



REPORT TO THE
LEGISLATURE

OCTOBER 2023



3M Settlement annual report and spending plan for fiscal year 2023

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

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Pollution Control Agency
Department of Natural Resources

Legislative charge

Minn. Stat. § 115B.52 subd. 4 as amended during 2023 legislative session by Chapter 60, Article 3, Section 19

The commissioner of the Pollution Control Agency and the commissioner of the Department of Natural Resources must jointly submit by October 1 each year, a 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 fiscal year.

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

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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 (3M Settlement). 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 continues to damage drinking water and natural resources in the Twin Cities East Metropolitan Area. After legal and other expenses, about \$720 million remained to finance drinking water and natural resource projects in the East Metropolitan Area.

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

Multiple reports are produced annually for the 3M Settlement. The 2023 Minnesota State Legislature amended *Minn. Stat. § 115B.52, subd. 4* by increasing the reporting period from six months to one fiscal year. The first six months of fiscal year 2023 (FY23) were reported in February 2023; therefore, this report covers the latter half of the fiscal year from January 1, 2023 through June 30, 2023. We have included an annual expenditures summary for FY23 at the end of the report to honor the amended statutory requirement.

Most recent reports, including the last biannual report from February 2023 and the Conceptual Drinking Water Supply Plan Annual Review can be found on the [3M Settlement webpage, Minnesota 3M PFAS Settlement | The State of Minnesota's 3M PFAS Settlement Portal](#).

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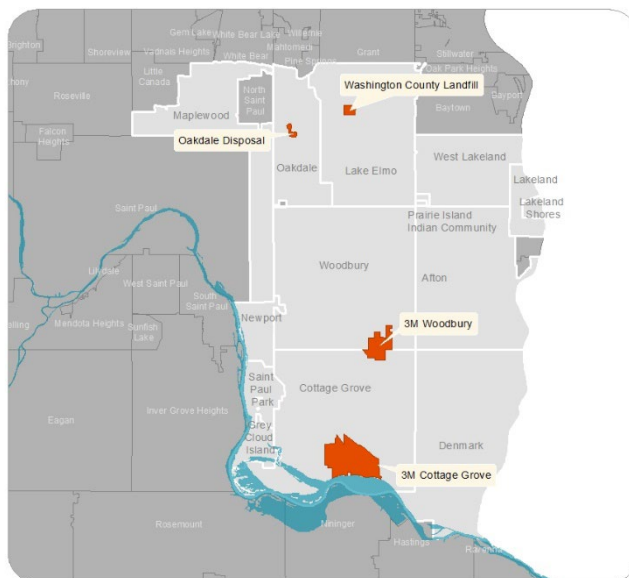
Summary

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 3M Settlement, 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 was 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 3M Settlement specify that \$20 million is available for Priority 2 projects. After the safe drinking water goals of Priority 1 are reasonably achieved, all remaining grant money is then available for natural resource restoration and enhancement projects. No additional funds are identified for Priority 2 projects beyond \$20 million at this time.

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.

Planning and implementation – Priority 1

Community engagement

The MPCA and DNR are responsible for implementing the 3M Settlement. To engage with communities, stakeholders, and technical experts, the MPCA and DNR created two main work groups — the Government and 3M Work Group and the Citizen–Business Group. The work groups helped identify and recommend projects to be funded by the Settlement. To assist these two main groups, a Drinking Water Supply Technical Subgroup 1 (Subgroup 1) was formed to analyze options and provide assessments and advice on alternatives for the Conceptual Drinking Water Supply Plan (Conceptual Plan).

The Government and 3M Work Group consists of one representative from the MPCA, DNR, 3M and Washington County and one representative from each of the 14 affected East Metropolitan Area Communities. The Citizen–Business Work Group is composed of one member of MPCA, DNR and 15 at-large community, business, and nongovernmental representatives who live or work in the East Metropolitan Area. Each group sent one liaison to the other group’s meetings. The MPCA and DNR co-chair these groups and make all final decisions.

The Conceptual Plan was released August 18, 2021. Now that the Conceptual Plan is being implemented, the Government and 3M Work Group and the Citizen–Business Group work group meetings have been combined since Fall 2022. Subgroup 1 is no longer meeting. Additional information, such as charters and past presentation materials, are available on each group’s webpage. [Government and 3M Work group](#) and [Citizen-Business Work Group](#).

Planning and assistance

The MPCA and DNR retained Abt Associates (Abt) as consultants to coordinate and facilitate implementation activities for the 3M Settlement. Abt Associates is an existing State contractor for Natural Resource Damage Assessment (NRDA) work and has considerable expertise with NRDA and settlement implementation. In addition, Abt is providing an essential supplement to existing agency staff capacity.

WSP Global Inc. (WSP), formerly Wood Environment & Infrastructure Solutions Inc., 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, WSP is assisting with technical engineering review of community grant forms to implement the projects in the Conceptual 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.

WSP and AECOM are existing state 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 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 purpose 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.

Conceptual Plan

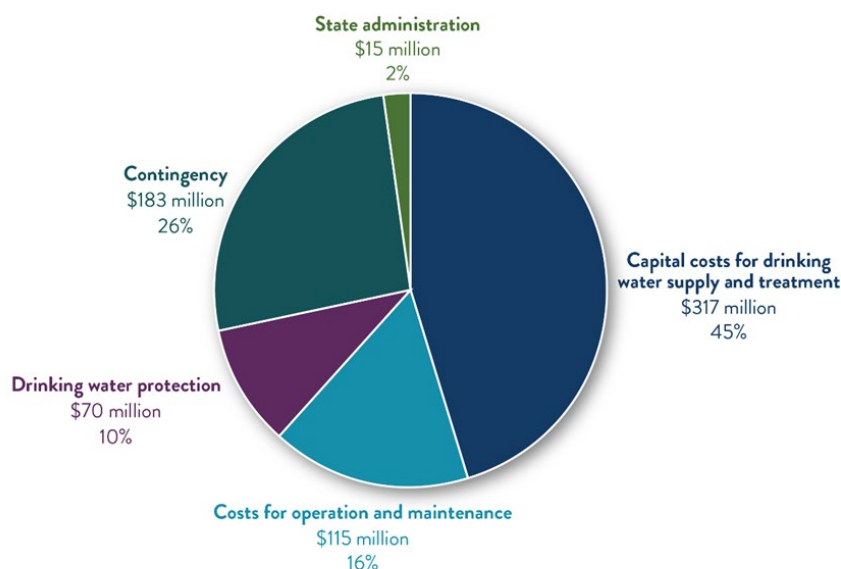
The Conceptual Plan was released August 18, 2021, and can be found at this website: [Full plan documents: Conceptual Drinking Water Supply Plan | Minnesota 3M PFAS Settlement \(state.mn.us\)](#).

The Conceptual Plan meets the Priority 1 goals developed by the Co-Trustees and work groups to provide safe 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 Conceptual Plan are:

1. **Comprehensive** – Addresses both tap water and groundwater (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 Conceptual Plan treats drinking water wells with a health index (HI) of at least 0.5 (using the HI calculation at the time the Conceptual Plan was finalized) and includes capital and O&M funding for an estimated 20 years for municipal systems and an estimated 30 years for private wells. If needed, the Conceptual Plan also includes contingency funds for cost overruns, future treatment, and new drinking water sources. Finally, the funding reallocation strategy helps manage potential future shortfalls and surpluses as costs are refined during implementation.

Figure 2: Priority 1 funding categories



The Conceptual Plan's 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 in the area currently has access to safe drinking water. If Settlement funds are depleted in the future, the 2007 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). A summary of the Consent Order can be found here: <https://www.pca.state.mn.us/local-sites-and-projects/east-metro-3m-pfas-contamination>

Implementing the Conceptual Plan

Communities have been able to access grant funding for municipal capital drinking water infrastructure planning and design, construction, and O&M through an implementation process immediately upon release of the Conceptual Plan. The implementation phase is driven by communities over multiple years as they choose to access grant funding and move through the grant process. For individuals on private wells, the MPCA continues to use its contractors to manage the installation and maintenance of whole home treatment systems.

As of June 30, 2023, the State has spent \$83,538,133 million in Settlement funding and from interest earned. This includes expedited and Request for Funding projects that were approved for implementation before the Conceptual Plan was final, as they were time sensitive and were consistent with the Conceptual Plan. A total of \$15,840,022 was spent between January 1, 2023 through June 30, 2023. For the first two quarters of fiscal year 2023, please reference [February's legislative report](#). An annual expenditures summary is also included at the end of this report.

Spending during this period includes:

- **Capital funding (\$9,784,327)** spent on planning and design for water treatment plants in the cities of Cottage Grove and Woodbury; planning for two interconnects with Newport; connecting homes in various neighborhoods to municipal water in the cities of Cottage Grove, Lake Elmo, Lakeland/Lakeland Shores, and Woodbury; and installing whole-home water filter systems also called point of entry treatment systems (POETS) for private wells over the treatment threshold¹ in communities across the East Metropolitan Area. Capital funding is also being used for temporary treatment of additional wells in Cottage Grove and Woodbury to meet their water demand until the permanent water treatment plants are in place.
- **O&M funding (\$688,495)** spent on maintenance of granular activated carbon (GAC) filters in POETS and O&M for St. Paul Park's and Oakdale's water treatment plant.
- **Drinking water protection funding (\$2,849,559)** spent on Project 1007, including contractor support for the feasibility study, and drinking water monitoring.
- **Contingency (\$1,743,876)** spent on Request for Funding projects to extend water mains and connect homes to the municipal drinking water supply system in Lake Elmo. These projects were similar to expedited projects in that they were consistent with the Conceptual Plan, were time-sensitive, and were reviewed and approved with input from the work groups. However, these

¹ As stated in the Conceptual Plan, private wells located in the affected communities that are not planned to be connected to municipal systems will be supplied with a POETS if they meet or exceed a HI value of at least 0.5 when the Conceptual Plan was released.

projects were funded with Contingency funds because interest earned (which was to cover the expenses) was not sufficient to cover these projects and maintain the capital allocation. Contingency is also being used for O&M costs for the temporary drinking water treatment plants for Cottage Grove, Oakdale, and Woodbury.

- **State Administration (\$583,298)** spent on administering and implementing the Conceptual Plan, including state and contractor review and development of grant agreements, tracking project implementation progress, annual review and reallocation, reporting, and preparing for and holding work group and public meetings.

Using interest earned on Settlement funds, a total of \$190,467 was spent on expedited projects from January 1, 2023 through June 30, 2023. All but one of these projects have been completed.

In addition to the amount reimbursed to communities over the past six months, Table 1 identifies grants that have been executed to assist government units in implementing capital projects that align with the Conceptual Plan.

Table 1. Community projects funded January 1, 2023, through June 30, 2023

Community	Project	Amount funded
Cottage Grove	Well #13 planning and design	\$114,500
Newport	Interconnect planning	\$150,200
Woodbury	Water treatment plant design	\$16,388,543
	Total funded	\$16,653,243

Changing PFAS Health Values for Drinking Water

On June 15, 2022, the U.S. Environmental Protection Agency (EPA) issued updated interim health advisories for PFOA and PFOS, and final health advisories for PFBS and GenX. The interim health advisories for PFOA and PFOS were updated because of new scientific information on their health effects, and are non-regulatory values designed to provide context and guidance for policy makers. More information is available at <https://www.epa.gov/sdwa/drinking-water-health-advisories-pfoa-and-pfos>.

Considering the new scientific information, EPA released draft maximum contaminant levels (MCLs) for PFOA and PFOS in March 2023, with final MCLs anticipated by January 2024. Minnesota Department of Health (MDH) is also reviewing the new information and plans to release updated health-based values (HBVs) for PFOA and PFOS in late 2023. It is anticipated that the new HBVs and MCLs will be more stringent than MDH’s current HBVs and health risk limits (HRLs).

The MPCA and MDH are going through various scenarios to better understand how anticipated future, lower values may impact wells in the East Metropolitan Area. The MDH is working with communities to increase sampling at public wells, and MPCA continues to sample private wells based on plume location and resident requests. More information on changing PFAS health values is available in the Conceptual Drinking Water Supply Plan Annual Review here: <https://3msettlement.state.mn.us/>

Project 1007 PFAS Conveyance Feasibility Study

Investigations continue for Project 1007, an area 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 as written in the Settlement is to understand how Project 1007 is contributing to PFAS contamination in drinking water resources in the East Metropolitan Area. The results of the investigation will be used to evaluate long-term drinking water protection options in the area and will be documented in a feasibility study; planned for completion by March 2024. The progress reports and supporting documents are available on the Project 1007 webpage: <https://3msettlement.state.mn.us/project-1007>.

The Project 1007 feasibility study investigation has led to a better understanding of PFAS movement from surface water into sediment and further into groundwater and drinking water resources. Large sets of data have been collected across the Project 1007 corridor and data analysis has confirmed PFAS impacts to surface water, sediment, surface water foam, and groundwater.

PFAS contamination continues to move through surface water and groundwater pathways from the Oakdale Disposal Site. PFAS concentrations emanating from the Oakdale Disposal Site in Raleigh Creek have not shown notable decreases since the beginning of surface water sampling in the early 2000s and no evidence is present that groundwater concentrations are decreasing across the system. The MPCA is working to address the ongoing impacts from the Oakdale Disposal Site under the 2007 Consent Order with 3M. The Washington County Landfill PFAS contamination is now contained onsite; however, historic impacts from the Washington County Landfill to groundwater and surface water remain outside of the landfill footprint.

The following Project 1007 feasibility study activities were conducted since the February 2023 legislative report:

- Deep and shallow monitoring wells installed throughout the project corridor to gain a better understanding of the contaminant movement into the multiple drinking water aquifers that serve much of the East Metropolitan Area, including Oakdale, Lake Elmo, and West Lakeland Township.
- Research into physical and chemical properties related to the fate and transport components of the surface water and groundwater model.
- Updated combined surface water and groundwater model to evaluate the long-term impacts across the region. Groundwater aquifer pumping tests and detailed aquifer properties analysis helped inform the model and long-term feasibility study.
- Initiated a surface activated foam fractionation (SAFF) pilot study to evaluate PFAS removal in groundwater for two targeted drinking water aquifers and surface water.
- Completion of data collection for an electrochemical oxidation technology pilot study to evaluate how well it destroys or transforms/reduces PFAS.

In November 2022, the SAFF system was deployed in Tablyn Park, located in Lake Elmo, to evaluate removal of PFAS in groundwater and surface water. This technology utilizes the natural foaming behavior of PFAS chemicals by aerating the water. This causes the PFAS to turn into foam and allows for easy physical removal of PFAS from water. The foam is then concentrated into a small volume of liquid

for either disposal or destruction. Initial testing of the SAFF system showed high PFAS removal in surface water and groundwater, indicating that this technology is effective at removing and concentrating PFAS at the pilot test scale. Destruction of the concentrated PFAS was evaluated with another innovative technology, electrochemical oxidation and is being evaluated at the laboratory scale with additional PFAS destruction technologies.

The feasibility study is planned to be completed by the first quarter of 2024. The overall intent of the feasibility study is to conduct a detailed analysis of remedial technologies in order to reduce the spread of PFAS from the Project 1007 conveyance. This will result in the long-term drinking water resource protection in the East Metropolitan Area. Recommended actions to reduce or limit the spread of PFAS will be based on the ability to implement short- or long-term actions; ability to reduce toxicity, mobility, or volume of contamination; cost effectiveness; and other reasonable and appropriate actions necessary in the overall protection of human health and the environment. This feasibility study will be consistent with EPA guidance for conducting feasibility studies under CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act, or Federal Superfund Law).

Temporary drinking water treatment solutions

Under terms of the Settlement, 3M was to provide up to \$40 million for a period of up to five years (February 20, 2018 – February 20, 2023), whichever comes first, to fund temporary drinking water solutions until the long-term plan is in place. The \$40 million is separate from the \$850 million Settlement grant amount.

These temporary solutions meet 3M's obligation to provide safe, alternative, drinking water where public or private drinking water wells receive a health advisory from MDH for PFAS contamination, as outlined in the 2007 Consent Order between 3M and the MPCA. Temporary municipal GAC treatment systems are currently operating in Cottage Grove, Oakdale, and Woodbury. The temporary treatment system in Oakdale is in addition to the permanent GAC treatment system already in place. The St. Paul Park water treatment facility was initially built as a temporary treatment system but is now operating as the long-term treatment facility as identified in the Conceptual Plan. Under the terms outlined in the 2007 Consent Order, the MPCA sought cost recovery of State expenses related to these temporary treatment systems. The MPCA submitted the final invoice of \$2,908,156 to 3M for reimbursement of temporary expenses and costs incurred from October 1, 2022 through February 20, 2023. In total, MPCA has recovered \$29,742,089 from 3M in costs related to temporary systems, along with expenses to provide bottled water until individual home GAC treatment systems are installed from February 20, 2018 to February 20, 2023.

Since this provision expired on February 20, 2023, Settlement funds are now used to fund remaining and future temporary treatment construction and O&M costs. Cottage Grove and Woodbury have since requested temporary treatment for additional wells that meet or exceed an HI of 1 so they could meet their water demands and remain compliant with MDH's current HBVs. The temporary treatment systems will be utilized until the long-term water treatment systems are in place. Future requests for temporary treatment systems will be evaluated on a case-by-case basis. From February 20, 2023 to June 30, 2023, \$5,130,059 of Settlement funds were spent on temporary treatment systems. This amount includes vessels that were purchased for Cottage Grove's and Woodbury's temporary treatment that will be transferred over for permanent treatment.

Investment planning

The State Board of Investments (SBI) approved the Co-Trustee’s investment strategy for Priority 1 funds at the May 2022 SBI Board Meeting. The Settlement funds are currently being held in a non-retirement, cash account accruing approximately 4.0% interest. The investment of the Settlement funds has earned considerable interest during this reporting period at that rate. Once the Co-Trustees have a better understanding on potential financial impacts to the Conceptual Plan based on EPA’s new expected MCLs for PFOA and PFOS, funds will be transferred to their respective allocations, which are outlined in the funding strategy linked below. The Co-Trustees intend to inform the work group members and the Legislature of any adjustments in the investment strategy that may occur.

A detailed outline of the overall investment strategy was presented to the work groups in May 2022, and can be found here:

<https://3msettlement.state.mn.us/sites/default/files/May%202022%20Investment%20Plan%20Handout.pdf>

Priority 2 planning

The terms of the 2018 3M Settlement specify that \$20 million is immediately available for Priority 2 project funding. The DNR and MPCA have begun planning for Priority 2, which 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 the first half of 2023, the DNR and MPCA initiated planning actions for Priority 2 that will develop goals and project evaluation criteria, identify appropriate types of natural resource enhancements and recreational opportunities, and provide funding via a competitive solicitation process.

3M Settlement Work Groups – Priority 2

Under the terms of the Settlement, the MPCA and DNR are responsible for establishing at least one work 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 and stakeholders, the MPCA and DNR created two work groups — the Government and 3M Work Group and the Resident Work Group. The MPCA and DNR co-chair these groups and make all final decisions.

The Government and 3M Work Group and the Resident Work Group first met in May 2023 and will continue to meet every other month until the formal project solicitation is opened in 2024. The two groups meet jointly, and the meetings are open to the public. Time is reserved at each meeting for public questions or comments.

Tasks for the workgroups included providing feedback on workgroup charters, Priority 2 goals, and a set of criteria by which potential projects to be funded with 3M Settlement money can be evaluated. Time was also spent during the first meetings creating a shared understanding of PFAS issues for all workgroup members, who came to the process with varying levels of knowledge and a desire for enhanced understanding.

Government and 3M Work Group

The DNR and MPCA decided to recruit additional communities to the Priority 2 Government and 3M work group. In addition to the communities with impacts to drinking water that participated in Priority 1, Hastings, Inver Grove Heights, Lake St. Croix Beach, Landfall, Nininger Township, Rosemount, St. Mary's Point, Saint Paul, South Saint Paul, Dakota County, and Ramsey County were invited to participate in the Priority 2 Government and 3M Work Group because: (1) they also have experienced natural resource injuries or recreational service losses from PFAS released by 3M, and (2) are located in the East Metropolitan Area and downstream locations of the Mississippi and St. Croix Rivers.

Communities may opt out of participating in the work groups and still be eligible to apply for a project grant. The Priority 2 Government and 3M Work Group is composed of one representative each from the MPCA, DNR, 3M, Washington County, Ramsey County and one representative from each of the following communities: the cities of Afton, Cottage Grove, Lake Elmo, Newport, Woodbury, Denmark township, and the Prairie Island Indian Community.

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>.

Resident Work Group

The Resident Work Group for Priority 2 is composed of MPCA, DNR, and 17 at-large community participants who live or work in the East Metropolitan Area. Priority 1 Citizen-Business work group members were invited to participate on the Priority 2 Resident Work Group.

The group's charter, meeting dates, and presentation materials are available on the 3M Settlement website — <https://3msettlement.state.mn.us/work-groups/priority-2-resident-work-group>.

Expenditures for Priority 1

Expenses related to implementation of the 3M Settlement: Original grant: \$700,000,000

This report covers the 3rd and 4th quarters of the fiscal year which is the period between January 1, 2023 – June 30, 2023.

Balance: January 1, 2023	\$675,085,401
Revenue: Interest earned	\$23,107,829
Subtotal:	\$698,193,230
<hr/>	
Expenditures: January 1, 2023 – June 30, 2023	(\$15,840,022)
(See list of expenditures below.)	
Balance: June 30, 2023	\$682,353,208

Expenditures: January 1, 2023 – June 30, 2023

Category	Amount
Capital	
Community grant funded projects	\$4,945,619
Private well treatment	\$340,057
Temporary treatment	\$4,498,651
Total Capital expenditures subtotal	\$9,784,327
O&M	
Community grant funded O&M	\$199,831
Private well O&M	\$488,664
Total O&M expenditures subtotal	\$688,495
Drinking Water Protection	
Project 1007 (includes consultant, AECOM)	\$2,704,134
Private well sampling	\$145,425
Total Drinking Water Protection expenditures subtotal	\$2,849,559
Contingency	
Request for funding	\$1,112,468
Temporary treatment O&M	\$631,408
Total Contingency expenditures subtotal	\$1,743,876
State Administration (staff and operational costs)	
State agencies	\$500,120
Consultants (Abt & WSP)	\$83,178
Total State Administration subtotal	\$583,298
Interest Spending²	
Expedited projects	\$190,467
Total Interest spending subtotal	\$190,467
Total Expenditures (as of June 30, 2023)	\$15,840,022
Balance (as of June 30, 2023)	\$682,353,208

²Interest earned was spent on community capacity grants to support community participation in the technical subgroup. Capacity grants ended in December 2022.

Expenditures for Priority 2

Expenses related to implementation of the 3M Settlement: Original grant: \$20,000,000

This report covers the period January 1, 2023 – June 30, 2023. Previous legislative reports combined Priority 1 and 2 revenue and expenditures. This report includes the total revenue and expenditures for each priority, respectively.

Balance: January 1, 2023	\$20,879,153
Revenue: Interest earned	\$408,667
Subtotal:	\$21,287,820
Expenditures: January 1, 2023 – June 30, 2023 (See list of expenditures below)	(\$178,561)
Balance: June 30, 2023	\$21,109,259

<i>Category</i>	<i>Amount</i>
<i>MPCA/DNR staff and operational costs</i>	
MPCA/DNR staff/technical support	\$178,561
<i>Total Expenditures (as of June 30, 2023)</i>	<i>(\$178,561)</i>
Balance (as of June 30, 2023)	\$21,109,259

Annual expenditures summary for fiscal year 2023

Priority 1

Annual Summary

Balance: July 1, 2022	\$691,048,643
Revenue: Interest earned Priority 1	\$24,735,087
Expenditures from Priority 1 (listed below)	(\$33,430,522)
Balance: June 30, 2023	\$682,353,208

Annual Expenditures FY23:

<i>Category</i>	<i>Amount</i>
Capital	
Community grant funded projects	\$15,036,242
Private well treatment	\$664,018
O&M	
Community grant funded O&M	\$340,015
Private well O&M	\$936,991
Drinking Water Protection	
Project 1007	\$5,375,146
Private well sampling	\$350,520
Contingency	
Request for funding	\$7,640,411
Temporary treatment O&M	\$631,408
State Administration (staff and operational costs)	
State agencies	\$1,090,354
Consultants (Abt & WSP)	\$320,145
Interest Spending	
Capacity grants	\$29,801
Expedited projects	\$1,015,471
Total Expenditures (as of December 31, 2022)	\$33,430,522
Balance (as of June 30, 2023)	\$682,353,208

Annual expenditures summary for fiscal year 2023

Priority 2

Annual Summary

Balance: July 1, 2022	\$20,736,820
Revenue: Interest earned Priority 2	\$ 645,427
Expenditures from Priority 2 (listed below)	\$272,988
Balance: June 30, 2023	\$21,109,259

Expenditures: July 1, 2022 – June 30, 2023

<i>Category</i>	<i>Amount</i>
<i>MPCA/DNR staff and operational costs</i>	
MPCA/DNR staff/technical support	\$272,988
<i>Total Expenditures (as of June 30, 2023)</i>	<i>(\$272,988)</i>
Balance (as of June 30, 2023)	\$21,109,259

FY2024: Co-Trustee spending plan

The spending plan includes MPCA and DNR direct staff and contractual expenses to manage and implement the 3M Settlement, including projects identified in the final plan. The plan project costs include implementation of capital planning and design work, other drinking water infrastructure improvement work (such as expedited and request for funding projects), O&M for long-term treatment systems, and reimbursements to homeowners for individual connections to a municipal system, whole house treatment system removal, and private well sealing.

Estimated costs for FY2024:

Category	Amount
Capital	
Community grant funded projects	\$53,050,000
Private well treatment	\$664,000
O&M	
Community grant funded O&M	\$340,000
Private well O&M	\$1,526,000
Drinking Water Protection	
Project 1007	\$2,500,000
East Metro well sampling	\$860,000
Contingency	
Request for funding	\$7,640,400
Temporary treatment O&M	\$7,440,000
State Administration – staff and operational costs (Priority 1 and Priority 2)	
State agencies	\$1,400,000
Consultants (Abt & WSP)	\$588,000
Interest Spending	
Expedited projects	\$207,400
Total estimated costs for FY24	\$76,215,800