not yet have as many parameters as some of the other categories.

One work group member supported this amount since it is very difficult for communities to get funding earmarked for proactive drinking water protection.

- **Sustainability and conservation.** Funding to cover groundwater sustainability projects that are separate from the Conceptual Plan but will within scope of Priority 1.

Work group members asked for clarification on what this category entails. Kirk explained that this is a topic to discuss as a large group. There are some water conservation projects that would obviously be included but others (e.g., water storage and diversion in land-locked basin areas) would need to be considered. Subgroup 2 will help determine the parameters for this funding category.

Some work group members expressed concern that this category was too large a percentage of funding and they would prefer to increase O&M for Option 2 (HI>0.3).

Another work group member supported this amount since it is very difficult for communities to get funding earmarked for sustainability.

- **State administration.** Anticipated cost to administer the Settlement, based on current spending including contractors, as well as cover the investigation and feasibility study for Project 1007.

Kirk clarified that while not currently under any of these categories, well testing and monitoring will continue whether it is paid for by the Settlement or the Consent Order.

Hannah Albertus-Benham (Wood) presented information about HI treatment thresholds. HI determines which wells receive treatment. Currently an HI of 1 or greater triggers a well advisory from the Minnesota Department of Health (MDH). The Co-Trustees considered options with thresholds from HI>0 to HI>0.1, but they were not feasible or a good use of Settlement funds. By using an HI threshold of 0.3 or 0.5, there is already resilience built into the plan for changing health values, plume movement, and research/new information about PFAS.

Public comments and questions

Members of the public were given the opportunity to ask questions. There were no comments or questions from the public.

Recommended options details

Hannah then discussed ineligible versus eligible costs. The Settlement does not cover additional treatment beyond the threshold selected or contaminants other than PFAS. It also does not cover infrastructure needed for growth alone, infrastructure recapitalization costs, or O&M for anything other than treatment plants and POETS. Kirk explained there are still questions on how the Consent Order applies once the Settlement runs out. The Co-Trustees would like to examine this more.

One work group member expressed concern that there was always so much focus on treatment after contamination instead of proactive solutions and hopes that the Co-Trustees focus on solutions to mitigate treatment in the future. There were also questions on the ineligible costs (e.g., if one community has to have an interconnect with another, why would the O&M of the booster system not be covered). The work group also pointed out that there are O&M costs beyond treatment plants and POETS that are not related to growth. Kirk and Hannah said there may be special scenarios that require more discussion but these ineligible costs are in place to stretch Settlement funds as far as possible.




Another work group members asked for clarification on why some growth is covered and some is not (e.g., a community needs to build a new treatment plant. The plant should be upsized to accommodate future population growth. Is this oversizing an ineligible cost?) Hannah said that the Settlement covers growth and treatment through 2040. The designs should ensure the facility is built to accommodate even more growth in the future. You can give it a footprint that can expand to meet future growth even if currently handling treatment for the current population. The work group member said that while 2040 sounds far away, communities already have to be planning longer into the future than that.




Jess gave an update on White Bear Lake. Key updates include:

- A Supreme Court decision filed in July 2020 includes restrictions on increased groundwater appropriation, especially for communities that are located within five miles of White Bear Lake
- Oakdale and Lake Elmo are located within five miles and must comply with the order.
 - Options 1 and 2 provide groundwater from sources outside of these communities. Options 1 and 2 currently include an interconnect from southern Woodbury
 - Option 3 provides surface water from St. Paul Regional Water Services to these communities

A work group member from Oakdale asked how the Co-Trustees came to these options. When White Bear Lake-impacted communities met, they had discussed using water from Forest Lake or Hugo. Would Woodbury be held to the same White Bear Lake restrictions if they have an interconnect with Oakdale? Jess said that the Co-Trustees need to discuss options with other communities surrounding White Bear Lake moving forward. This was an attempt at a solution independent of those other communities. This is a topic to discuss more.

Hannah gave a high-level summary of the options by community. These details can be seen in the tables below:

Options by community	Option 1 	Option 2 	Option 3 
Afton, Grey Cloud Island, Denmark Maplewood	Supply private wells with whole-house treatment (POETS) systems if over threshold		
Cottage Grove	Treat 8 of 12 existing public wells Replace 2 existing public wells with 1 new public well 2 new treatment plants Connect 67 homes Supply other private wells with POETS if over threshold		
Lake Elmo	Drinking water supply from groundwater for future growth ^a Connect 257 homes Supply other private wells with POETS if over threshold	Connection to SPRWS Connect 257 homes Supply other private wells with POETS if over threshold	
Lakeland and Lakeland Shores	Connect 453 homes Supply other private wells with POETS if over threshold		
Newport	Interconnect with Woodbury Connect 9 homes Supply other private wells with POETS if over threshold		
Oakdale	Expand public water system to treat 2 of 9 existing public wells and 2 new public wells Connect 58 homes Supply other private wells with POET systems if over threshold	Connection to SPRWS Connect 58 homes Supply other private wells with POETS if over threshold	

Options by community	Option 1 	Option 2 	Option 3 
Prairie Island Indian Community	Treat 1 existing public well 1 new treatment plant		
St. Paul Park	Treat 3 of 3 public wells 1 new treatment plant Connect 28 homes Supply other private wells with POETS if over threshold		
West Lakeland	2 new public wells 1 new treatment plant Connect 1,190 homes to new distribution system		
Woodbury	Interconnect with Newport Treat 14 of 19 existing public wells 1 new treatment plant Supply other private wells with POETS if over threshold	Interconnect with Newport Treat 15 of 19 existing public wells and 5 new public wells 1 new treatment plant Supply other private wells with POETS if over threshold	Same as option 1

Hannah also clarified that in some cases like Cottage Grove and Woodbury, there may be proposed treatment for wells not currently over the HI in a few locations (e.g., the Tamarac Well Field). This is because the wells in these areas are very close together and shutting down one could affect the others.

Work group members had a number of additional questions on costs and items covered under the options, including:

- Do treated well numbers in the table include temporary treatment systems? Hannah and Kirk explained that the well numbers include all of the wells that would be treated under each scenario. It assumes that there are no temporary systems in place and that infrastructure is not there.
- Why is it an option to close down some wells in Woodbury and replace them with five wells in existing well fields? Hannah explained that the costs included in options are eligible costs. These costs refer to treatment. But the treatment costs of those wells are only included in Option 2. Installing the wells are not included under the Settlement because they are related to growth, not PFAS. For Woodbury, the same number of wells are included in all of the options, it's just whether or not they get treated.
- Did the state prepare a cost per capita calculation on all these solutions for cost/benefit assessment? Kirk explained that because each community has different needs for their systems, it's hard to say that the cost per capita for one community will or should be the same for another. You cannot compare two communities that are running on completely different systems. The Co-Trustees did look at cost comparisons between different technologies, especially relating to neighborhood hookups. They examined the cost of running a distribution line that hooks up a neighborhood (including capital costs and O&M) with individual treatment for homes within a neighborhood. This information is laid out in Appendix E – there readers can see the cost analysis showing when the cost of connecting a neighborhood is covered and is less expensive in the long-term compared to the ongoing use of POETS and their O&M costs. That was done in each neighborhood. A similar chart was done showing costs for connecting West Lakeland. There was analysis done between the costs of different system elements in each community.

Next steps

Mark presented on next steps, including:

- September 17 – 25: Technical one-on-one meetings. Subgroup 1 members to coordinate with work group members and others to participate as desired
- September 25 – October 26: One-on-one leadership meetings with local government units and elected officials
- September 22-23: Four public meetings, 3:00-5:00 p.m. and 7:00-9:00 p.m., each day
- October 20: Government-3M meeting – will cover detailed feedback from work group members, public comments, and water rate study results
- November 17: Government-3M meeting – will review feedback and discuss approach for finalizing the Conceptual Plan

Jess Richards (DNR) shared a new health advisory from Wisconsin based on PFAS sampling in wild deer. In areas where there are surface and groundwater impacts from PFAS, residents should not eat deer liver. Venison is safe to eat.

Public comments and questions

Members of the public were given the opportunity to ask questions. There were no comments or questions from the public.