

Minnesota 3M PFC Settlement Expedited Project Process for Priority 1 (v. 2, DRAFT)

Background

The State of Minnesota's 2018 Agreement and Order (Agreement) with 3M Company (3M) establishes the 3M Grant for Water Quality and Sustainability Fund (Grant). The Minnesota Pollution Control Agency (MPCA) and the Department of Natural Resources (DNR), collectively the Co-Trustees, will use the Grant for projects that are reasonable and necessary to achieve the purposes of the Agreement. The first and highest priority (Priority 1) of the Agreement is to:

1. Enhance the quality, quantity, and sustainability of the drinking water in the East Metropolitan Area. The goal of this highest priority work is to ensure clean drinking water in sufficient supply to residents and businesses in the East Metropolitan Area to meet their current and future water needs. Examples of projects may include¹, but are not limited to, the development of alternative drinking water sources, the treatment of existing water supplies, water conservation and efficiency, open space acquisition², and groundwater recharge. For individual households, projects may include, but are not limited to, connecting those residences to municipal water supplies, providing individual treatment systems, or constructing new wells. In selecting and performing activities under this priority, the State will prioritize water supplies where health based values, health risk limits, and/or health risk indices for PFCs³ are exceeded.

Purpose

The Co-Trustees propose to make up to \$25 million available from the Grant to fund expedited projects. As discussed further below, providing funds for expedited projects recognizes that there may be some time-sensitive opportunities that are consistent with the Agreement's first priority.

This document provides an initial list of conditions to define the potential pool of projects eligible for expedited funding. The document also provides additional factors that the Co-Trustees may also consider to evaluate projects that pass the initial conditions for expedited funding.

This document only focuses on an expedited process for projects that pertain to Priority 1 of the Agreement. **This process does not apply to short-term drinking water projects that are covered under the 2007 Settlement Agreement and Consent Order and the \$40 million/5-year cap.**

Expedited Project Conditions

The Co-Trustees will consider potential expedited projects subject to a number of conditions, in addition to the need to demonstrate consistency with Priority 1 of the Agreement.

¹ List of projects is for example only, and does not indicate preference or priority.

² As related to drinking water supply.

³ PFCs = Perfluorochemicals. Also referred to as per- and polyfluoroalkyl substances (PFAS).

To be considered for expedited funding, a project must meet all of the Priority 1 screening criteria⁴ and satisfy each of the following conditions:

1. Be time-critical (i.e., there must be a compelling reason to implement the project at this time)
2. Provide clean drinking water to existing residences and/or businesses in the East Metropolitan Area where health based values, health risk limits, and/or health risk indices for PFAS are exceeded
3. Provide benefits in an expedited timeframe (i.e., no more than 24 months to begin construction)
4. Does not adversely impact feasibility of, or pre-determine, potential long-term solutions
5. Be supported by the local unit of government where the project is located⁵.

Types of projects or project activities that will not be funded through this expedited process include, but may not be limited to:

- Extending coverage or increasing connections to existing wastewater/sewer systems
- Extending coverage of existing municipal drinking water systems to facilitate new residential or commercial developments
- New road construction
- Large-scale long-term solutions that are currently being evaluated through the Conceptual Drinking Water Supply planning process, such as new wells, treatment systems, and alternate drinking water supplies
- Short-term drinking water projects that are covered under the 2007 Settlement Agreement and Consent Order and the \$40 million/5-year cap (See “Purpose” above).

Projects that satisfy the above conditions will then be considered by the Co-Trustees for funding. The Co-Trustees may also consider the additional factors presented below.

Additional Factors for Consideration

In addition to the conditions above, the Co-Trustees may further evaluate the projects using the Priority 1 evaluation criteria⁴. The Co-Trustees may also evaluate projects separately, and not directly compare projects with different underlying characteristics (e.g., different objectives, benefitting communities, etc.).

Expedited Project Submission

A formal submission process for expedited projects will be opened in the near future. It is anticipated that project submission will be open to anyone.

⁴ The Priority 1 screening and evaluation criteria can be found on the Minnesota 3M PFC Settlement website: <https://3msettlement.state.mn.us/sites/default/files/Priority%201%20Criteria.pdf>.

⁵ If a project is being proposed by an applicant other than the local unit of government, the applicant must provide documentation of support from their local government.