

Information Item

Land Use Advisory Committee



Meeting Date: September 18, 2025

Topic

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

District(s), Member(s):	All Districts and Met Council members
Policy/Legal Reference:	Minn. Stats. §§ 473.191 and 473.867
Staff Prepared/Presented:	Angela R. Torres, Senior Manager, (651) 602-1566 Merritt Clapp-Smith, Senior Planner, (651) 602-1567
Division/Department:	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
Wastewater Plans				\$1,032,000
	Regional or Municipal Sewer	16	\$58,000	\$928,000
	Unsewered (SSTS)	13	\$8,000	\$104,000
Water Supply Plans				\$312,000
	Public water supply	15	\$18,000	\$270,000
	Private wells	14	\$3,000	\$42,000
Surface Water Management Plans				\$870,000
TOTAL				\$2,214,000

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* 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

