



February 2, 2022

The Honorable Carrie Ruud
Chair, Senate Environment and Natural
Resources Policy and Legacy Finance Committee
3233 Minnesota Senate Building
95 University Avenue West
St. Paul, MN 55155

The Honorable Bill Ingebrigtsen
Chair, Senate Environment and Natural
Resources Finance Committee
3207 Minnesota Senate Building
95 University Avenue West
St. Paul, MN 55155

The Honorable Rick Hansen
Chair, House Environment and Natural
Resources Finance and Policy Committee
407 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

The Honorable Fong Hawj
Ranking Minority Member, Senate Environment
and Natural Resources Policy and Legacy
Finance Committee
2201 Minnesota Senate Building
95 University Avenue West
St. Paul, MN 55155

The Honorable Patricia Torres Ray
Ranking Minority Member, Senate Environment
and Natural Resources Finance Committee
2225 Minnesota Senate Building
95 University Avenue West
St. Paul, MN 55155

The Honorable Josh Heintzeman
Republican Lead, House Environment and
Natural Resources Finance and Policy
353 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Legislators:

Please see the attached 3M Settlement Biannual Report and Spending Plan, as required by 2018 Session Law, Ch. 204, Sec. 1, Subd. 4 (2).

Please contact us if you have questions.

Sincerely,

A handwritten signature in blue ink that reads 'Kirk Koudelka'.

Kirk Koudelka
Assistant Commissioner
Minnesota Pollution Control Agency
520 Lafayette Road North
St. Paul, MN 55155

A handwritten signature in blue ink that reads 'Jess Richards'.

Jess Richards
Assistant Commissioner
Minnesota Department of Natural Resources
500 Lafayette Road North
St. Paul, MN 55155

KK:JR:cbg

Attachment:

cc: Alexis Donath, MPCA legislative coordinator
Tom Johnson, MPCA government relations director
Senator Susan Kent
Senator Karla Bigham
Senator Chuck Wiger
Senator Karin Housley
Representative Steve Sandell
Representative Shelly Christensen
Representative Tony Jurgens
Representative Keith Franke
Representative Peter Fischer
Representative Leon Lillie
Representative Tou Xiong
Representative Jay Xiong



REPORT TO THE
LEGISLATURE

FEBRUARY 2022

3M Settlement biannual report

Report to the Legislature on
Natural Resource Damages settlement
in the east metropolitan area

mn MINNESOTA

Pollution Control Agency
Department of Natural Resources

Legislative charge

The commissioner of the Pollution Control Agency and the commissioner of the Department of Natural Resources must jointly submit by February 1 and August 1 each year, a biannual report to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over environment and natural resources on expenditures from the water quality and sustainability account during the previous six months. Minn. Stat. § 115B.52

Authors

Andri Dahlmeier
Rebecca Higgins
Elizabeth Kaufenberg
Hannah Sabroski

Estimated cost of preparing this report (as required by Minn. Stat. § 3.197)

Total agency staff time:	\$560
16 hrs.	
Production/duplication	<u>\$0</u>
Total	\$560

Contributors/acknowledgements

Susan Jaeger
Susan Johnson
Kirk Koudelka
Gary Krueger
Ann Pierce
Jess Richards
Katie Shea
Jamie Wallerstedt



Minnesota Pollution Control Agency

520 Lafayette Road North | Saint Paul, MN 55155-4194 |
651-296-6300 | 800-657-3864 | Or use your preferred relay service. | www.pca.state.mn.us

Minnesota Department of Natural Resources

500 Lafayette Road North | Saint Paul, MN 55155-4194 |
651-296-6157 | 888-646-6367 | Or use your preferred relay service. | www.dnr.state.mn.us

This report is available in alternative formats upon request, and online at <https://3msettlement.state.mn.us/>

Document number: lrc-pfc-2sy22

Foreword

On February 20, 2018, the State of Minnesota settled its Natural Resource Damage lawsuit against the 3M Company in return for a settlement of \$850 million. Minnesota's Attorney General sued 3M in 2010 alleging that the company disposed of chemicals known as per- and polyfluoroalkyl substances (PFAS) and had damaged and continue to damage drinking water and natural resources in the Twin Cities East Metropolitan Area. After legal and other expenses, about \$720 million remains to finance drinking water and natural resource projects in the East Metro.

The Minnesota Pollution Control Agency and the Minnesota Department of Natural Resources are Co-Trustees of these funds.

Contents

- Foreword.....ii**
- Contents.....iii**
- Summary1**
 - Priority 1 — Ensure safe and sustainable drinking water 1
 - Priority 2 — Enhance natural resources..... 1
 - Remaining grant funds 1
- 3M Settlement Work Groups.....2**
 - Government and 3M Working Group 2
 - Citizen–Business Work Group 2
 - Drinking Water Supply Technical Subgroup 1 2
 - Planning and assistance 3
- Conceptual Drinking Water Supply Plan.....4**
 - Approach and timeline 4
 - Preliminary list of long-term drinking water supply options 5
 - Refining the scenarios 5
 - Recommended options 5
 - Final plan 6
 - Implementing the final plan 7
 - Public participation 7
- Project 10078**
 - Investigation process..... 8
- Final Drinking Water Plan funded projects9**
- Other Priority 1 projects.....10**
 - Ion exchange pilot project..... 10
 - Capacity grants..... 10
- Temporary drinking water treatment systems11**
- Priority 2 planning11**
- Expenditures.....12**

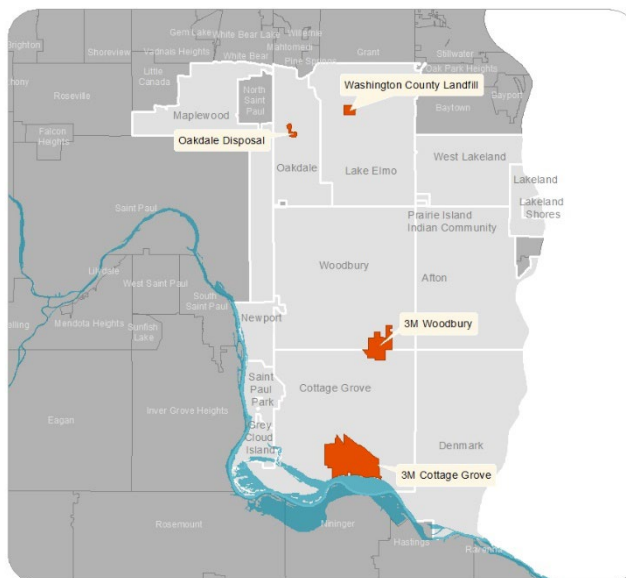
Summary

The State of Minnesota and the 3M Company announced an agreement to settle the state’s Natural Resource Damages lawsuit for PFAS contamination on February 20, 2018. Under the terms of the agreement, 3M made an \$850 million grant to the state to be used for safe drinking water and natural resource projects, and the state’s lawsuit expenses. After legal and other expenses were paid, about \$720 million is available to finance drinking water and natural resource projects in the Twin Cities East Metropolitan Area. The Minnesota Pollution Control Agency (MPCA) and Minnesota Department of Natural Resources (DNR) are Co-Trustees for the grant.

Priority 1 — Ensure safe and sustainable drinking water

The top priority for the grant money is to enhance the quality, quantity, and sustainability of drinking water in the East Metropolitan Area. This area includes, but is not limited to, the cities of Afton, Cottage Grove, Lake Elmo, Lakeland, Lakeland Shores, Maplewood, Newport, Oakdale, St. Paul Park, Woodbury and the townships of Denmark, Grey Cloud Island and West Lakeland, and the Prairie Island Indian Community. The goal of this highest priority work is to ensure safe drinking water in sufficient supply to residents and businesses in the East Metropolitan Area to meet their current and future water needs.

Figure 1: PFAS contamination traced to four disposal sites



Priority 2 — Enhance natural resources

The second priority for grant money is to restore and enhance water resources, wildlife, habitat, fish and other aquatic resources, resource improvement, and outdoor recreational opportunities in the East Metropolitan Area and in downstream areas of the Mississippi and St. Croix Rivers. The terms of the 2018 3M Settlement Agreement (2018 Agreement) specify that \$20 million from the settlement is available for priority two projects. After the safe drinking water goals of the first priority are reasonably achieved, all remaining grant money is then available for natural resource restoration and enhancement projects.

Remaining grant funds

If there are funds remaining after the first two priority goals have been met, the grant can be used for statewide environmental improvement projects. Only projects in categories such as statewide water resources, habitat restoration, open space preservation, outdoor recreation improvements, or other sustainability projects would be eligible.

3M Settlement Work Groups

The MPCA and DNR are responsible for implementing the 2018 Agreement. Under the terms of the agreement, the two agencies are responsible for establishing at least one working group to identify and recommend projects, and are also responsible for determining what projects and other activities will be funded with settlement money.

To engage with communities, stakeholders, and technical experts, the MPCA and DNR created two main work groups — the Government and 3M Working Group and the Citizen–Business Group. To assist these two main groups, a Drinking Water Supply Technical Subgroup 1 (Subgroup1) was formed to analyze options and deliver assessments and advice on alternatives and options.

The MPCA and DNR co-chair these groups and will make all final decisions.

Government and 3M Working Group

The Government and 3M Working Group is composed of one representative each from the MPCA, DNR, 3M, Washington County and one representative from each of the following communities: the cities of Afton, Cottage Grove, Lake Elmo, Lakeland, Lakeland Shores, Maplewood, Newport, Oakdale, St. Paul Park, Woodbury, the townships of Denmark, Grey Cloud Island and West Lakeland, and the Prairie Island Indian Community. One representative from the Citizen – Business Group is also a liaison to this group.

The group’s charter, meeting dates, and presentation materials are available on the 3M Settlement website — <https://3msettlement.state.mn.us/government-and-3m-working-group>.

Citizen–Business Work Group

The Citizen–Business Group is composed of MPCA, DNR, and 15 at-large citizen, business, and nongovernmental representatives who live or work in the East Metropolitan Area. One representative from the Government and 3M Working Group is also a liaison to this group.

The group’s charter, meeting dates, and presentation materials are available on the 3M Settlement website — <https://3msettlement.state.mn.us/citizen-and-business-group>.

Drinking Water Supply Technical Subgroup 1

This technical subgroup analyzes options and provides assessments and advice to the MPCA, DNR, Government and 3M Working Group and the Citizen–Business Group for long-term options for drinking water supply and for treatment of existing water supplies that will ensure safe drinking water in sufficient supply to residents and businesses in the East Metropolitan Area to meet their current and future needs.

The subgroup is composed of technical experts from MPCA, DNR, MDH, 3M, Metropolitan Council, Washington County, the Minnesota Geological Survey, U.S. Geological Survey, Minnesota Rural Water Association, and the Minnesota Well Water Association. The cities of Afton, Cottage Grove, Lake Elmo, Lakeland, Lakeland Shores, Maplewood, Newport, Oakdale, St. Paul Park, Woodbury, the townships of Denmark, Grey Cloud Island and West Lakeland, and the Prairie Island Indian Community each have one representative on the subgroup.

The group’s charter, meeting dates, and presentation materials are available on the 3M Settlement website — <https://3msettlement.state.mn.us/technical-subgroup-1-drinking-water-supply>.

Planning and assistance

MPCA and DNR retained Abt Associates (Abt) as consultants to coordinate and facilitate implementation activities for the 2018 Agreement. Abt Associates is an existing MPCA contractor for Natural Resource Damage Assessment (NRDA) work and has considerable expertise with natural resource damage assessments and settlement implementation. In addition, Abt is providing an essential supplement to existing agency staff capacity.

Wood Environment & Infrastructure Solutions Inc. (Wood) was retained to develop a comprehensive groundwater model and drinking water model for the East Metropolitan Area, as well as cost estimates associated with long-term drinking water supply options. These models enabled the Co-Trustees to evaluate long-term drinking water supply options for the 14 communities. In addition, Wood is assisting with technical engineering review of community grant forms to implement the projects in the Final Plan.

AECOM Technical Services Inc. (AECOM) provided an independent peer review of the groundwater model. They are also the primary contractor in the assessment and evaluation of Project 1007.

Wood and AECOM are existing MPCA environmental consultants for Superfund projects, have extensive experience in providing technical assistance with hazardous substance release site evaluations and municipal infrastructure projects, and bring national expertise on PFAS contamination issues.

Conceptual Drinking Water Supply Plan

The Conceptual Drinking Water Supply Plan (Conceptual Plan) is a key component of the 3M Settlement that ensures drinking water needs for the East Metropolitan Area are appropriately and thoroughly considered. The value of the Conceptual Plan is to identify drinking water projects that will meet the needs of the communities in the area — now and into the future.

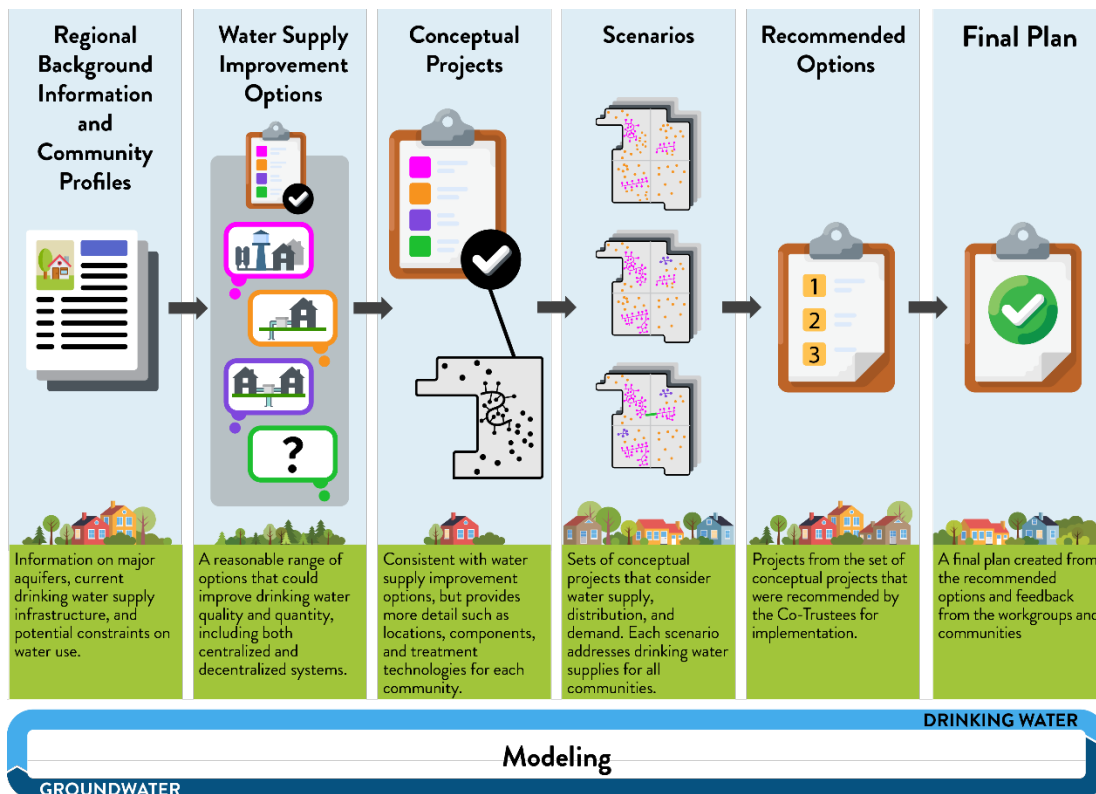
The Drinking Water Supply Technical Subgroup 1 (Subgroup 1) is providing technical input and feedback on potential projects and technologies for evaluation.

Approach and timeline

The Conceptual Plan was developed in a sequential process, and included refining a suite of projects to serve the East Metropolitan Area. An overview of the step-wise approach is described below.

- ✓ Step one — Develop regional background information and community profiles (people, growth, drinking water needs for today and tomorrow, existing resources)
- ✓ Step two — Identify water supply improvement options for individual communities (high-level)
- ✓ Step three — Identify concept-level projects (more detailed)
- ✓ Step four — Develop the preliminary list of long-term options, also called scenarios
- ✓ Step five — Release the three recommendations for East Metropolitan Area
- ✓ Step six — Release the final plan based on feedback received from the work groups and public on the recommended options

Figure 2: Step-wise Conceptual Plan approach



Preliminary list of long-term drinking water supply options

In February 2020, the MPCA and DNR shared a list of preliminary long-term drinking water supply options for those living and working in the East Metropolitan Area. Using the drinking water and groundwater models, four groups of scenarios were developed and evaluated.

- **Treatment:** Treating existing public and private drinking water wells
- **Community-specific:** Projects submitted by the 14 communities (within their borders)
- **Regional:** Multi-community shared public water systems supplied by either surface water or groundwater
- **Integrated:** Combination of projects from treatment, community-specific, and regional scenarios

The comprehensive set of scenario options looked at water supply distribution and demand from the more than 6,000 private wells across all 14 communities as well as the eight communities that have public water systems. Population and water demand within the East Metropolitan Area are expected to grow. To account for that, future water demands were based on each community's comprehensive plan.

The preliminary list of options were refined based on feedback from the communities, the work groups, and meetings with the local elected officials and technical staff.

Refining the scenarios

Beginning in May 2020, the Co-Trustees, with assistance from Wood and Abt, used the feedback from:

- Review of Wood's revised groundwater model data based on updates to the water supply projections from Lake Elmo, Oakdale, and Woodbury.
 - The revised water supply projections resulted in an overall 15 percent increase in the average daily demand for water supply.
- Review of groundwater modeling results for White Bear Lake.
 - DNR used the results to evaluate whether any future growth in the East Metro communities may impact White Bear Lake water levels.

Recommended options

In September 2020, the Co-Trustees released the Draft Conceptual Plan that included three recommended options for public review and comment. The public comment period on the recommended options was open from September 10 to December 10, 2020. During that time, the Co-Trustees:

- Held over 25 briefings outlining the draft recommended options for the Government and 3M Working Group, Citizen-Business Group, and the Drinking Water Supply Technical Subgroup 1, local elected officials, legislators, and the news media, including multiple rounds of community leadership and technical one-on-one meetings;
- Conducted four virtual public meetings;
- Presented the draft recommended options to local elected officials at their request;
- Ran nine different ads across four social media platforms, including Facebook, Twitter, LinkedIn, and Instagram, using both paid and organic social media strategies;
- Developed a variety of resources to help summarize the comprehensive set of options, including an interactive map for private well owners, one-page summaries of each option, an educational video on PFAS in the east metro area, and maps and figures; and

- Received and reviewed over 30 letters from community organizations and 330 responses from the public.

Final plan

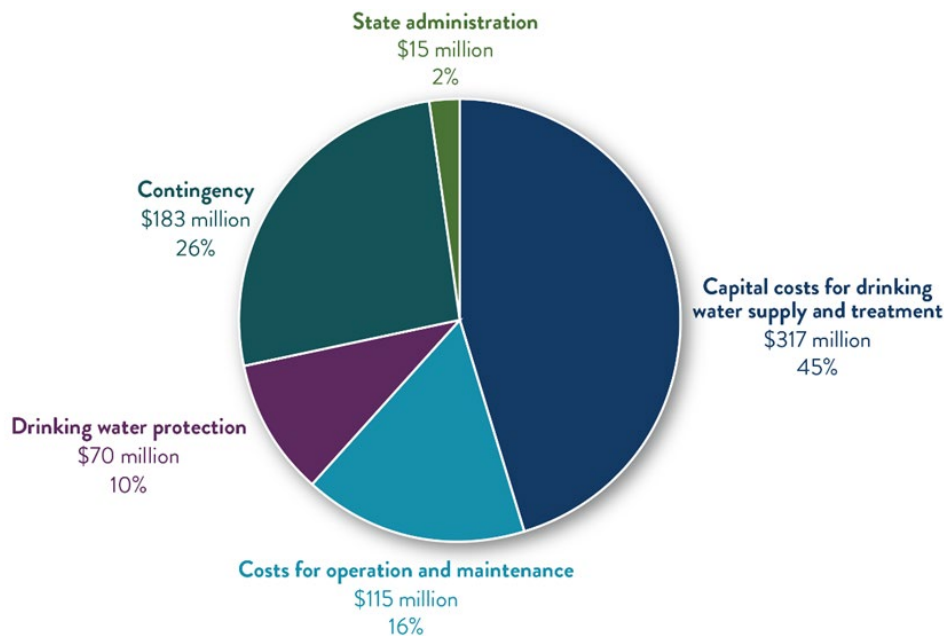
Following the public comment period, the Co-Trustees continued to update the Draft Conceptual Plan based on feedback from the public and government units. The final Conceptual Plan was released August 18, 2021. The Co-Trustees held briefings for work group members, local elected officials, legislators, and the media before releasing to the public. The final Conceptual Plan can be found at this website: [Full plan documents: Conceptual Drinking Water Supply Plan | Minnesota 3M PFAS Settlement \(state.mn.us\)](https://www.state.mn.us/3m/pfas/settlement/conceptual-plan).

The final plan meets the Priority 1 goals developed by the Co-Trustees and work groups to provide clean drinking water, protect and improve groundwater quality, protect and maintain groundwater quantity, and minimize long-term cost burdens for communities. The four pillars of the plan are:

1. **Comprehensive** - Addresses both tap water and ground water (the source itself)
2. **Safe and Sustainable** - Protects drinking water immediately and long-term
3. **Resilient** - Adaptable to new information and data on PFAS
4. **Flexible** - Allows for flexible funding in communities

The major funding categories include capital infrastructure, operation and maintenance (O&M), and drinking water protection. The final plan treats drinking water wells with a health index (HI) of at least 0.5 (using the HI calculation at the time the plan was finalized) and includes capital and O&M funding for 20 and 30 years (municipal systems and private wells, respectively). In addition, the plan includes an increased contingency for cost overruns, future treatment, and new drinking water sources, if needed. Finally, the funding reallocation strategy covers potential future shortfalls and surpluses as costs are refined during implementation.

Figure 3: Priority 1 funding categories



Community projects include building new or expanded water treatment plants, installing whole-home water filter systems, connecting homes to public water supplies, and building or enhancing connections between existing community water treatment systems.

It is important to note that everyone currently has access to safe drinking water. If Settlement funds are depleted in the future, the Consent Order (a separate legal agreement with 3M) provides funding for treatment for any drinking water wells that receive a well advisory (HI of at least 1).

Implementing the final plan

Immediately upon releasing the final plan, the implementation process began allowing communities to access grant funding for municipal capital infrastructure planning and design, construction, and O&M. The implementation phase is driven by communities and will cover multiple years as communities choose to access grant funding and move through the grant process. For individual homeowners, the MPCA continues to manage the installation and maintenance of whole home treatment systems using contractors. More details on funded project requests can be found in the Final Drinking Water Plan Funded Projects section below.

Public participation

Citizens were and are still invited to join all work group meetings, and/or sign up for GovDelivery email notices. The comprehensive set of three recommended options was open for public comment from September 10 through December 10, 2020. The MPCA and DNR reviewed and considered all public comments as they finalized the Conceptual Plan.

There were some common themes throughout the public comments, including:

- **Administrative elements of the Conceptual Plan:** Communities wanted to begin preliminary work before the Conceptual Plan was final. There were also concerns about how the funds would be distributed among the communities and whether the State would guarantee to implement everything included in the Conceptual Plan regardless of capital costs.
- **Capital and O&M cost estimates:** There were concerns about the high amount of funding for West Lakeland Township and the difference in O&M funding for public and private wells. Some commenters felt the cost estimates were too low and that the cost difference would have to be covered by communities and their residents.
- **Funding categories:** Many commenters wished to prioritize drinking water treatment before sustainability and conservation projects were funded. Others asked for more specific information about what was covered under drinking water protection versus sustainability and conservation.
- **Municipal versus private wells:** Many West Lakeland Township residents did not want to connect to a municipal system. If they were connected, many requested to keep their wells for irrigation. Some commenters from Lake Elmo and Oakdale did not want to connect to other systems.

Project 1007

Investigations continue into an area known as Project 1007 in the north-central portion of Washington County, as part of Priority 1 of the Settlement.

Project 1007 is a system of pipes, open channels, catch basins, and two dams that direct the flow of water from the Tri-Lakes (DeMontreville, Olson, and Jane) area to the St. Croix River. It also uses a number of lakes and creeks to connect to the St. Croix River. One of those creeks, Raleigh Creek, flows through the former 3M Oakdale disposal site. Additionally, between the late 1980's to the early 1990's, untreated water from the Washington County Landfill was discharged to Project 1007.

The purpose of the investigation is to understand how Project 1007 is contributing to PFAS contamination in drinking water resources in the East Metro. The results of the investigation will be used to evaluate long-term drinking water protection options in the area. The progress reports and supporting documents are available at: <https://3msettlement.state.mn.us/project-1007>

Investigation process

The Project 1007 investigation has led to a better understanding of PFAS movement from surface water into sediment and further into groundwater/drinking water resources. Large sets of data have been collected across the Project 1007 corridor and have confirmed PFAS impacts in surface water, sediment, surface water foam, and groundwater. Surface water and groundwater continue to move PFAS contamination from the Oakdale Disposal Site across the region with no notable decrease in concentrations. As a result of this continued long-term source of PFAS in the area, combined with historic impacts from the Washington County landfill, there is currently no evidence that groundwater concentrations are decreasing at this time.

3M began implementing an MPCA-approved work plan in the fall of 2020 to reassess PFAS impacts to surface and groundwater at the Oakdale Disposal Site. Final results have not yet been submitted and the MPCA will continue dialogue with 3M regarding the status of results and outcomes of the investigation. 3M has submitted monitoring reports for the groundwater control system at the site as a requirement of the 2007 Consent Order.

An ecological risk assessment was conducted in 2020 through 2021 that demonstrated health risks to multiple species in various areas of the Project 1007 system. The species at-risk include: two fish (least darter and pugnose shiner), one reptile (Blanding's turtle), two birds (Forster's tern and great blue heron), and two mammals (muskrat and mink), some of which are special status, listed or threatened species. Ecological risk assessment work continues to be iteratively assessed based on new toxics information and health risks to various species, including deer and plant species collected in the fall of 2021. Addendums to the ecological risk assessment will be forthcoming over the remainder of FY22.

Surface water, porewater, sediment, soil, and groundwater data are used in surface water and groundwater models. Together, the models are providing an understanding of the area's surface water systems and their interactions underground. The combined model will provide estimates of long-term movement of the PFAS across the area. The model includes an area from the Mississippi River to the St. Croix River in an effort to characterize the direction of groundwater and contaminants, due to complex movement of groundwater in multiple directions away from the source areas. The model will be used to evaluate the feasibility of innovative technologies aimed at PFAS removal in surface water, sediment, and groundwater. Groundwater evaluation is underway, which will help determine the long-term cleanup options available for protection of the drinking water resources in the region.

An innovative technology is planned to be deployed in 2022 to evaluate removal of PFAS in surface water in various locations across the Project 1007 area. This technology exploits the foaming behavior of PFAS chemicals, by aerating the surface water causing the PFAS to foam, allowing for easy removal. The foam is then concentrated into a small volume of liquid for either disposal or destruction. If this technology demonstrates effective removal of PFAS during this pilot project phase, the Co-Trustees will consider utilizing this technology on a larger scale across the East Metro area.

Final Drinking Water Plan funded projects

The Co-Trustees developed an implementation process for communities to receive Settlement grant funding for projects that align with the final Conceptual Plan. Several grants have been approved already since the release of the final Conceptual Plan in August, including those projects listed in the table below.

A total of \$49,684,530 of Settlement funds have been awarded in grants to East Metropolitan Area government units to assist in addressing PFAS impacts to date. Note that this also includes expedited projects that were approved for implementation before the Conceptual Plan was final as they were time sensitive and were consistent with the final Conceptual Plan. Most of the expedited projects were funded from interest earned on the Settlement funds.

The full list of those projects can be found at this website: [Expedited and request for funding projects | Minnesota 3M PFAS Settlement \(state.mn.us\)](https://www.mn.gov/3M-PFAS-Settlement).

The projects below have been funded since the last legislative report in August 2021.

Community	Project	Amount funded
City of Cottage Grove	Planning activities for the city to extend the water main in the Goodview neighborhood to connect 42 homes to the city's municipal drinking water supply system.	\$316,500
City of Cottage Grove	Planning activities for a treatment plant including geotechnical investigation, survey, and preliminary site design work.	\$70,000
City of Cottage Grove	Planning activities for new well 13.	\$110,000
City of Woodbury	Planning activities for a preliminary engineering report and pilot study.	\$2,401,061
City of Cottage Grove	Cottage Grove treatment plant intermediate pressure zone	\$545,000
City of Cottage Grove	Cottage Grove treatment plant low pressure zone	\$325,000
City of Woodbury	Woodbury abandonment of Well 1 and replacement	\$2,983,000
City of Cottage Grove	Cottage Grove low zone phase 1 raw water main	\$90,000
City of Cottage Grove	Cottage Grove low zone phase 2 raw water main	\$155,000
All	Granular activated carbon installation at private wells	\$135,760
All	Granular activated carbon operation and maintenance at private wells	\$245,540
	Total funded	\$7,376,861

Other Priority 1 projects

Ion exchange pilot project

Cottage Grove completed an ion-exchange (IX) pilot project at the end of 2021, and is in the process of finalizing their results. They evaluated IX as a potential treatment for PFAS in the East Metropolitan Area. Currently, MDH has not approved IX as a treatment option for drinking water systems in Minnesota. MDH expects to be able to use the data gathered from the IX pilot study to validate the design of IX PFAS removal for the other affected East Metropolitan Area communities.

The pilot project also compares IX with granular activated carbon (GAC) treatment in order to help local and state officials understand other considerations, such the size of a treatment plant or cost due to frequency of filter change-outs. A \$950,000 grant was provided to the City of Cottage Grove to conduct the pilot study. The final report is expected in early 2022 and will be made available to the public.

Capacity grants

Some of the larger affected communities have full-time staff who are experts with their city's municipal drinking water system, whereas smaller communities typically rely on outside contractors to help them operate and maintain their systems and associated infrastructure.

Some communities expressed a need for funding to support their participation on the technical subgroup, Subgroup 1. The MPCA and DNR agreed to provide "capacity grants" to ensure that all communities could fully participate in the technical subgroup. The original \$25,000 grants became effective on December 1, 2018 and have since been amended, as needed, in order support the ongoing participation of the technical subgroup or related planning activities in development of the Conceptual Plan. It is anticipated that the capacity grants for Subgroup 1 will not be needed after June 2022.

A total of \$700,000 has been provided to the following communities to extend their capacity grants to continue their work as part of the technical subgroup:

- Afton
- Cottage Grove
- Grey Cloud Island Township
- Lake Elmo
- Lakeland
- Newport
- Oakdale
- Prairie Island Indian Community
- St. Paul Park
- Washington County
- West Lakeland
- Woodbury

Watershed districts and other organizations have also extended their capacity grants:

- Valley Branch Watershed District
- South Washington County Watershed District
- Middle St. Croix Watershed Management Organization
- Washington Conservation District
- Ramsey-Washington Metro Watershed District
- Minnesota Geological Survey

Temporary drinking water treatment systems

Under terms of the Settlement, 3M is to provide up to \$40 million, in addition to the \$850 million grant amount, over the first five years of the 2018 Agreement, for temporary drinking water treatment systems until a long-term action is identified.

These temporary treatment systems meet 3M's obligation to provide an alternative drinking water supply where public or private drinking water wells exceed MDH criteria for PFAS, as outlined in the 2007 Settlement Agreement and Consent Order (2007 SACO) between 3M and the MPCA. Such temporary municipal carbon treatment systems are currently operating in Cottage Grove, Oakdale and Woodbury. The temporary treatment system in Oakdale is in addition to the carbon treatment system already in place. Under the terms outlined in the 2007 SACO, the MPCA seeks costs recovery of State expenses related to these temporary treatment systems.

Priority 2 planning

The terms of the 2018 3M Settlement Agreement specify that \$20 million from the Settlement is immediately available for Priority 2 projects. The DNR and MPCA have begun planning for Priority 2 that provides funding to restore and enhance water resources, wildlife, habitat, fish and other aquatic resources, resource improvement, and outdoor recreational opportunities in the East Metropolitan Area and in downstream areas of the Mississippi and St. Croix Rivers.

In 2022, DNR will lead Priority 2 planning efforts. Priority 2 planning will identify categories of natural resources enhancements and recreational opportunities. Other planning tasks include developing restoration goals and project evaluation criteria in preparation for a project solicitation process.

Expenditures

Expenses related to implementation of the 3M Settlement: Original grant: \$850,000,000

This report covers the period July 1, 2021 – December 31, 2021.

Balance: June 30, 2021	\$727,197,399
Revenue: Interest earned July 1, 2021 – December 31, 2021	\$859,156
Total Revenue	\$728,056,556

Expenditures: July 1, 2021 – December 31, 2021

Category	Amount
<i>Settlement, Work Group and Technical Sub-Group costs</i>	
Work group assistance (Abt, Wood)	(\$530,545)
Project 1007 (AECOM)	(\$1,727,058)
MDH staff/technical support	(\$52,804)
Reimbursements	
Individual home connections/well sealing	(\$59,413)
<i>MPCA/DNR staff and operational costs</i>	
MPCA/DNR staff/technical support	(\$408,743)
Drinking water monitoring	(\$46,980)
<i>Total Co-Trustee expenditures subtotal (as of December 31, 2021)</i>	<i>(\$2,825,543)</i>
<i>Grants</i>	
Funded projects	(\$10,904,413)
Capacity grant payments	(\$139,869)
<i>Total Grant expenditures subtotal (as of December 31, 2021)</i>	<i>(\$11,044,282)</i>
<i>Total Expenditures (as of December 31, 2021)</i>	<i>(\$13,869,825)</i>
Balance (as of December 31, 2021)	\$714,186,731