

**CITY OF LAKE ELMO  
COUNTY OF  
WASHINGTON STATE  
OF MINNESOTA**

**RESOLUTION NO. 2020-098**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELMO PROVIDING  
PUBLIC COMMENT ON THE STATE OF MINNESOTA'S PROPOSED CONCEPTUAL  
DRINKING WATER SUPPLY PLAN FOR THE EAST METRO**

**WHEREAS**, on February 18, 2018, the State of Minnesota settled a lawsuit against 3M Company in return for a settlement of \$850 million and,

**WHEREAS**,; after legal and other expenses are paid, approximately \$720 million remained to meet the priorities of the settlement including providing clean drinking water in sufficient supply to residents and businesses in the east metro to meet their current and future water needs and,

**WHEREAS**, the State of Minnesota's 2018 settlement with 3M established a grant for the "3M Water Quality and Sustainability" appropriation in the Remediation Fund; and,

**WHEREAS**, under Priority 1 of this settlement agreement, the Minnesota Pollution Control Agency (MPCA) and the Minnesota Department of Natural Resources (DNR) will use the grant to enhance the quality, quantity and sustainability of drinking water in the East Metro to ensure clean drinking water in sufficient supply to residents and businesses in the east metro to meet their current and future water needs; and,

**WHEREAS**, the MPCA and DNR as the "Co-Trustee" of these funds established three working groups in 2018 and have been holding public meetings toward the development of a Conceptual Drinking Water Supply Plan (CDWSP); and,

**WHEREAS**, on September 10, 2020 the Co-Trustees released their \$700 million drinking water protection plan for the Twin Cities East Metropolitan Area; and,

**WHEREAS**, the draft CDWSP includes three options to provide safe and sustainable drinking water for more than 174,000 Minnesotans impacted by PFAS contamination from 3M; and

**WHEREAS**, the Co-Trustees identified their preferred option as option 1 which provides construction, operating and maintenance costs for approximately 40 years and private wells for more than 100 years using granular activated carbon (GAC) filters. It requires drinking water to be treated for PFAS at a health index value of .5 or greater. The preferred option also includes the largest allocation (\$38 million) for future contingency planning; and

**WHEREAS**, under both options 1 and 2, Lake Elmo would be supplied with drinking water from Woodbury and under option 3 Lake Elmo would be connected to St. Paul Regional Water; and

**WHEREAS**, the public comment period on the draft CDWSP has been extended until December 10, 2020;

**NOW THEREFORE, BE IT RESOLVED** by the City Council of Lake Elmo, Minnesota that it provides the following comments on the draft CDWSP:

1. The City of Lake Elmo does not support the final CDWSP as it relates to the Lake Elmo water system. At the end of this process, a long-term safe and sustainable drinking water supply source has not been determined for the City with any firm confidence. The lack of a defined safe and sustainable drinking water supply source keeps Lake Elmo in a state of uncertainty, which is impairing the City's ability to manage growth while building a viable, sustainable and efficient water supply system.
  - a. The Woodbury interconnect has been presented to the City with the latest revision (11th hour). There was no previous analysis for this option throughout the plan development. It is being described as a "place holder" with little to no details for the city to review. This alternative remains incomplete, with incomplete cost information.
  - b. How does a "placeholder" of interconnecting to Woodbury allow the Lake Elmo staff and residents the opportunity to comment on what the actual solution will be prior to it being adopted by the Co-trustees?
  - c. The Woodbury interconnect plan does not provide for or define a complete solution. There are no details regarding physical connections, redundancy plan, or distribution system changes and impacts to ensure a fully integrated and efficient water distribution system. A distribution system analysis needs to be completed by the City's consultant, to fully understand additional distribution system impacts and improvements that may be required, and the associated additional costs for these improvements
  - d. Cost estimates are not fully developed, cost estimate assumptions appear flawed, and overall the costs appear inadequate for the proposed solution: 1) no funds have been included for costs to purchase water from Woodbury; 2) no costs have been included for booster stations that may be needed to implement this option; and 3) additional distribution system improvements and the associated costs are yet to be determined. To the extent that any current city infrastructure is rendered obsolete (i.e. \$1.4 million booster station built in 2014) and is no longer used, the City should receive full compensation for the damages to the lost investment.
  - e. Woodbury comments submitted to the State in October, 2020 indicate that they are not prepared to provide an interconnect with Lake Elmo until they are assured that they will be provided adequate appropriations for the proposed Lake Elmo Interconnect. The City of Woodbury is requesting approval of all required appropriations to supply Lake Elmo by interconnect before they will allow the construction of the interconnect. The delay this assurance may cause does not align with Lake Elmo's need to manage current growth and development.
  - f. Both Lake Elmo and Woodbury will require a clear analysis and assessment of specific water rate impacts and administrative burdens, for each community to be assured that their respective water customers are not subsidizing the other community, now, or at any time in the future. This is a very difficult analysis when Lake Elmo will still be owning and maintaining a city-wide water system and will only need to purchase a "partial"

water supply. Who will have the ability to determine the water rates being charged to Lake Elmo initially and into the future? How is Lake Elmo assured they will always be treated fairly?

- g. The timing of the proposed interconnect solution is unclear. Improvements take years to plan and implement, and the city is obligated to grow its water system to meet today's growth.
2. The "placeholder" plan should include an independent water supply for the City Lake Elmo. The city may need alternate sources of water to avoid adverse effects on White Bear Lake. If Lake Elmo will not be allowed to follow the city's adopted water supply plan and place wells in the northern portion of the city, outside of the impacts of PFAS and TCE, the "placeholder" plan should include an independent water supply for the city. Under these circumstances, the City of Lake Elmo supports a plan that includes the abandonment of Well No. 4 (inside of the 5-mile White Bear Lake radius) and the construction of three new 1,500 gpm water supply wells outside of the 5-mile radius of White Bear Lake, together with raw water mains to a centralized 4,500 GPM GAC water treatment facility for the three new wells.
3. The City of Lake Elmo supports the State's plan and commitment to preserve groundwater as the continued source of drinking water in Lake Elmo.
4. The City of Lake Elmo supports Option 1, in regards to the treatment of wells with an HI > 0.5; and does not support treatment of wells with thresholds below HI < 0.5; as funding is proving to be insufficient for all needs.
5. The City of Lake Elmo supports an emphasis on the funding of the first priority goals while maintaining a minimum funded period of 40 years for O&M costs for new treatment infrastructure on public water systems, prior to releasing or committing to funding for secondary goals. Lake Elmo also believes that O&M costs should be included for public water distribution infrastructure such as booster stations and pressure reduction valves (items with mechanical and electrical components similar to treatment plants).
6. The City of Lake Elmo supports funding to be set aside to cover O&M costs for private well treatment for a period of 100 years.
7. The City of Lake Elmo supports the funding of drinking water protection projects to be used for the remediation of groundwater not related to the actual 3M disposal sites, to help reduce future treatment needs and improve overall source water quality. In particular, the City supports potential remediation projects related to the removal of PFAS from sediments and surface waters in Project 1007 (targeted sediment removal; treating contaminated surface water). Lake Elmo believes that the funding set aside amount should be established in the same manner as the community drinking water systems, by defining specific projects and developing costs estimates for each project.
8. The City of Lake Elmo supports the funding set aside for sustainability and conservation, but only for those specific projects that can be clearly identified and defined and their impacts to the long-term quantity and quality of drinking water is known. Lake Elmo is concerned that the proposed \$60 million set aside is too much and may not be supported by a defined need. The funding set aside amount should be established in the same manner as the community drinking water systems, by defining specific projects and developing costs estimates for each project.
9. The City of Lake Elmo is requesting compensation in full for recent water distribution system

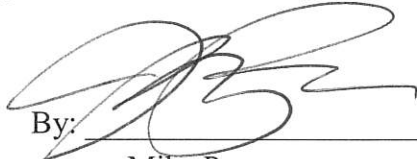
infrastructure (less project costs paid by 3M) that the City was required to construct, starting in 2006, in response to the PFAS contamination in the City. In order to respond with safe drinking water, the city was required to expand the municipal water system outside of its Municipal Urban Service Area (MUSA) boundaries. By not providing compensation to Lake Elmo for early response actions to PFAS contamination, Lake Elmo is not being treated equitably to the other 13 communities.

10. The City of Lake Elmo should receive full funding to abandon Well No. 3 that has been impacted by PFAS and remains an unused well.
11. The City of Lake Elmo is requesting to be treated fairly in the funding allocation of water storage. The percentage funding for the next City water tower should be based on the total number of water customers residing outside of the City MUSA areas, not just the number of connections from the City's expedited projects and future public watermain connections.
12. The City of Lake Elmo is requesting that the State fully fund a water distribution system review and analysis by the City's consultant, to fully understand additional distribution system impacts and improvements that may be required by an alternative water source. The City is requesting immediate access to the WaterCAD Hydraulic model created by Wood, in the spirit of reducing the duplication of these costs.
13. Neighborhood Connections. The City of Lake Elmo supports the continuation of connecting non-MUSA area neighborhoods to the municipal water system, consistent with the current expedited project implementation process. The city strongly supports connecting all neighborhoods located within the Special Well Construction Area. In addition to the current and recently awarded expedited projects, the City strongly supports the State's position to include the extension of municipal water in the CDWSP for the Homestead (14th Street N), Packard Park and Eden Park neighborhoods, and for the properties located along 20th Street Circle. However, the CDWSP stops short of providing for a complete solution for connecting neighborhoods.
  - a. The City of Lake Elmo is concerned that the costs estimates identified in the CDWSP remain insufficient to complete the scope of improvements that are identified in the plan for Lake Elmo. The city has a great deal of experience over the past 15 years implementing street and watermain extension projects throughout the city, mostly in response to PFAS contamination. We believe that the total project costs are being underestimated by at least 20-25%. Costs estimates should be reviewed and updated to reflect past experiences.
  - b. The City of Lake Elmo strongly supports that all neighborhoods located in the Special Well Construction Area should have the option of connecting to municipal water. Additional neighborhoods that should be included in the plan as fully funded municipal water connection projects include Sunfish Ponds (16 properties), the Forest (18 properties), properties along Stillwater Lane (10 properties), properties along Klondike Avenue (11 properties), and four properties located west of the Tapestry neighborhood. Strong consideration should also be given to including the Tartan Meadows neighborhood (39 properties) located directly south of the Homestead neighborhood, and 5 remotely located properties in the Old Village MUSA, just south of the UP Railroad (3407, 3409, 3411, 3413, and 3415 Lake Elmo Avenue).

- c. If neighborhood areas identified in the previous paragraph remain excluded from the CDWSP as areas to be connected to municipal water, the City requests the CDWSP be updated to comprehensively address how the State intends to fully fund private well owners that incur additional well ownership costs due to the existence of the Special Well Construction Area. Comparing the cost of GAC to municipal water connection fails to recognize the risk and increased cost of drilling a new/replacement well in the Special Well Construction Area. These property owners should not be incurring additional costs for their private wells when other large lot neighborhoods in neighboring communities are connected to municipal systems, or a community with no existing development is getting an entire water system (well, treatment, tower) funded. The co-trustees should strive for equity amongst communities while recognizing their different circumstances, and recognizing the damages incurred simply because properties are located within the SWCA.
  - d. The City of Lake Elmo requests that the co-trustees treat all communities consistently when considering if private wells can be used for irrigation after homes are connected to a municipal water system.
14. The City of Lake Elmo supports the funding set aside of \$41 million for potential additional neighborhood hookups that could be completed in the future, as additional well testing data becomes available. Preservation of adequate funding for connecting additional neighborhoods is very important to address future potential issues that may arise through additional testing and for homes within the flow path of the PFAS plumes.
15. The City of Lake Elmo supports the establishment of the \$38 million contingency fund to potentially address changes in the HBV/HRL, future plume movement, and cost over-runs.

**BE IT FURTHER RESOLVED** by the City Council of Lake Elmo, Minnesota that this resolution be forwarded to the Co-Trustees after adoption along with any additional detailed comments on the CDWSP identified by staff that are consistent with the themes above.

APPROVED by the Lake Elmo City Council on this 1<sup>st</sup> day of December, 2020.

By:   
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Mike Pearson  
Mayor

ATTEST:

  
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Julie Johnson  
City Clerk