

## Minnesota 3M PFC Settlement

### Notes for Citizen-Business Working Group Meeting

**Tuesday, September 14, 2021**

1 p.m. – 4 p.m.

Virtual Webex meeting

### Work group members in attendance

- Ann Pierce
- Barbara Ronningen
- Betsy Daub
- Dave Schulenberg
- Jeff Holtz
- Jess Richards
- Kevin Chapdelaine
- Kirk Koudelka
- Mark Jenkins
- Monica Stiglich

### Presenters

- Kirk Koudelka, Minnesota Pollution Control Agency (MPCA)
- Jess Richards, Minnesota Department of Natural Resources (DNR)
- Hannah Albertus-Benham, Wood
- Mark Lorie, Abt Associates
- Jennifer Peers, Abt Associates/JMHP LLC

### Welcome

Mark Lorie (Abt Associates) welcomed the work group to the meeting and reviewed the agenda. The purpose of the meeting was to review some of the core elements of the Final Plan, discuss the next phase of the Settlement, and develop a shared understanding of the future role of the Citizen-Business group. Kirk Koudelka (MPCA) thanked the work group for all of their help finalizing the Conceptual Plan.

The work group liaisons provided a recap of the Citizen-Business meeting in June, at which time the Co-Trustees and consultants reviewed some details of the Conceptual Plan and discussed how the Final Plan would be disseminated and the grants implemented.

### Review and discuss the Final Plan

Mark presented on the core elements of the Final Plan. The Final Plan was designed to be:

- Comprehensive. The Final Plan covers private and municipal wells throughout the 14 communities, including capital costs and contingency for potential future issues. The Final Plan addresses both water at the tap and sets aside funds for treating water at the source. The Final Plan includes drinking water protection as the Settlement was initially the product of a natural resource damages court case. In addition, the Operation & Maintenance (O&M) funds provide financial assurance and allows the communities to plan for long-term financial impacts.

- Safe and sustainable. The Final Plan meets and exceeds the Minnesota Department of Health's (MDH) standard for safe drinking water. As part of the planning process, the Co-Trustees and consultants conducted modeling to ensure sustainable groundwater use for 2040 demands. The infrastructure systems outlined in the Final Plan are reliable, sustainable systems for the long-term.
- Resilient. The Final Plan currently uses a health index (HI) lower than MDH's health advisory level, which allows the Final Plan to be proactive. The Final Plan funds treatment for wells without current health advisories to deal with potential future issues and changes in health-based values.
- Flexible. The Final Plan accounts for individual community circumstances, allowing communities to tailor the plan to fit their needs and implement projects at their own pace.

Mark also explained the priorities of the Final Plan, which include:

- Capital infrastructure for all drinking water projects (e.g., treatment, water mains)
- O&M funding over the long-term
- Drinking water protection focusing on treating contamination at the source

Overall, capital and O&M represent over 60% of the total funding allocations.

Mark reviewed key decision points in the Final Plan that had not yet been decided when the work group last met in June. These key decision points include:

- The Final Plan treats drinking water wells with an HI at or above 0.5. This allows treatment for additional wells
- Increased capital for pretreatment, stormwater, and inflation.
- West Lakeland Township will remain on private wells and receive POETSs. This was more cost effective than a municipal system; additional considerations are outlined in the Final Plan.
- O&M durations. Municipal system O&M is allocated at approximately \$87 million, estimated to cover 20 years, and private wells (point of entry treatment systems (POETSs)) are allocated at approximately \$28 million, estimated to cover 30 years of O&M. The O&M durations are shorter in the Final Plan than the draft Plan because capital and the contingency funds were increased as a result of feedback received. O&M costs are expected to ramp up as projects are implemented. The costs will be covered as they arise until the Settlement funds are depleted. The O&M durations are longer for private wells because it typically costs more to maintain a POETS than the annual costs associated with a municipal water service.
- The fund allocation for additional neighborhood municipal connections has been removed. This fund was originally to connect additional homes to a municipal system where the Co-Trustees needed more information on these homes/their private wells. After balancing other priorities, the Co-Trustees decided to eliminate this funding allocation. However, the contingency in the Final Plan will cover future treatment needs that arise.
- The fund for conservation and sustainability has been removed. The Co-Trustees heard from all of the work groups that this should be a lower priority than drinking water.
- The fund for contingency has been increased. It now represents approximately 26% of the total funding allocations.

- The Co-Trustees have developed a reallocation strategy to cover shortfalls and surpluses. These details are outlined in Chapter 10 of the Final Plan.
- Pretreatment may be covered if it is shown to be cost-effective and could reduce O&M costs. The Co-Trustees will work with communities to conduct cost-benefit analyses to determine where pretreatment should be implemented. An estimated \$25 million is set aside for potential pretreatment.
- Drinking water protection was included in the Final Plan because it has a clear connection to Priority 1 in the Final Plan. Potential projects under this fund could include groundwater restoration beyond 3M's action at the disposal sites, restoration of contaminated surface water or sediment, or multi-benefit wells. Multi-benefit wells would protect groundwater resources because the pumped water could be treated and used for drinking water.

Mark also discussed the contingency fund in more detail. The Co-Trustees expect the contingency to help cover:

- Future treatment needs as the plume moves or changes in health-based values or health risk limits
- Potential cost overruns which could occur in large construction projects
- Alternative drinking water sources that may be required as a result of the White Bear Lake court order

The Co-Trustees allocated \$183 million for a standalone contingency fund, in addition to the 25% contingency that is already included in capital cost estimates. The Co-Trustees primarily used cost estimates for potential future treatment and potential alternative sources of water as the basis for the contingency allocation.

## Feedback

One work group member asked if there was a specific date that the POETSs option for West Lakeland became more cost-effective than a municipal system. Kirk explained that they extended the analysis through more than 300 years into the future, and POETSs were more cost-effective throughout that period of analysis.

Another work group member asked why the O&M durations were 100 years in some parts of the Final Plan and 30 in others. Mark explained that the Final Plan included information from past drafts to show the progress made and how feedback was incorporated, but that 30 years was the final number for POETSs.

## Details of the Final Plan

Hannah Albertus-Benham (Wood) then reviewed the Final Plan on a community-by-community basis. These costs are outlined in chapters 8-10 and Appendices E and F of the Final Plan. Hannah also noted that the cost estimates included a 15% professional services fee that covers costs associated with planning, construction management, and administration. A summary of the community-by-community details is below:

- Afton: POETSs only
- Cottage Grove: Municipal connections for some neighborhoods and individual homes; some POETSs; water treatment plants
- Denmark: POETSs only
- Grey Cloud Island: POETSs only
- Lake Elmo: Hannah explained that costs were included in the Final Plan for an interconnect with Woodbury because it is more expensive than the autonomous option, so budgeting for that represents a more conservative approach. The interconnect and autonomous options require the same number of POETSs and home connections.

- Lakeland: Municipal connections for a few homes; some POETSS
- Maplewood: POETSS only
- Newport: two interconnects; municipal connections for some homes; some POETSS
- Oakdale: Municipal system improvements; municipal connections for a few homes; no POETSS
- Prairie Island Indian Community: Municipal system improvements (including tank costs); municipal connections for homes
- St. Paul Park: Municipal system improvements to complete the temporary treatment system currently in place; municipal connections for a few homes; a few POETSS
- West Lakeland Township: POETSS only
- Woodbury: Municipal system improvements; new water treatment plant; municipal connections for a few homes; a few POETSS

## Feedback

A few work group members were concerned that the Settlement was covering costs associated with growth in Prairie Island Indian Community. There was also concern that the Prairie Island Indian Community did not need to report growth to the Metropolitan Council, which would underestimate water needs in the area. Kirk explained that the Final Plan covers the conversion of the well from an irrigation well to a drinking water well, and the treatment facility. Kirk explained that the Co-Trustees will have follow-up conversations with Prairie Island Indian Community on their growth. One work group member said that the Co-Trustees may receive further pushback on this issue.

Another work group member asked about the status of the projects that received advanced funding. Kirk explained those were announced at a previous meeting and are posted on Minnesota's website:

<https://3msettlement.state.mn.us/expedited-and-request-funding-projects>.

One work group member asked why the stormwater cost estimate ranges were different for each community. Hannah explained that the estimates were based on watershed requirements, costs of previous community projects, and community/watershed input; the communities did not feel an across-the-board estimate was appropriate.

Another work group member asked about the status of ion exchange (IX) and other treatment technologies (e.g., nanofiltration). Representatives from MDH explained that they are still doing an analysis of the results of the IX pilot study, but it looks promising as a treatment technology. They said that while they are aware of nanofiltration technology, it has not been widely used and commercialized for treating PFAS.

## Public comments

There were no questions or comments from the public.

## Discuss implementation, future role for the work groups, and next steps

Jennifer Peers (Abt Associates/JMHP LLC) discussed the implementation of the Final Plan, which is now the focus for the Co-Trustees. There will be separate implementation processes for municipal wells and private wells, which include:

- Private wells: MPCA will continue to manage the installation and management of POETSs. After notifying homeowners that they are eligible for a POETS, the homeowner will need to sign an access agreement with MPCA to enable installation of filter. MPCA will be responsible for maintenance of the filter, with a standard schedule for media change-outs (approximately once per year). There is an [interactive map](#) that identifies wells that have already been approved to receive a POETS.
- Municipal supply: Municipal home connections where a municipal supply is readily available (e.g., a water line in the street in front of a home) will be reimbursed by MPCA. First, MPCA will inform the homeowner of their eligibility for connection and reimbursement, the resident will obtain a contractor to complete the connection, then their private well will be sealed. Neighborhood-wide connections will be implemented through community grants. Private wells for these neighborhoods will be sealed.

Jennifer also explained the details of municipal capital projects. She explained that, via grant agreements, the Co-Trustees will distribute funds for the capital project design phase. Funding for construction and O&M will follow.

Communities will use an [online grant form](#) to request funding. Key elements of the form include:

1. Grantee information
2. General project information, which includes a project description and how it aligns with the Final Plan
3. Budget information, including a breakdown of planning and design costs, and how the budget aligns with the Final Plan
4. Conflict of interest information
5. Supporting documents
6. Additional comments

Throughout the life of the grant, communities will be required to provide updates to MPCA. Advance payment can be made available to help cover initial costs. Cost reimbursements for approved invoices will start with the first invoice. Upon grant closeout, communities must return any unexpended funds to the State.

Media change-outs will also be managed by grant agreements for O&M. The frequency of change-outs will vary across communities and MPCA will coordinate with each community to determine reimbursable change-outs.

Jennifer reviewed how the contingency would be used to treat additional wells using two criteria: resilience (additional wells that exceed the treatment threshold of 0.5 using the HI calculation at the time of the Final Plan's release) and health advisory (additional wells that receive a health advisory from MDH).

Jennifer also discussed the idea for an annual review. As implementation progresses, actual costs may differ from the amounts initially allocated. The Co-Trustees plan to meet regularly (annually) with work group members to reevaluate the Settlement's progress, monitor costs, consider fund reallocation, and obtain feedback from the work groups and the public. Jennifer discussed how funds would be reallocated if there are surpluses, which includes:

- Additional capital funds will be used for capital projects where there are shortfalls. If there are additional capital funds once all projects have been implemented, the Co-Trustees will determine how to spend the money with input from the work groups and public.

- Excess O&M funds will be used to extend O&M duration (i.e., if annual costs are lower than expected, or returns on the investment portfolio are higher).
- Additional contingency funds will remain as contingency for future uncertainties unless there is a compelling reason to reallocate them.

Jennifer then discussed Priority 2 of the Settlement, which focuses on restoring natural resources, and the work group's future participation in Priority 2. Recognizing that the work groups met for a longer period of time than initially intended, the Co-Trustees want feedback from the work group members about their continued participation. Jennifer said there is no Citizen-Business work group meeting scheduled for October, but there is a community meeting on Tuesday, September 21 at 6:00 PM CST.

### **Feedback**

One work group member asked about well testing. They explained that their well had not been tested despite the fact their neighbor has a health advisory and is worried well testing was not consistent. Representatives from MDH explained that well testing is based on a number of factors including the aquifer, testing history, and the direction of groundwater flow. They explained that MDH has had trouble keeping up with a normal sampling schedule due to more PFAS exposures. There is an online form to request well testing. Once a resident has requested testing, they will automatically be on MDH's testing schedule. The work group member worried this placed a burden on homeowners.

Another work group member explained that there would need to be a lot of discussion to allocate funds under Priority 2. Jennifer explained that the projects would need to show demonstrated impacts.

One work group member asked if POETSs treat all water, including water used for irrigating lawns. Kirk explained that POETSs are installed to treat only drinking water and indoor water needs.

Regarding the continuation of the work group, one member felt that the Citizen-Business group should still be involved in Priority 2 so that they can help make decisions and communicate important updates to neighbors. They felt that the meeting frequency and length could be reduced. They also suggested a joint meeting with the Government-3M group. Another work group member said they could provide a better answer once they knew more details about Priority 2 and suggested the Co-Trustees send a survey to collect input and names for additional people to add to a Priority 2 work group. Another work group member said the current work group members' institutional knowledge would be helpful moving forward.

### **Public comments and questions**

One member of the public commented that there should be some non-governmental organization involvement in the Priority 2 work group.