

# Information Item

Community Development Committee



Meeting date: October 20, 2025

## Topic

Small Communities Planning Program and 2050 Planning Assistance Grant Program  
Funding Considerations

|                                  |                                                   |
|----------------------------------|---------------------------------------------------|
| <b>District(s), Member(s):</b>   | All Districts and Met Council members             |
| <b>Policy/Legal Reference:</b>   | Minn. Stats. §§ 473.191 and 473.867               |
| <b>Staff Prepared/Presented:</b> | Angela R. Torres, Senior Manager, (651) 602-1566  |
| <b>Division/Department:</b>      | Local Planning Assistance / Community Development |

## Background

At the upcoming October 20, 2025, CDC meeting, Met Council staff will provide an update and summary of the [September 18, 2025](#), LUAC meeting discussion as they considered funding priorities for the 2050 Planning Assistance Grant Program and its impact on available funds for the Small Communities Planning Program engineering costs. The LUAC agenda materials are provided for the CDC review (Attachment 1). The LUAC discussion was in furtherance of the action that the CDC took at the [October 6, 2025, CDC meeting](#) recommending eligibility criteria for these two financial assistance programs for local comprehensive plans. The Met Council is scheduled to review and take action on the CDC recommendation at its October 22, 2025, meeting. Next week, Council staff will seek the CDC's direction on the following questions:

- Do you have a preferred 2050 Planning Assistance Grant funding scenario?
- Do you support the adjustments in the incentive grant award amounts?
- Are there questions you wish the LUAC to further consider?

At the September 18, 2025, Land Use Advisory Committee (LUAC) meeting, the LUAC explored two additional factors to the 2050 Planning Assistance Grant Program and the Small Communities Planning Program that are important to implementation. They include:

- Planning Grant Program options that advance regional goals and incentivize early plan completion
- Small Communities Planning Program options for engineering services (prioritization)

Council staff provided an update to the CDC at its [August 4, 2025, meeting](#) where the CDC members broadly supported the work of the LUAC and the approach to the incentive grant programs. One member voiced concern about communities that are not eligible for these incentive grants. The CDC members voiced strong support for the Small Communities Planning Program and recognized that engineering costs are one of the costliest parts of comprehensive planning.

## Update on Program Budget

Additional budget discussions for these two programs have evolved since the last time staff provided an update to the CDC in August. Council staff have worked with internal finance partners to build an overall program budget of \$5.64 million. This total budget is intended to cover the costs for the 2050 Planning Assistance Grant Program, the two incentive grants that are a part of that

Program, and the Small Communities Planning Program engineering services costs. The intention is to expend as close to the allocated budget as possible. This is the amount available for disbursement and excludes a reserve amount to maintain the Planning Assistance Fund for the next decennial cycle.

Table 1 below outlines the overall budget for all the grants, planning programs, and incentives planned for this decennial cycle by each Scenario under review.

*Table 1: Overall Program Budget*

| Programs                   | Overall Budget<br>Scenario A | Overall Budget<br>Scenario B | Overall Budget<br>Scenario C |
|----------------------------|------------------------------|------------------------------|------------------------------|
| Planning Assistance Grants | \$2,252,000                  | \$3,024,000                  | \$2,830,000                  |
| Incentive Grants           | \$938,000                    | \$938,000                    | \$938,000                    |
| Small Communities Program  | \$2,146,000                  | \$1,609,500                  | \$1,798,000                  |
| Wastewater Plan            | \$982,000                    | \$982,000                    | \$982,000                    |
| Water Supply Plan          | \$294,000                    | \$294,000                    | \$294,000                    |
| Surface Water Mgmt Plan    | \$870,000                    | \$333,500                    | \$522,000                    |
|                            | \$5,336,000                  | \$5,571,500                  | \$5,566,000                  |
| Remaining Funds            | \$304,000                    | \$68,500                     | \$74,000                     |

The total budget above addresses a calculation error in the Remaining Funds row which inadvertently excluded \$40,000 (using \$5.6M rather than \$5.64M). Based on the LUAC's conversation and indications of program priorities, the additional funds will be allocated towards the Small Communities Planning Program engineering costs. That will result in a revision from \$18,000 for surface water management planning to \$20,500 for each of the 29 eligible participants. This would expend all but \$1,500 of the overall program budget. The tables in this memo reflect the LUAC's discussion and have not been updated. That change will be made for the next LUAC conversation if the CDC agrees with this approach.

### Update on Incentive Grants

At the August 4, 2025, CDC meeting, members voiced strong support for both approaches to incentive grants for advancing regional goals and early plan completion. Since the last update, staff determined that the incentive grant awards must be fully funded and cannot be partially funded based on anticipated participation. This is a change to the previous proposal, and this requirement aligns with the revised budget. Additional dollars were secured to meet this need. The incentive program estimate is based on a maximum of \$14,000 per eligible participant, for a total of \$938,000 built into the overall budget.

The recommendation for a \$14,000 maximum additional incentive for each community to increase their award amounts remains, but after further consideration, staff suggest that the incentive program award amounts shift slightly. Due to the level of effort that integrated equity planning requires, different engagement approaches necessary to intentionally center diverse community voices, and innovative, community-specific planning approaches necessary for this work, staff recommend that the regional goal incentive award be increased to \$10,000 per community. Early plan submission incentive awards are recommended to be revised to \$4,000 per community. The previous discussion indicated an even split between the two incentives. These amounts better reflect the effort needed to meet the goals of each incentive grant while providing a higher level of assistance where it is likely to be needed most.

### LUAC Discussion

The LUAC reviewed three potential funding scenarios for grant awards and two potential options to consider how funds might be distributed based on these approaches and available funding. Staff requested direction on funding priorities from the LUAC. The sections below summarize their discussion and anticipated direction for their November 20, 2025, meeting.



## Funding Scenarios Discussion

The LUAC discussed the three funding Scenarios as outlined in the LUAC materials (Attachment 1). Table 1 below identifies the number of communities by award amount for each Scenario (A, B, and C). Their discussion primarily focused on Scenarios B and C, considering Scenario A to be a baseline rather than an option for consideration. The LUAC members primarily favored Scenario C, indicating that the minor reduction to the individual planning grants to support other programs was far outweighed by the impact of additional assistance for small communities. Consensus favored Scenario C.

In discussion, Members Worthington and Doolan shared the following rationale with general agreement from the other Members. The need and lack of capacity in small communities warrant more assistance within the Small Communities Planning Program. Smaller communities lack engineering resources in-house, generally, and also lack capital funds to make necessary improvements. Assistance for those communities would be more impactful, in terms of public health for instance, preventing disinvestment in wastewater and water supply facilities in these communities.

Additionally, the difference between Scenarios B and C from Scenario A (baseline) is a 34% increase and a 25% increase, respectively, for those receiving planning grants over what was provided in the previous planning cycle. The difference between the two scenarios is not that material for planning grant recipients for the value it could possibly give to the small communities.

Table 2: 2050 Planning Assistance Grant Program Funding Scenarios

| # of Eligible Participants* | Community type    | Scenario A       |             | Scenario B         |             | Scenario C            |             |
|-----------------------------|-------------------|------------------|-------------|--------------------|-------------|-----------------------|-------------|
|                             |                   | 2040 Plan Levels | Total       | Inflation-Adjusted | Total       | Adjusted for Programs | Total       |
| 60                          | Sewered           | \$32,000         | \$1,920,000 | \$43,000           | \$2,580,000 | \$40,000              | \$2,400,000 |
| 4                           | Unsewered         | \$20,000         | \$80,000    | \$27,000           | \$108,000   | \$25,000              | \$100,000   |
| 3                           | County/Consortium | \$84,000         | \$252,000   | \$112,000          | \$336,000   | \$110,000             | \$330,000   |
| 67                          |                   |                  | \$2,252,000 |                    | \$3,024,000 |                       | \$2,830,000 |

\*Based on eligibility criteria recommended by the CDC on 10/6/2025

## Funding Priorities Discussion

The LUAC discussed options for funding the engineering services for the Small Communities Planning Program as outlined in the LUAC materials (attached). The engineering options will impact which Planning Assistance Grant Scenario that is ultimately selected. If funds are diverted from the grant program, they would be reallocated for the Small Communities Planning Program.

With 29 eligible communities, a high-level need estimate for each plan type is outlined in Table 2 below. These numbers have been updated from the LUAC materials slightly to account for refinement in the costs for a few communities.

Table 3. Engineering services cost estimate (updated)

| Plans                                 | Type of Community                 | No. of Communities | Estimated Plan Cost | Cost Estimate      |
|---------------------------------------|-----------------------------------|--------------------|---------------------|--------------------|
| <b>Wastewater Plans</b>               |                                   |                    |                     | <b>\$982,000</b>   |
|                                       | Regional or Municipal Sewer       | 15                 | \$58,000            | \$870,000          |
|                                       | Unsewered (SSTS)                  | 14                 | \$8,000             | \$112,000          |
| <b>Water Supply Plans</b>             |                                   |                    |                     | <b>\$294,000</b>   |
|                                       | Public water supply               | 13                 | \$18,000            | \$234,000          |
|                                       | Public water supply from neighbor | 6                  | \$5,000             | \$30,000           |
|                                       | Private wells                     | 10                 | \$3,000             | \$30,000           |
| <b>Surface Water Management Plans</b> |                                   |                    |                     | <b>\$870,000</b>   |
|                                       |                                   |                    | <b>TOTAL</b>        | <b>\$2,146,000</b> |

The services needed for each community are unique to the type of wastewater and water supply services that exist and the local surface water conditions. Engineering services will be tailored to the distinct conditions of each community, based on some key variables. Wastewater planning considers how services are provided: through the regional wastewater system or a local municipal system; via

individual septic systems; or some combination of these systems. Water supply planning considers where water supply is obtained: public water supply through various means, or through privately owned wells. Surface water depends on the level of assistance from the local watershed district or water management organization as well as impaired waters and the level of planning needed to protect them.

Table 4 below identifies the range of costs by community type and budget scenario for all 29 eligible communities. This identifies the possible budget allocation for each local government based on what type of services are provided. The table below shows how many communities fall into each type and the estimated costs to accomplish water planning for those communities. This illustrates how even though the communities are small, there are different engineering needs. This information was the baseline for the LUAC's discussion.

*Table 4: Range of Engineering Cost Estimates by Community Type and Budget Scenario*

| Type of Community Services                    | # of comms | Wastewater+<br>Water Supply<br>Estimates | Scenario B                                 |                         | Scenario C                                 |                         |
|-----------------------------------------------|------------|------------------------------------------|--------------------------------------------|-------------------------|--------------------------------------------|-------------------------|
|                                               |            |                                          | Addl \$11,500<br>for Surface<br>Water Mgmt | Estimated<br>Total Cost | Addl \$18,000<br>for Surface<br>Water Mgmt | Estimated<br>Total Cost |
| Sewered + Public (municipal) water supply     | 10         | \$76,000                                 | \$87,500                                   | \$875,000               | \$94,000                                   | \$940,000               |
| Sewered + Public water supply from neighbor   | 3          | \$63,000                                 | \$74,500                                   | \$223,500               | \$81,000                                   | \$243,000               |
| Sewered + Private water supply (wells)        | 2          | \$61,000                                 | \$72,500                                   | \$145,000               | \$79,000                                   | \$158,000               |
| Unsewered +Public (municipal) water supply    | 3          | \$26,000                                 | \$37,500                                   | \$112,500               | \$44,000                                   | \$132,000               |
| Unsewered + Public water supply from neighbor | 3          | \$13,000                                 | \$24,500                                   | \$73,500                | \$31,000                                   | \$93,000                |
| Unsewered + Private water supply (wells)      | 8          | \$11,000                                 | \$22,500                                   | \$180,000               | \$29,000                                   | \$232,000               |
| 29                                            |            |                                          | \$1,609,500                                |                         | \$1,798,000                                |                         |

The initial cost-sharing approach suggested the local government retain full financial responsibility for completing the surface water management plan updates. This was proposed because of budgetary constraints and differences in surface water planning processes. While some additional funds were provided in the final budget for these services, the final budget still does not allow for full funding of all anticipated engineering costs.

The LUAC, after discussion and indicating a preference for Scenario C, had a general consensus around providing a not-to-exceed (NTE) engineering allocation for program participants. Scenario C reduces the inflation-adjusted baseline planning grant awards to provide additional funds toward engineering costs for each community. Participants' estimated budgetary allocation is based on need and expected planning effort, considering their community type for wastewater (sewered/unsewered) and water supply (public/private) planning. The NTE allocation approach provides the option for local governments to choose which engineering services (wastewater, water supply, and surface water management) they wish to prioritize out of that allocation.

Any additional engineering costs would be required to be the responsibility of the local government. This maintains the budget intent while allowing the flexibility for the local government to make decisions based on their local planning priorities.

### Next Steps

On November 20, 2025, the LUAC is tentatively scheduled to make a formal recommendation to the Community Development Committee for both the Small Communities Planning Program and the 2050 Planning Assistance Grants Programs on the following:

- Preferred funding Scenario
- Planning Grant Program options that advance regional goals and incentivize early plan completion
- Small Communities Planning Program option for engineering services (prioritization)

### Attachments

Attachment 1: LUAC Materials from September 18, 2025

# Information Item

Land Use Advisory Committee



**Meeting Date:** September 18, 2025

## Topic

Small Communities Planning Program and 2050 Planning Assistance Grant Program Funding Considerations

|                                  |                                                                                                         |
|----------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>District(s), Member(s):</b>   | All Districts and Met Council members                                                                   |
| <b>Policy/Legal Reference:</b>   | Minn. Stats. §§ 473.191 and 473.867                                                                     |
| <b>Staff Prepared/Presented:</b> | Angela R. Torres, Senior Manager, (651) 602-1566<br>Merritt Clapp-Smith, Senior Planner, (651) 602-1567 |
| <b>Division/Department:</b>      | Local Planning Assistance / Community Development                                                       |

## Background

At the [July 17, 2025](#), Land Use Advisory Committee (LUAC) meeting, due to limited time, the discussion on some items related to the Small Communities Planning Program and the 2050 Planning Assistance Grant Program were held over for discussion at the September 18, 2025, meeting. Those items include:

- programs that advance regional goals and incentivize early plan completion
- Small Communities Planning Program engineering services options

The Committee indicated support for maintaining the three award categories of Sewered, Unsewered, and County/Consortium. Staff have used that direction to present this information item to the Committee.

Following the July LUAC meeting, Met Council staff provided an update and summary of the LUAC meeting discussion items to the Community Development Committee (CDC). The CDC members broadly supported the work of the LUAC, the eligibility criteria development process, and the approach to the incentive grant programs. One member voiced concern about communities that are not eligible for these programs. However, the majority of CDC members voiced strong support for the Small Communities Planning Program, recognizing that engineering costs are one of the most costly parts of comprehensive planning.

At the September 18, 2025, LUAC meeting, Met Council staff will seek feedback from Committee members on funding considerations for the two planning assistance programs under review. As part of that discussion, the Committee will consider two potential incentive programs for local governments to not only increase local funding availability, but to help advance regional goals and contribute to an efficient review process. Additionally, Committee members will consider how participants in the Small Communities Planning Program might contribute to their local planning costs.

The Committee will review three potential funding scenarios for grant awards and review two potential options to consider how funds might be distributed based on these approaches and available funding. Staff seek confirmation of funding priorities from the Committee.

## Funding Considerations

### Planning Assistance Grants

Minnesota Statutes section 473.867, subd. 2, authorizes the Met Council to establish a Planning Assistance Fund to provide grants and loans to local units of government. The primary purpose is for reviewing and amending local comprehensive plans, fiscal devices, and official controls, as required by the Metropolitan Land Planning Act. Planning grants, along with the Met Council's suite of technical assistance programs like the Sector Representative program and the updated Local Planning Handbook, facilitate the local planning process to ensure that the region continues to coordinate planning across all jurisdictions focusing on the local governments most in need.

The Met Council has provided grant funding to designated eligible communities in previous decennial review rounds to update local comprehensive plans. The Committee has considered these criteria extensively throughout 2025.

Planning assistance grants have historically been non-competitive grants that eligible communities may (but are not required to) apply for when funding becomes available following System Statement issuance and conclusion of the dispute period. Distribution of funds has typically been in two parts. The first half-payment is made after the executed grant contract is complete to help initiate the planning process. The second half-payment is made after the comprehensive plan has been authorized by the Met Council, the Plan has been locally adopted, and all reporting requirements are met to close out the grant contract. Plans from grant recipients must meet minimum planning requirements identified by the Met Council, must be consistent with regional policy plans, conform to regional system plans, and be compatible with plans of adjacent and affected jurisdictions to receive the second half-payment.

### Small Communities Planning Program

Minnesota Statutes section 473.191, subd. 1, authorizes the Metropolitan Council to enter into contracts or make other arrangements with local government units to provide services or assist with comprehensive planning. The Small Communities Planning Program provides the smallest communities with the most demonstrated need in the region, with the highest level of technical assistance in order to ensure completion of decennial planning requirements.

The Met Council has developed the Small Communities Planning Program to substantially increase the level of technical assistance being offered to this subset of the smallest communities. As a new program, costs have been scoped, specifically for engineering services, but there are some variables for discussion like local cost-share options. Planning assistance programs are not intended to cover the full scope of costs for the local planning requirements, and this remains the responsibility of the local governments to invest in their local plan development and meet statutory planning requirements.

### Water Planning Engineering Service Needs

The engineering costs for comprehensive plans are often a significant portion of total planning costs. The costs are usually expended to hire a consultant and have, at times, not met local needs or exceeded initial cost estimates beyond budgeted costs. The intention of the Small Communities Planning Program is to provide the needed staff capacity to complete minimum planning requirements, to provide more cost-effective services, and support efficient planning processes for the smallest communities in the region. Yet, the engineering service needs of eligible Program communities vary. The services needed for each community are unique to the type of wastewater and water supply services that exist and the local surface water conditions. Engineering services will be tailored to the distinct conditions of each community, based on some key variables.

### Wastewater System Plan

Community wastewater services may be provided by the regional wastewater system or a local municipal system; individual septic systems; or some combination of these systems. The Wastewater System Plan element of a local comprehensive plan update must address planning and engineering unique to each system. The engineering services for an unsewered community



will be comparatively simple, while the services for a community with a regional or municipal system will be significant.

There are 16 communities that have regional sewer services or provide local sewer services for their community. Engineering costs for these types of communities are estimated to be about \$58,000. There are 13 unsewered communities which use subsurface treatment systems (SSTS) throughout their community. Engineering costs for these communities are estimated to be about \$8,000. The total cost for wastewater engineering services is estimated to be about \$1,032,000.

### **Water Supply Plan**

Community water supply may be provided by a public water supply or through privately owned wells. Public water supplies can be a regional/non-municipal service; an independent municipal community system; a municipal community system sourced from a neighbor; or a neighbor-provided municipal system and water source. The Water Supply Plan element of a local comprehensive plan update must address planning and engineering unique to each system. The engineering services for a rural community with private wells will be simple, while the services for a community with a regional or municipal system will be significant.

There are 15 communities that have some kind of public water supply system. Engineering costs for these types of communities are estimated to be about \$18,000. There are 14 communities which use private wells throughout their community. Engineering costs for these communities are estimated to be about \$3,000. The total cost for water supply engineering services is estimated to be \$312,000. This cost estimate does not include additional modeling, which might be helpful to the community's planning efforts but is not required to meet minimum planning requirements.

### **Surface Water Management**

The type, quality and quantity of water bodies in communities varies widely. Some communities have hardly any water bodies, while others have multiple wetlands, lakes, streams or rivers, which may or may not be impaired (polluted). There are two primary factors that influence the level of engineering services needed to create a local Surface Water Management Plan for a community:

- The local watershed district and its capacity to conduct water management engineering and planning that can be shared with communities in its geography.
- The presence of impaired waters in the community and the level of water management planning needed to help protect them.

Some watershed districts or watershed management organizations provide a level of planning/engineering that meets local comprehensive plan requirements. Communities are sometimes able to adopt those plans by reference. However, these plans must be summarized and included in the local comprehensive plans.

Another consideration is that local surface water management plans are on a different timeline than local comprehensive plans. They are due in 2027, instead of 2028.

With 29 eligible communities, a high-level estimate for each local surface water management plan is estimated to be about \$30,000. The estimated engineering costs are shown in Table 1 below.



Table 1. Engineering services cost estimate

| Plans                                 | Type of Community           | No. of Communities | Estimated Plan Cost | Cost Estimate      |
|---------------------------------------|-----------------------------|--------------------|---------------------|--------------------|
| <b>Wastewater Plans</b>               |                             |                    |                     | <b>\$1,032,000</b> |
|                                       | Regional or Municipal Sewer | 16                 | \$58,000            | \$928,000          |
|                                       | Unsewered (SSTS)            | 13                 | \$8,000             | \$104,000          |
| <b>Water Supply Plans</b>             |                             |                    |                     | <b>\$312,000</b>   |
|                                       | Public water supply         | 15                 | \$18,000            | \$270,000          |
|                                       | Private wells               | 14                 | \$3,000             | \$42,000           |
| <b>Surface Water Management Plans</b> |                             |                    |                     | <b>\$870,000</b>   |
| <b>TOTAL</b>                          |                             |                    |                     | <b>\$2,214,000</b> |

## Program Budget

Additional budget discussions for these two programs have evolved since the LUAC meeting in July. The overall budget has been established at \$5.64 million. This is intended to cover the costs for the 2050 Planning Assistance Grant Program, the two incentive grants that are a part of that program, and a portion of the Small Communities Planning Program engineering services cost-share with local governments. The intention is to expend as close to the allocated budget as possible. This is the amount available for disbursement and excludes a reserve amount to maintain the Fund for the next decennial cycle.

## Funding Scenarios

Staff seek direction on funding priorities for the 2050 Planning Assistance Grant Program. Based on the recommended criteria established by the Committee, staff have considered three funding scenarios for discussion. These scenarios continue use of three community types for award amounts (sewered, unsewered, and County/Consortium) as supported by the Committee. Table 1 below identifies the number of communities by award amount for each scenario (A, B, and C).

Scenario A reflects the same funding amounts from the 2040 planning cycle as a baseline as applied to the communities that meet eligibility criteria supported for the 2050 planning cycle. Scenario B uses an inflation-adjusted approach to the baseline funding amounts using the U.S. Bureau of Labor Statistics Inflation Calculator. The 2040 award amounts are adjusted for 133.34% cost of inflation since June 2016 (rounded to the nearest \$1,000). Scenario C applies a minor reduction to each inflation-adjusted award amount to support the Small Communities Planning Program engineering budget, reserving up to \$194,000 for that effort.

Table 2: 2050 Planning Assistance Grant Program Funding Scenarios

| # of Eligible Participants*<br>Community type | Scenario A       |              | Scenario B         |              | Scenario C            |              |
|-----------------------------------------------|------------------|--------------|--------------------|--------------|-----------------------|--------------|
|                                               | 2040 Plan Levels | Total        | Inflation-Adjusted | Total        | Adjusted for Programs | Total        |
| 60 Sewered                                    | \$ 32,000        | \$ 1,920,000 | \$ 43,000          | \$ 2,580,000 | \$ 40,000             | \$ 2,400,000 |
| 4 Unsewered                                   | \$ 20,000        | \$ 80,000    | \$ 27,000          | \$ 108,000   | \$ 25,000             | \$ 100,000   |
| 3 County/Consortium                           | \$ 84,000        | \$ 252,000   | \$ 112,000         | \$ 336,000   | \$ 110,000            | \$ 330,000   |
| 67                                            |                  | \$ 2,252,000 |                    | \$ 3,024,000 |                       | \$ 2,830,000 |

\*Based on recommended criteria from 9/18/25 (LUAC) using 2024 Population Estimates and 2024 ANTC per capita

The following sections will discuss incentives and engineering options that will impact which scenario is ultimately selected.

## Incentive Grants

The Planning Assistance Grant Program provides the opportunity to incentivize communities to further support regional goals at the local level and to encourage early plan submittal which helps build in plan review efficiencies. At the July 17, 2025, LUAC meeting, Committee

members voiced strong support for both approaches to incentives using grant dollars. The CDC was also supportive of these approaches when updated on LUAC's progress on August 4, 2025.

Since the July LUAC meeting, staff have determined that the incentive grant awards must be fully funded and cannot be partially funded based on anticipated participation. This is a change to the previous proposal, and this expectation aligns with the revised budget with additional dollars secured to meet this need.

The recommendation for a \$14,000 maximum additional incentive for each community to increase their award amounts remains, but after further consideration, staff suggest that the incentive program award amounts shift slightly. Due to the amount of effort that integrated equity planning requires, different engagement approaches that are necessary to intentionally center diverse community voices, and innovative, community-specific planning approaches that would need to be developed, staff recommend that the regional goal incentive award be increased to \$10,000 per community and the early plan submission be revised to \$4,000 per community. These amounts better reflect the effort needed to meet the goals of each incentive grant while providing a higher level of assistance where it will likely be needed most.

### **Funding Considerations for Small Communities Planning Program Engineering Services**

Funding considerations primarily focus only on the need to meet minimum planning requirements, to conform with regional system plans, and be consistent with regional policy plans. Additionally, none of the financial support programs for comprehensive planning are intended to pay the full cost of statutory planning requirements for local governments. Financial assistance has always been meant to supplement, not replace, the local government's responsibilities.

All engineering services for the Small Communities Planning Program will be provided through the Met Council via contracted services. Funds will not be directly provided to local governments. This allows for cost savings and efficiencies within the Met Council and reduces the time and coordination needed by limited local government staff throughout the planning process.

The initial cost-sharing approach suggested a reasonable proposal would be for the local government to retain full financial responsibility for completing the surface water management plan updates. This was proposed because of budgetary constraints. It is not feasible to include the full costs for surface water management plan engineering services (estimated at \$30,000 each) in the engineering budget; this would add approximately \$870,000.

However, it might be possible to structure the engineering services differently.

1. The Program could fund engineering costs for the wastewater and water supply plans as initially proposed. Additionally, Program could then provide supportive services to each participating community to assist in the incorporation of their completed local surface water management plans into their comprehensive plans. This provides support for the surface water management plans but relies on the local government to facilitate its development.
2. Alternatively, a community could be allocated a not-to-exceed (NTE) engineering allocation. This would need to be based on their community type for wastewater (sewered/unsewered) and water supply (public/private) planning which accounts for the level of effort each community would have to undertake. This would open an option for the local government to choose which engineering services (wastewater, water supply, or surface water management) they wish to prioritize out of that engineering allocation. Any additional engineering costs would be required to be the responsibility of the local government. This maintains the budget intent while allowing the flexibility for the local government to make decisions based on their local planning priorities.
  - a. This could be implemented using Scenario B from Table 2, which fully funds the inflation-adjusted baseline planning grant awards. The revised overall budget provides



for this level of support at an estimated \$11,500 for each participating community.

- b. This could be implemented using Scenario C from Table 2, which reduces the inflation-adjusted baseline planning grant awards by \$194,000 to provide an additional \$18,000 for each participating community.

Guidance from the Committee is needed as it relates to the level of support the Committee wants to direct towards the Small Communities Planning Program engineering costs.

### **Questions**

- Do you have a preferred 2050 Planning Assistance Grant funding scenario?
- How would you recommend distributing funding for engineering services as part of the Small Communities Planning Program?
- Outside of additional funding, are there other suggestions related to local engineering costs as part of the Small Communities Program?

### **Next Steps**

On November 20, 2025, the Committee is tentatively scheduled to make a formal recommendation to the Community Development Committee for both the Small Communities Planning Program and the 2050 Planning Assistance Grants Programs on the following:

- programs that advance regional goals and incentivize early plan completion
- Small Communities Planning Program engineering services options





# Small Communities Planning Program and 2050 Planning Assistance Grant Program: Funding Considerations

Land Use Advisory Committee

Angela R. Torres, Senior Manager, Local Planning Assistance

September 18, 2025



# Today's Agenda

## Small Communities Planning Program and the 2050 Planning Assistance Grant Program

Funding Considerations

Water Planning Engineering Service Needs

Program Budget and Funding Scenarios

Discussion and Next Steps

# Funding Background

## Planning Assistance Grants

- Minnesota Statutes section 473.867, subd. 2: Establish a Planning Assistance Fund to provide grants/loans to local governments
- Non-competitive
- Eligibility established by the Council
- Two-part distribution of funds
- Plans must be consistent with regional policy, conform to regional system plans, and be compatible with plans of affected jurisdictions

## Small Communities Planning

- Minnesota Statutes section 473.191, subd. 1: Enabled to enter into contracts with local governments to provide services or assist with comprehensive planning
- New program for smallest communities with most demonstrated need
- Engineering services, local cost-share options
- Not intended to cover the full scope of costs for the local planning requirements
- Local government responsibility to meet statutory planning requirements

# Water Planning Engineering

## Wastewater Plan

Service needs based on different community types:

- Regional or local sewer service, or unsewered
- 16 communities with regional or local sewer service
- 13 unsewered communities with SSTs
- Cost estimate: \$1,032,000

## Water Supply Plan

Service needs based on different community types:

- Public water supply or private wells
- 15 communities with some type of public water supply system
- 14 communities with private wells
- Cost estimate excluding add'l modeling: \$312,000

## Surface Water Management Plan

Service needs based on different community types:

- The type, quality and quantity of water bodies in communities varies
- Local watershed district or water mgmt. org. capacity
- Impaired waters
- Other agency planning requirements/ timelines
- 29 communities
- Cost estimate: \$870,000

# Engineering Estimates

## Small Communities Planning Program

| Plans                                 | Type of Community           | No. of Communities | Estimated Plan Cost | Cost Estimate      |
|---------------------------------------|-----------------------------|--------------------|---------------------|--------------------|
| <b>Wastewater Plans</b>               |                             |                    |                     | <b>\$1,032,000</b> |
|                                       | Regional or Municipal Sewer | 16                 | \$58,000            | \$928,000          |
|                                       | Unsewered (SSTS)            | 13                 | \$8,000             | \$104,000          |
| <b>Water Supply Plans</b>             |                             |                    |                     | <b>\$312,000</b>   |
|                                       | Public water supply         | 15                 | \$18,000            | \$270,000          |
|                                       | Private wells               | 14                 | \$3,000             | \$42,000           |
| <b>Surface Water Management Plans</b> |                             |                    |                     | <b>\$870,000</b>   |
|                                       |                             |                    | <b>TOTAL</b>        | <b>\$2,214,000</b> |

# Program Budget and Funding Scenarios

## Overall 2050 Planning Assistance Grant Fund Budget is \$5.64 Million

Includes:

- 2050 Planning Assistance Grants for 67 eligible grantees
- Incentive grants for eligible grantees to advance regional goals and encourage early plan completion
- Small Communities Planning Program cost-share estimated budget for water resources engineering

| # of Eligible Participants* Community type |                   | Scenario A       |              | Scenario B         |              | Scenario C            |              |
|--------------------------------------------|-------------------|------------------|--------------|--------------------|--------------|-----------------------|--------------|
|                                            |                   | 2040 Plan Levels | Total        | Inflation-Adjusted | Total        | Adjusted for Programs | Total        |
| 60                                         | Sewered           | \$ 32,000        | \$ 1,920,000 | \$ 43,000          | \$ 2,580,000 | \$ 40,000             | \$ 2,400,000 |
| 4                                          | Unsewered         | \$ 20,000        | \$ 80,000    | \$ 27,000          | \$ 108,000   | \$ 25,000             | \$ 100,000   |
| 3                                          | County/Consortium | \$ 84,000        | \$ 252,000   | \$ 112,000         | \$ 336,000   | \$ 110,000            | \$ 330,000   |
| 67                                         |                   | \$ 2,252,000     |              | \$ 3,024,000       |              | \$ 2,830,000          |              |

*\*Based on recommended criteria from 9/18/25 (LUAC) using 2024 Population Estimates and 2024 ANTC per capita*

# Comparison of Funding Scenarios

## Scenario A

- Provides the same level of funding as the previous planning cycle
- Updated to reflect the 2050 eligibility criteria
- Lower level of support than in the previous planning cycle when inflation is considered

## Scenario B

- Adjusts upward the funding amounts committed in the previous planning cycle to account for inflation
- Updated to reflect the 2050 eligibility criteria
- Meets the intent of the program commitments
- Balances support between grants, incentives, and small community needs

## Scenario C

- Adjusts upward the funding amounts committed in the previous planning cycle to account for inflation
- Updated to reflect the 2050 eligibility criteria
- Prioritizes support for small community needs

# Planning Assistance Incentive Grants

## Advancing Regional Goals

- People-centered regional goals like:
  - Our region is equitable and inclusive.
  - Our communities are healthy and safe.
  - Our region is dynamic and resilient.
- Opportunities to support Regional Goal Frameworks for Equity, Environmental Justice, Anti-Displacement, Community Centered Engagement, and Commitments to American Indian communities
- **Recommendation:**  
**\$10,000 each grant eligible community**

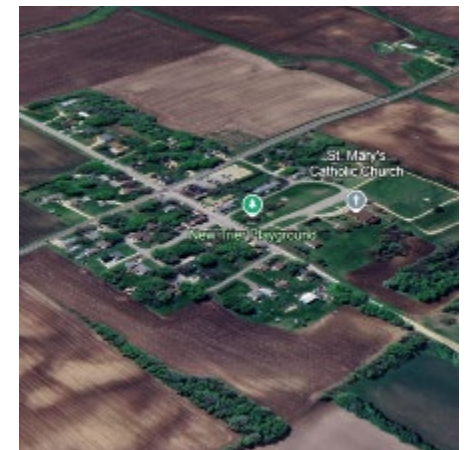
## Process Efficiencies: Early Plan Submission

- Statutory requirement for a 15-day plan review
- Staggered deadline spreads out plan submissions
  - Increases efficiency and accuracy in plan reviews
  - Allows Council staff to better serve local governments and continue high levels of service throughout the planning process
  - Supports better relationships with local governments
- **Recommendation:**  
**\$4,000 each grant eligible community**

# Engineering Considerations

## Small Communities Planning Program Engineering Services

- Minimum planning requirements only (conformance, consistency, compatibility)
- Financial assistance meant to supplement, not replace, local government's responsibilities
- Provided through the Met Council via contracted services; not directly provided to local governments
- Cost savings and efficiencies within the Council and within the Program
- Reduces time needed from local government staff with limited capacity
- The initial cost-sharing approach:
  - local government retain full financial responsibility for surface water management plan update
- Surface water management plan engineering services estimated at \$30,000 for each community
- Adds approximately \$870,000 to budget need



# Engineering Funding Options

## What level of support do you want to provide for Engineering Services?

### Wastewater and Water Supply engineering only

- Fund wastewater and water supply plans only
- Provide supportive engineering services to incorporate completed local surface water mgmt plans into comp plans
- Supports surface water mgmt plans but relies on the local govt to facilitate development
- Allows Program contingency; retains flexibility to manage unanticipated costs for all 29 communities
- Implemented using **Scenario B**

### Not-to-exceed (NTE) using Scenario B

- NTE engineering allocation based on community type for wastewater (sewered/unsewered) and water supply (public/private) planning:
- Local choice and prioritization
  - Local governments fund any additional engineering costs
    - Implemented using **Scenario B**
    - Estimated \$11,500 allocation for each community

### Not-to-exceed (NTE) using Scenario C

- NTE engineering allocation based on community type for wastewater (sewered/unsewered) and water supply (public/private) planning:
- Local choice and prioritization
  - Local governments fund any additional engineering costs
    - Implemented using **Scenario C**
    - Reduces the inflation-adjusted baseline planning grant awards by \$194,000
    - Estimated \$18,000 allocation for each community

# Discussion



## Questions

- Do you have a preferred 2050 Planning Assistance Grant funding scenario?
- How would you recommend distributing funding for engineering services as part of the Small Communities Planning Program?
  - *What level of support do you want to provide for engineering services?*
- Outside of additional funding, are there other suggestions related to local engineering costs for the Small Communities Planning Program?
- Is there additional information you might need to feel prepared to make a recommendation to the CDC?

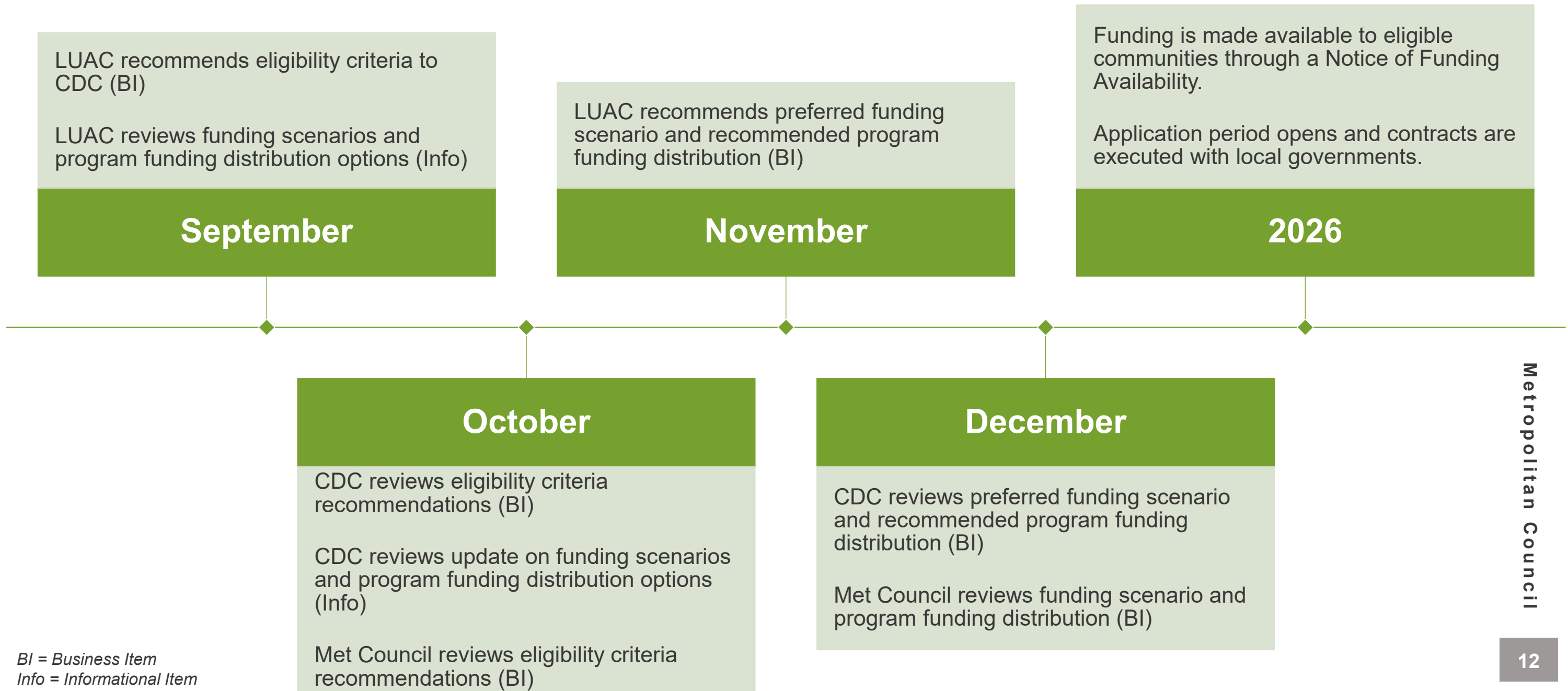
# Next Steps



## Preparing to take action

- The Committee is tentatively planned to make a formal recommendation for the eligibility criteria for both the Small Communities Planning Program and the 2050 Planning Assistance Grants Program as a Business Item for consideration at the November 20, 2025, Committee meeting on the following:
  - programs that advance regional goals and incentivize an efficient review process
  - Small Communities Planning Program local cost-share options

# Tentative Adoption Schedule





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