

Business Item

Management Committee



Committee Meeting Date: December 17, 2025

For the Metropolitan Council: December 17, 2025

Business Item: 2025-303 SW

2025 Municipal Inflow and Infiltration (I/I) Grant Program Guidelines

District(s), Member(s):	All
Policy/Legal Reference:	Minnesota Session Law 2025, Chapter 15, Article 1, Sec. 15, Subd. 2. Minnesota Statutes 2025, Chapter 473, Sec. 473.5491 Council Policy FM 15-2
Staff Prepared/Presented:	Christine Dwyer (651-602-1115) and Kyle Colvin (651-602-1151)
Division/Department:	Environmental Services c/o Leisa Thompson, 651-602-8101

Proposed Action

That the Metropolitan Council (Met Council) approve the 2025 Municipal Inflow and Infiltration (I/I) Grant Program guidelines and authorize the Regional Administrator to award and execute grants and grant agreements pursuant to the guidelines outlined in Attachments A and B.

Background

The Municipal I/I Grant Program provides grants to cities for capital improvements in municipal wastewater collection systems to reduce the amount of excessive clear water entering the Council's metropolitan sanitary sewer disposal system. The program utilizes state bond funds to support local projects that repair or replace public sewer infrastructure, aiming to reduce excess inflow and infiltration.

During the 2025 legislative session, the Minnesota Legislature appropriated \$15 million to the Met Council for this program. The 2025 Municipal I/I Grant Program will be effective January 1, 2026, through December 31, 2028. As part of this grant program cycle, the Met Council will also administer a Pilot Municipal I/I River Grant Program to support cities that have been historically affected by river flooding.

Environmental Services hosted two virtual information sessions for eligible communities to provide an overview of the grant program guidelines. More than 35 city representatives participated in these sessions.

Rationale

Unaddressed I/I poses significant public and environmental health risks through spills and sewage overflows that result from limited system capacity. Excess I/I could also be financially costly to communities and utility rate payers through both increases in billed volume of water treated at the water resource recovery facility and additional investments required to expand the system to accommodate capacity.

The Municipal I/I Grant Program supports the Council's ongoing efforts to address I/I. The program strengthens broader regional I/I mitigation initiatives by partnering with communities to

secure state bonding funds for various I/I mitigation projects throughout the region.

Thrive Lens Analysis

The Municipal I/I Grant Program supports the Thrive outcomes of stewardship and sustainability by reducing unnecessary demand on the regional wastewater system. By limiting excessive use of capacity reserved for future growth, the program helps prevent costly system expansions and reduces sewer utility costs for communities and their residents.

Funding

The 2025 Municipal I/I Grant Program is funded by \$15 million state bonding appropriation. Of this amount, \$9 million has been allocated to the traditional I/I Grant Program, with the remaining \$6 million earmarked for the Pilot I/I River Grant program. Funding is disbursed by the state on a reimbursement basis, which is expected to occur in 2028. Environmental Services plans to include these pass-through funds in the 2028 operating budget.

Small business inclusion

There are no direct impacts to small business with this action.

Attachments

A – Draft 2025 Municipal I/I Grant Requirements, Guidelines & Schedule

B – Draft 2025 Municipal I/I River Grant Requirements, Guidelines & Schedule



DRAFT**2025 Municipal I/I Grant Requirements, Guidelines & Timelines****State Requirements for the Appropriation**

- The grant must be for capital improvements in municipal wastewater collection systems to reduce the amount of inflow and infiltration to the Metropolitan Council's metropolitan sanitary sewer disposal system.
- To be eligible for the grant, a city must be identified by the council as a contributor of excessive inflow and infiltration in the metropolitan disposal system or have a measured flow rate within 20 percent of its allowable council-determined inflow and infiltration limits.
- Grants from this appropriation are for up to 50 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection system. Grants up to 100 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection system may be awarded if the project meets affordability criteria per Minnesota Statutes, Section 473.5491 Subdivision 1. (a)
- Grant awards will be based on applications from eligible cities that identify eligible capital costs and include a timeline for inflow and infiltration mitigation construction. Priority will be given to applications that meet the affordability criteria per Minnesota Statutes, Section 473.5491 Subdivision 1. (a)
- Grants are subject to Council Guidelines.

State Requirements for Capital Improvements (bond dollars)

- The capital expenditure must be made to acquire or improve "fixed assets" (such as land, buildings, land improvement, equipment, utility assets) owned by the city receiving the grant, and the project benefit must last more than one fiscal period.
- The fixed asset being acquired must be "long-lived" (useful life of at least 10 years).
- Normal operating and other overhead costs will not qualify.
- Work proposed must satisfy Minnesota Management and Budget (MMB) requirements for title declaration or waiver therefrom pursuant to M.S. 16A.695 and the Commissioner's orders related thereto. Note that the Council is in the process of securing a "blanket waiver" for the recording (to property title), but only for certain improvements and with a city resolution.

Council Guidelines

- Cities identified by the council as a contributor of excessive inflow and infiltration in the metropolitan disposal system or have a measured flow rate within 20 percent of its allowable council-determined inflow and infiltration limits, are eligible to apply for the Grant.
- Grant awards shall be for a percentage of actual, reasonable, and verifiable I/I mitigation construction costs. No costs of studies, engineering, planning, or work done on privately operated service lines shall be eligible. The construction costs are eligible for up to 50 percent of the eligible amounts for public facility improvements detailed in the Ongoing I/I Program Procedure Manual, available on the Council's Inflow and Infiltration Program webpage (see Attachment C).
 - Affordability Criteria – Applications that meet the statutory affordability criteria may receive awards up to 100 percent of the cost of mitigating inflow and infiltration in the publicly owned municipal wastewater collection system.
- Qualified spending on approved projects can occur between January 1, 2026, and December 31, 2027.
- Grant awards will be paid on a reimbursement basis upon completion of the project(s) and allocation to all participants.
- The Council reserves the right to review and accept late applicants to the current program.

Proposed Process (see calendar below)

- The Council will notify all eligible cities and request grant applications. The notice will include a draft agreement, with all terms final except for the dollar and percentage to be awarded. The Council will prioritize applications that meet affordability criteria.
- After all applications are received, Council will review the eligibility of proposed expenses and determine a Preliminary Minimum Allocation (PMA) of grant funds based on the following formula:
 - Part 1: Each submitting city will receive the lesser of \$50,000 or 50 percent (100 percent for affordability criteria eligible project service areas) of the submitted eligible project costs, and;
 - Part 2: The remainder of the funds will be preliminarily allocated to all cities (that have submitted eligible costs) proportional to the cities' remaining maximum grant after Part 1. The award to any city under this part shall be reduced where necessary to make sure that the total of the two parts does not exceed 50 percent (100 percent for affordability criteria eligible project service areas) of eligible costs. Part 2 calculations are estimates only, as final allocations cannot be determined until all projects are complete.
- All cities will be notified of their PMA and an estimated final award amount through a letter of intent from the Council.
- When projects are completed, cities submit summaries of work completed (with invoices) and a Certification (notarized form confirming fee simple ownership or easements for locations where work was completed with a description or map of these locations) and a resolution from City Council authorizing application and execution of the grant.
- The Council will review completed project submissions and apply the lesser of 50 percent (100 percent for affordability criteria eligible project service areas) of the eligible I/I mitigation costs or \$50,000 to each city. Then, any remaining funds would be applied proportionately to cities' eligible expenses that have more than \$50,000 in eligible I/I expense, until all available funds are allocated, but still limited to an overall maximum of 50 percent (up to 100 percent for affordability criteria eligible project service areas). This allocation process results in the Final Reimbursement Amount (FRA) for all participating cities.
- The Council will provide final grant agreements to be executed by a date certain.
- Upon return and execution of signed agreements, payments will be processed to cities based on invoices submitted to determine FRA.
- The Council reserves the right to change these guidelines if, in its sole discretion, the results of the process do not equitably allocate the funds.

Tentative Calendar:

Event	Date
Council approval of Grant Program Guidelines	December 17, 2025
Send notice of final grant program guidelines to cities, requesting applications	December 31, 2025
Grant applications due from cities	January 30, 2026
Met Council notifies cities of their assigned PMA	By February 26, 2026
Cities submit pay claims for completed projects	March 31, 2028
FRA determination, grant agreement distributed	May 1, 2028
Met Council processes reimbursements	Upon receipt of signed agreement



DRAFT**2025 Municipal I/I River Grant Requirements, Guidelines & Timelines****State Requirements for the Appropriation**

- The grant must be for capital improvements in municipal wastewater collection systems to reduce the amount of inflow and infiltration to the Metropolitan Council's metropolitan sanitary sewer disposal system.
- To be eligible for a grant under this section, a city must be identified by the council as a contributor of excessive inflow and infiltration in the metropolitan disposal system or have a measured flow rate within 20 percent of its allowable council-determined inflow and infiltration limits.
- Grants from this appropriation are for up to 50 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection system. Grants up to 100 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection system may be awarded if the project meets affordability criteria per Minnesota Statutes, Section 473.5491 Subdivision 1. (a)
- Grant awards will be based on applications from eligible cities that identify eligible capital costs and include a timeline for inflow and infiltration mitigation construction. Priority will be given to applications that meet the affordability criteria per Minnesota Statutes, Section 473.5491 Subdivision 1. (a)
- Grants are subject to Council Guidelines.

State Requirements for Capital Improvements (bond dollars)

- The capital expenditure must be made to acquire or improve "fixed assets" (such as land, buildings, land improvement, equipment, utility assets) owned by the city receiving the grant, and the project benefit must last more than one fiscal period.
- The fixed asset being acquired must be "long-lived" (useful life of at least 10 years).
- Normal operating and other overhead costs will not qualify.
- Work proposed must satisfy Minnesota Management and Budget (MMB) requirements for title declaration or waiver therefrom pursuant to M.S. 16A.695 and the Commissioner's orders related thereto. Note that the Council is in the process of securing a "blanket waiver" for the recording (to property title), but only for certain improvements and with a city resolution.

Council Guidelines

- Cities identified by the council as a contributor of excessive inflow and infiltration in the metropolitan disposal system or have a measured flow rate within 20 percent of its allowable council-determined inflow and infiltration limits, and have been historically impacted by river flooding, are eligible to apply for the Grant. Cities eligible to apply for the I/I river grant are Bayport, Chaska, Minneapolis, Newport, St. Paul, and Stillwater.
- Grant awards shall be for a percentage of actual, reasonable, and verifiable I/I mitigation construction costs. No costs of studies, engineering, planning, or work done on privately operated service lines shall be eligible. The construction costs are eligible for up to 50 percent of the eligible amounts for public facility improvements detailed in the Ongoing I/I Program Procedure Manual, available on the Council's Inflow and Infiltration Program webpage (see Attachment C).
 - Affordability Criteria – Applications that meet the statutory affordability criteria may receive awards up to 100 percent of the cost of mitigating inflow and infiltration in the publicly owned municipal wastewater collection system.
- Qualified spending on approved projects can occur between January 1, 2026, and December 31, 2027.

- Grant awards will be paid on a reimbursement basis upon completion of the project(s) and allocation to all participants.
- The Council reserves the right to review and accept late applicants to the current program.

Proposed Process (see calendar below):

- The Council will notify all eligible cities and request grant applications. The notice will include a draft agreement, with all terms final except for the dollar and percentage to be awarded. The Council will prioritize applications that meet affordability criteria.
- Maximum grant awards for the I/I River Grant Program are summarized in Table I. The grant allocation model considers each community's historical Municipal I/I Grant funding as an indicator of program capacity, local financial investment (through required matching funds), and community need. This model also considers the per-capita cost of prior I/I mitigation work to assess the cost burden placed on residents.

Table I. Grant Allocation Distribution Model

Community	I/I Grants ¹	Population ²	Grant \$ per capita	River	Affordability Criteria Eligibility ⁴	Maximum Grant Award
Newport ³	\$282,489	3,797	\$74.40	Mississippi	Eligible	\$2,000,000
Bayport	\$137,437	4,044	\$34.15	St. Croix	Ineligible	\$1,000,000
Minneapolis	\$4,119,065	429,954	\$9.58	Mississippi	Eligible	\$1,000,000
Chaska	\$264,507	27,810	\$9.51	Minnesota	Eligible	\$1,000,000
Stillwater	\$151,510	19,394	\$7.81	St. Croix	Ineligible	\$500,000
St. Paul	\$665,129	311,527	\$2.14	Mississippi	Eligible	\$500,000

Notes:

- 1) Grant amounts for municipal I/I work requiring local match completed through 2022.
- 2) Population figures as per the 2020 federal census.
- 3) Newport's I/I grant amount excludes the \$2.75 million appropriation from the 2023 legislative bonding bill.
- 4) Bayport and Stillwater do not have affordability-eligible census tracts. Only I/I mitigation projects completed within a service area that is located within an affordability-eligible census tract will receive up to 100 percent funding.

- Any unused funds will be reallocated to ensure full distribution. Reallocation will prioritize the Pilot River Grant Program. If the Pilot River Grant Program does not fully utilize all the available funds, the remaining funds will be transferred to the traditional Municipal I/I Grant Program.
- All cities will be notified of their proposed grant award amount through a letter of intent from the Council.
- When projects are completed, cities submit summaries of work completed (with invoices) and a Certification (notarized form confirming fee simple ownership or easements for locations where work was completed with a description or map of these locations) and a resolution from City Council authorizing application and execution of the grant.
- The Council will provide final Grant agreements to be executed by a date certain.
- Upon return and execution of signed agreements, payments will be processed to cities based on invoices submitted to determine Final Reimbursement Amounts (FRA).
- The Council reserves the right to change these guidelines if, in its sole discretion, the results of the process do not equitably allocate the funds.

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Web pages

Municipal Inflow and Infiltration Grant Program

<https://metro council.org/Wastewater-Water/Funding-Finance/Available-Funding-Grants/Municipal-Inflow-and-Infiltration-Grant-Program.aspx>

Program Year 2026: Ongoing Inflow and Infiltration Program Procedure Manual: Appendix D: Community Response to Excessive I/I Notification

<https://metro council.org/Wastewater-Water/Planning/Wastewater/Inflow-and-Infiltration/Local-Government/I-I-Program-Procedure-Manual.aspx#page=13>

