

HF2677 - 0 - Climate Action Plan; Land Use Study

Chief Author: **Larry Kraft**  
 Committee: **Transportation Finance**  
 Date Completed: **3/15/2023 1:44:09 PM**  
 Agency: **Metropolitan Council**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1,000	-	-	-	-
<b>Total</b>	-	<b>1,000</b>	-	-	-	-
<b>Biennial Total</b>			<b>1,000</b>			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko      **Date:** 3/15/2023 1:44:09 PM  
**Phone:** 651-284-6543      **Email:** laura.cecko@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium		Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1,000	-	-	-
<b>Total</b>	-	<b>1,000</b>	-	-	-
<b>Biennial Total</b>			<b>1,000</b>		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund	-	1,000	-	-	-
<b>Total</b>	-	<b>1,000</b>	-	-	-
<b>Biennial Total</b>			<b>1,000</b>		-
<b>2 - Revenues, Transfers In*</b>					
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

**Bill Description**

Section 1 of this bill makes a climate action plan a required element of local comprehensive plans and outlines the elements required in these plans.

Section 2 requires the Metropolitan Council to complete a metropolitan land use study by June 30, 2024 that includes the following elements: (1) a comparison of current land use policies in the metropolitan area with alternative growth development scenarios, including efficient land use and compact growth; (2) a determination of the costs to local and regional metropolitan area government services to implement efficient land use policies, including the costs to construct and maintain transportation and water infrastructure and emergency services; (3) an assessment of transportation and related infrastructure necessary to facilitate efficient land use policies including but not limited to estimations of road lane miles, utility miles, and land acreage necessary to facilitate such policies; (4) an analysis of sewer access and water access charges and policies; (5) the estimated impact implementation of efficient land use policies would have on vehicle miles traveled, transit viability, and commute modal share in the metropolitan area; and (6) any other data or analyses the Metropolitan Council deems relevant.

The bill appropriates \$1M from the general fund to complete this study. A copy of the study in section 2 is due to the transportation policy and finance committees on February 1, 2025.

**Assumptions**

**Assumption 1:** The fiscal impact of the climate action plan requirement in Section 1 will be borne by local governments and is discussed in the local fiscal impact section of the narrative.

**Assumption 2:** Several requirements of the study outlined in Section 2, such as those in study requirement 1, appear to be duplicative of what the Council already completes as part of its regional planning efforts. This work takes place over about 2-3 years during the 10-year regional planning cycle. Given the timing of the study, only one year of costs is assumed in 2024. Preliminary 2024 Council budgeted salary and fringe costs are used in this fiscal note to estimate the cost of this work. In the Council’s Community Development Division, the following percentage of annual staff time by department is assumed to be dedicated to the efforts outlined in this bill: 50% of all staff time in Research, Local Planning Assistance, Parks and Natural Resources, and Livable Communities and 25% of staff time in Division Management. It is estimated that about 2.5 FTEs in the Council’s Environmental Services Division annually are dedicated to the work outlined in study requirement 4. **Since these are existing Council costs, they are assumed to be absorbed in this fiscal note.**

**Assumption 3:** Study requirements 2, 3, and 5 outlined in Subdivision 3 of Section 2 include work that

the Council is not currently performing. Due to staff capacity and the short timeframe, it is assumed that this work would need to be contracted out. Cost estimates in this fiscal note are based on similar studies performed by consultants in the past

**Expenditure and/or Revenue Formula**

Community Development Division Estimate

Department	Salary and Fringe Costs	Est. %Time on Tasks in HF 2677	Total Estimated Cost
Research	\$2,547,732	50%	\$1,273,866
Local Planning Assistance	\$1,734,219	50%	\$867,110
Parks and Natural Resources	\$1,250,377	50%	\$625,189
Livable Communities	\$1,252,540	50%	\$626,270
Division Management	\$1,166,958	25%	\$291,740
<b>Total</b>	<b>\$7,951,826</b>		<b>\$3,684,174</b>

Environmental Services Estimate

2.5 FTEs x \$135,000 in salary and fringe costs per FTE = **337,500**

Total Council Absorbed Council Costs = \$3,684,174 + \$337,500 = **\$4,021,674**

**Added Costs from New Requirements:**

It is likely that study requirements 2, 3, and 5 would need to be accomplished through a few different consultant contracts. This work would focus on developing a more compact land use scenario aimed at reducing the region’s greenhouse gas emissions and developing related infrastructure costs to support this changed land use scenario and the related changes in travel measures (e.g., vehicle miles traveled, transit ridership, etc.) **It is estimated that the total costs of this consultant work would be \$1 million based on previous studies performed for the Council of similar size and scope.**

**Long-Term Fiscal Considerations**

Section 1 would add ongoing requirements for local governments

**Local Fiscal Impact**

The bill proposes to add a new element to required content in local comprehensive plans: a climate action plan, under which the comprehensive plan must describe how the land use and public facilities plans that are already required meet carbon reduction goals established by the Metropolitan Council. It specifies six elements that must be included in these plans. Adding these new requirements will likely increase the costs associated with the creation of comprehensive plans in several communities.

Though a specific climate action plan was not required in the 2040 planning cycle, 76 of 168 communities required to submit plans to the Council addressed climate and/or resilience in their 2040 comprehensive plans. For the 92 communities that did not address climate and/or resilience in their 2040 comprehensive plans, the climate action plan required in section 1 of this bill will add to the costs of their comprehensive plan development.

Data from the last round of the Metropolitan Council's local planning grant program can be used to get a rough estimate of

these additional costs. In the last planning cycle, the Council provided grants to 69 metro communities to assist them in developing their 2040 comprehensive plans. Some of these communities included climate work in their plans. Based on budget data shared from a few these communities, the climate component of their budget was about \$5,000. If we apply that amount to the 92 communities that did not address climate and/or resilience in their plans, the increased cost would be \$460K in the region. This estimate is rough and likely on the low end since the previous plans with climate and/or resilience in them likely did not include all the elements of the climate action plans required by this bill.

**References/Sources**

**Agency Contact:** LisaBeth Barajas 651 602 1895

**Agency Fiscal Note Coordinator Signature:** Stewart McMullan

**Phone:** 651-602-1374

**Date:** 3/15/2023 11:12:50 AM

**Email:** [stewart.mcmullan@metc.state.mn.us](mailto:stewart.mcmullan@metc.state.mn.us)