

# Minnesota 3M PFC Settlement

## Notes for the Citizen-Business Meeting

**Tuesday, June 16, 2021**

1 p.m. – 4 p.m.

Virtual Webex meeting

### Group members in attendance

- Ann Pierce
- Barbara Ronningen
- David Filipiak
- Jess Richards
- Julie Bunn
- Kathryn Sather
- Kevin Chapdelaine
- Kirk Koudelka
- Michael Madigan
- Monica Stiglich
- Steven Johnson

### Presenters

- Kirk Koudelka, Minnesota Pollution Control Agency (MPCA)
- Jess Richards, Minnesota Department of Natural Resources (DNR)
- Cori Rude-Young, MPCA
- Mark Lorie, Abt Associates
- Heather Hosterman, Abt Associates

### Welcome

Heather Hosterman (Abt Associates) welcomed the work group to the meeting. Mark Lorie (Abt Associates) reviewed the agenda. The purpose of this meeting was to provide an update on the Conceptual Drinking Water Supply Plan (Plan) and associated activities. Kirk Koudelka (MPCA) then welcomed the work group. Kirk announced that Kathy Sather is retiring from MPCA as well as highlighted some request for funding that have been approved, including land for a treatment plant in Woodbury and land for a treatment plant in Cottage Grove. In both cases, these purchases were components in all three recommended options in the draft Plan. Their execution included a clause that if the land was not used for its intended purposes, the money would be returned to the Settlement. Kirk also explained that the meeting would provide an update on the elements of the Plan that need to be finalized before making higher-level policy decisions.

The Citizen-Business and Government and 3M group liaisons provided a recap of March's work group meeting and Subgroup 1's May meeting. Key topics discussed include:

- There were no meetings in April and May because the agencies and consultants were making updates to the Plan.
- The White Bear Lake court decision affects the Plan because it prohibits new wells within a five mile radius of the Lake. It also potentially impacts communities outside of the five-mile radius. The court case highlights the need for flexibility in the Plan because there are unknown details about White Bear Lake currently.

- Some communities were especially interested in centralized water softening due to the potential monetary and environmental benefits. However, the Citizen-Business Group generally did not support using funds for centralized water softening.
- The public commenters at March's meeting expressed that they did not want a municipal system in West Lakeland.
- The May Subgroup 1 meeting gave an overview of the Cottage Grove ion exchange (IX) pilot project. The pilot has shown the need for pre-treatment, especially for iron and manganese, and that IX and Granular Activated Carbon (GAC) each had different effects on short-chain and long-chain PFAS compounds.

### **Update on the Final Conceptual Plan**

Mark provided an update on the Final Conceptual Plan and decisions being made that affect the entire Plan. He reviewed the general timeline for the Plan. Key takeaways include:

- The Plan's release date is expected to be August.
- The Co-Trustees do not expect to have July work group meetings
- Whether or not the work groups meet after the Plan's release is to be determined. However, the Co-Trustees recognize the need for continued community engagement during implementation and when addressing Priority 2 under the Plan.

Mark also reviewed the process for developing the Plan, including how the Co-Trustees received and incorporated feedback. The comments generally fell into common themes:

- Administrative comments, which were primarily about allowing communities to do preliminary work before the Plan is released
- Capital and operation and maintenance (O&M) comments, which were about how funds were distributed, the length of O&M for private and municipal wells, and concerns about overall costs and communities paying more than expected
- Funding priority comments, which showed a strong desire to fund drinking water treatment before anything else
- Recommended option comments, which showed a desire to treat as many wells as possible

Mark then walked through some issues critical to developing the Plan. These issues, which need to be resolved before the Plan is finalized, include:

- City water fees: The Co-Trustees previously asked communities to provide information on city water fees, water availability charges, and related fees. Wood has been collecting formal input from communities on these items. The communities confirmed that the funds are generally used for covering capital costs (e.g., new development and recapitalization). The Co-Trustees have decided that the Settlement will cover these fees, but it will not cover pro-rated infrastructure items that are related to growth (e.g., some storage tanks).
- Pre-treatment: The Co-Trustees are evaluating the benefits and costs of potential pre-treatment. Water with high iron and manganese concentrations could benefit from pre-treatment by allowing for less frequent treatment media change-out.

- *Feedback*
  - Work group members brought up how the IX pilot project showed the need for pre-treatment. They felt pre-treatment was a critical component of treatment that needed to be included in the Plan. They suggested that MDH do more water testing to fully understand how iron and manganese would affect the East Metro's treatment systems over time. Another work group member asked if pre-treatment would also apply to private wells with high levels of iron. Kirk explained that pre-treatment for home systems on granulated activated carbon (GAC) systems is less of a concern. The Co-Trustees have focused on municipal pre-treatment since that is generally where pre-treatment would have the greatest benefit. Gary Krueger (MPCA) explained that iron levels could impact media change-out frequency in private wells, but the Agency changes filters annually and has not seen any issues with iron. Another work group member asked about the effectiveness of IX to treat short-chain PFAS. Gary explained that IX works better with some PFAS compounds and GAC works better with others. The pilot program is examining if combined IX and GAC treatment could be most effective.
- Stormwater costs. This was a main topic of discussion in the February and March work group meetings. The feedback from communities showed that stormwater costs were not properly addressed in the draft Plan. The Co-Trustees and consultants worked with the communities and watershed districts to incorporate their feedback. Each community will have an add-on to their capital costs based on the expected costs of stormwater compliance. The difference between the expected costs for each community is based on different watershed requirements and past community projects. Overall, capital costs increase will be 5% to 30% for each community depending on location. Mark confirmed that stormwater costs will be included in the Plan.

- *Feedback*
  - One work group member asked how detailed the stormwater costs were and said that expensive material costs can skew calculations. Hannah Albertus-Benham (Wood) explained that the stormwater estimates do not differ based on project type. The stormwater compliance contingency costs have not been added to point of entry treatment systems (POETS) or other projects that do not involve any stormwater work. The work group member suggested including surface and per-acre costs only since stormwater compliance is tied to land and impermeable surface.
- Centralized water softening. While there are some potential benefits to centralized water softening (e.g., water use savings), Co-Trustees have decided that it will not be covered in the final Plan.

Mark explained that the Co-Trustees would continue to meet with the communities and review their feedback. He mentioned that West Lakeland Township recently released the results of a survey about switching to a municipal water system. The Co-Trustees will be looking at the feedback from that survey.

Mark also provided an update on investment options for Settlement funds, which were reviewed by the State Board of Investment (SBI). The draft Plan includes an expected investment return of 3.5%. Feedback on the draft

plan suggested that 5-6% may be feasible. For SBI's analysis, Co-Trustees indicated very low risk tolerance for investment of capital funds and slightly higher risk tolerance for investments of O&M funds. The capital funds will be invested in a low-risk way because the fund must cover the estimated costs of the Plan. Given these risk considerations, SBI concluded that while an interest earnings up to 3.5% is realistic, 5-6% is unrealistic because it carries too much uncertainty in future years.

Mark concluded his presentation by reiterating that the cost allocations under the Plan would need to handle a range of uncertainties and be flexible. The Co-Trustees may need to re-allocate funds in the future to accommodate future shortfalls or surpluses. During the implementation phase, Co-Trustees will monitor expenditures and interest earnings.

### *Feedback*

One work group member asked when the work groups would be terminated. Kirk explained that the Plan will inevitably be changed throughout implementation and having people up to date on the Plan is very helpful to make decisions. He clarified that no one would be forced to stay on a particular work group, but there would be opportunities for further engagement. Jess Richards (DNR) explained that while MPCA had an active leadership role for Priority 1, DNR would be taking a more active leadership role to address Priority 2 under the Settlement.

## **Disseminating and Communicating the Final Conceptual Plan**

Cori Rude-Young (MPCA) outlined the communications rollout that would happen alongside the release of the Plan. The communications strategy will focus on why PFAS is a problem in the East Metro and how the Plan is addressing that. There will be three key phases of the communications plan:

- Before the Plan is released. This phase is important because while people have been hearing about PFAS for a while, the Co-Trustees want to re-engage people before the Plan is released.
- At the Plan's release. Communications in this phase will focus on how the Plan will affect residents and the details of the Plan. This phase will include briefings with key stakeholders.
- After the Plan is released. This phase will involve continued communication on details of the plan and will include state-sponsored public meetings and participation in other community events.

The goal of all phases of the communications plan is to be flexible and focus on community needs. The Co-Trustees plan to use a variety of tools such as email, social media, and media outreach, as well as public meetings. The State is building a website dedicated to the Plan's release and implementation that highlight different pieces of the Plan. The State plans to use NextDoor to stay connected with community members.

### *Feedback*

One work group member reminded the Co-Trustees that the Washington County had previously offered to help lead a communications effort and suggested coordination. Another work group member expressed the need for communication about PFAS itself (e.g., biomonitoring, bioaccumulation, exposures, and adverse health effects). They stressed that context was important for communicating the wider Plan to the public. Another work group member suggested using TV news. Another work group member warned that the public was frustrated because

they feel they have not been involved in the Plan's development and suggested considering that when communicating.

Cori asked if people had suggestions for upcoming events that the state could participate in to continue communicating about the Plan. Suggestions included a West Lakeland Township Board meeting and a booth at the Washington County Fair.

A member of the public warned that West Lakeland residents are very concerned about PFAS and many feel that POETS are a better option than a municipal system. They feel the government is speaking over them and not listening to the residents. They reported that this is what the survey data from West Lakeland showed.

### **Grant Implementation Process for the Final Conceptual Plan**

Heather Hosterman (Abt) presented on the process for establishing project implementation grants under the Plan. The application process aims to be simple and gather all documentation before entering the grant agreement. The process is similar to what was done for expedited projects. Grant agreements are important for tracking and reporting spending. It also allows the Co-Trustees to effectively and adaptably allocate funds if the Plan changes during implementation. All projects will need to follow Minnesota State statutes and MPCA will continue to manage POETS installation.

Heather explained that the grant process will be a phased approach:

- The first phase is detailed information gathering, including project description, budget, and schedule, and other information. MPCA will begin their administrative process for grants, which includes adding information into a project database and developing the internal single source justification. The State will also ensure that all of the grant elements are Settlement-eligible.
- The second phase is the grant agreement. Every project needs a grant agreement, and each grant is issued for up to five years. Projects that go beyond five years will need a new grant agreement to continue work. Agreements can be amended.
- The third phase occurs after the grant agreement is in place, and includes the community bidding process, contractor selection, and design or construction. This portion is managed by the individual community though must follow State statutes.

Heather also discussed advanced funding that would provide communities with funding to draw from as they start large projects instead of paying upfront and getting reimbursed by the State.

### *Feedback*

Work group members did not comment on the grant implementation process. They did offer comments on other topics related to the Conceptual Plan

One work group member asked about PFAS bioaccumulation and health effects. Kirk explained that there are many resources available from the Minnesota Department of Health (MDH) and other agencies, such as the PFAS Blueprint, that review these issues.

Another work group member asked how the White Bear Lake settlement would be addressed in the Final Plan. Jess and Kirk explained that they would be updating and adjusting the Plan as they learn more about White Bear Lake. The work group member was concerned because a goal of the Plan was to provide a sustainable water

source and worried that the issue in White Bear Lake would force residents to switch to surface water. Jess explained that the agencies know there is a component of risk and have been working very closely with communities. Specific models are based on specific trigger level elevations in the lake, so it is difficult to provide a date when residents might have to switch to surface water. He said in general, the groundwater supply is in good shape looking at average conditions into the future. Jason Moeckel from DNR also added that their modeling showed that relying on groundwater was sustainable into the foreseeable future based on available data. He emphasized the strong connection between White Bear Lake and groundwater, which is not common of other lakes in the area.

Another work group member asked about the new PFAS testing method. The Co-Trustees explained that the Environmental Protection Agency changed their testing standards. MDH has started testing wells using the new method. In general, the test using the old and new methods are very comparable. There are some places where the new method is detecting PFAS where the old method did not, because it is more sensitive. One of Woodbury's wells was showing a Health Index value below 0.5 with the old method but has started to show a value above 0.5 with the new testing method.

Another work group member recalled that 3M had pushed back on some of the Plan's details. Kirk explained that 3M sent a letter with questions and concerns. He said the State has been meeting regularly with 3M to discuss their concerns, but that the Settlement money is ultimately in the hands of the State.

### **Public Comments**

A member of the public commented that because the side effects of PFAS are serious, that needed to be communicated with the public. They were concerned about resources on 3M's website that indicated PFAS was not as serious of an issue and worried about diluting the severity of the situation. They also asked that given their involvement over the past few years with the Settlement that they be made a member of the work group.