



## *City Council Memorandum*

**To: Mayor Fasbender & City Councilmembers**  
**From: City Administrator Dan Wietecha**  
**Date: June 3, 2024**  
**Item: PFAS Update**

### **Council Action Requested:**

Informational memo, no action requested at this time.

### **Background Information**

Hastings has PFAS contamination all six of our municipal wells (specifically PFOA in all six wells and PFOS in two wells). The City has completed a Feasibility Study to consider alternatives to mitigate the PFAS. The study recommended construction of three decentralized water treatment plants for PFAS and Nitrates. The construction cost estimate is \$68.9M, and the City has been exploring and pursuing multiple opportunities to offset this “budget buster” expense.

### **Key Updates**

**State Capital Budget:** The City has submitted PFAS Treatment & Raw Water Lines for consideration in the State’s 2024 Capital Budget due to the budget-busting expense, the fact that the treatment is to remove contamination/pollution caused by others, and the suddenness of new regulations preventing financial planning. Sen. Seeberger and Rep. Hudella have indicated support and introduced SF 3161 and HF 3115.

The legislative session ended May 20 without passage of a bonding bill. We will need to weigh options either to proceed at ratepayers expense without state assistance or to delay the project in hopes of other funds coming through. In either case, we will continue to seek assistance (several examples are listed below) as well as renew our State Capital Budget Request for next session.

**Congressionally Directed Spending:** On April 26 and 29, we submitted requests of Senator Klobuchar, Senator Smith, and Representative Craig for \$10.3M (50%) of the first phase of the project. This amount is higher than typically funded.

Conversations with staff for Senator Klobuchar and Congresswoman Craig have been supportive. A decision on Congressionally Directed Spending (also known as Community Project Funding) could occur between summer and October.

**PPL/IUP:** In 2023, the City submitted the project for the State’s Drinking Water Revolving Fund Project Priority List (PPL). On May 1, 2024, we re-submitted to correct errors which will result in our ranking at or near the top of the list. Additionally, we will submit the first two phases of the project for the Intended Use Plan (IUP) in early June. Although the Drinking Water Revolving Fund is not our preferred funding source, it has the possibility of a \$3M Emerging Contaminants Grant for each phase.

**Water Rates:** As we begin budget planning for 2025 (including a workshop on June 3), we will need to discuss potential water rate increases, phasing, and timing.

**Financial Impact:**

Not applicable

**Committee Discussion:**

Not applicable

**Attachments:**

Not applicable