

# Legislative-Citizen Commission on Minnesota Resources

**MEMO:** Agenda Item #7

**DATE:** August 26, 2022

**SUBJECT:** Results of Members ENRTF 2023 (FY24) Evaluation #2 + Options for Allocation Action

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## Background

Approximately \$79.6 million is available for appropriations from the Environment and Natural Resources Trust Fund (ENRTF) for this 2023 (FY24) RFP cycle, including for the LCCMR biennial administrative budget. Approximately \$189,000 is also available from the Great Lakes Protection Account. The total amount available for recommendation this year is \$79,833,000.

In response to the 2023 RFP, the LCCMR received 174 proposals requesting a total of approximately \$164 million. Through discussion on June 27, 2022, and following members' Evaluation #1, 85 of these proposals, requesting a total of approximately \$86 million, were invited to present to the LCCMR on August 8, 9, 10, 16, and 17 to receive further funding consideration.

Through discussions on June 27 and July 25, members agreed that Evaluation #2 this year would include members making individual allocations for the proposals each member wished to recommend and that the following provisions would be followed:

- The LCCMR admin budget, LCC Legacy Website, and DNR Contract are included in the recommendations at the requested amount.
- Category H Small Projects (projects that are \$200k or less) that are included in the recommendations will be included at the full amount of their request.
- All other recommended projects will be recommended for at least \$200,000. That is, no project requesting more than \$200,000 may be recommended at a level less than \$200,000.
- There will be a \$250,000 buffer for mistakes made during the allocation process. If at the end the buffer is not needed, it could be either allocated to another project or to the emerging issues account.
- An option would be provided for members to allocate funds to Emerging Issues and "Legislative Discretion" line items.

## Evaluation #2 Results

Results of members' Evaluation #2 are shown on the attached spreadsheet, with proposals shown in order high to low by number of members allocating funds and then by Proposal ID. The average amount allocated, of those allocating a dollar amount, is also shown.

On July 25, 2022, members discussed and agreed upon a method that would be used to come to initial proposal selection and allocation agreement following Evaluation #2. This method specified the following:

*Use total amount available as the threshold for the initial agreement. Based on rank order (number of members allocating funds to a project) and average amount allocated, go down the list and cut off when all funds have been allocated. In the event of a tie, the cut-off would be at dollar amount closest to the total amount available.*

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Using this method, the cut-off landed in a group of two proposals (2023-092 and 2023-213) that were selected by the same number of members (8 of 17). Rounding down to exclude both the proposals resulted in total allocation of \$77,470,000. Rounding up to include both proposals resulted in total allocation \$80,905,000. Since \$80,905,000 is closer to the total amount available (\$1,072,000 versus \$1,463,000), both proposals are being included in the initial agreement. This means the commission needs to figure out how to reduce its total allocation by \$1,072,000. Staff have provided some options below that members may wish to consider.

Additionally, several members included comments in their Evaluation #2 that pertain to possible conditions of receiving funds. If the commission wishes to make any contingencies to their recommendations, they should include it in the decisions today. To facilitate discussion, staff have highlighted yellow in the "Contingency?" column on the attached spreadsheet issues about which more than one member made the same or similar comment. This should not be interpreted as a staff recommendation to add any particular contingency.

### Proposal Selection and Allocation Decisions – Options for Action Needed

Staff recommends that before taking any formal action, members discuss the results of Evaluation #2 as well as options for collective decision-making. A proposed process follows:

1. Review this memo and attached spreadsheet
2. Move to recommend for funding proposals on lines 89 and above at their compiled allocation amount, subject to reducing \$1,072,000 and adding contingencies to proposals as agreed upon by members.
3. Discuss and decide upon how the \$1,072,000 reduction will be addressed. Some options could include:
  - a. Reducing \$1,072,000 from the two tied proposals (2023-092 and 2023-213) proportionately (2023-092 for \$448,000 and 2023-213 for \$624,000)
  - b. Removing the two tied proposals (2023-092 and 2023-213) and allocating the resulting balance of \$2,363,000 to fully fund any proposals that received at least 15 members support (lines 43 or above). The remaining balance would be carried forward to next year's RFP.
  - c. Reducing \$1,072,000 proportionally from the proposals above line 88 that less than 12 members selected, subject to small project exception and \$200,000 floor for other projects. This would be an approximate 13% reduction from the average allocation amount for these proposals. The small remaining balance would be carried forward to next year's RFP.
  - d. Removing the two tied proposal (2023-092 and 2023-213) and put the resulting balance of \$2,363,000 into either of the following line items OR an even amount into each: \$787,667 for carry forward for next year's RFP, \$787,667 for the legislative discretion line item (2023-253), and \$787,667 for the Emerging Issues line item (2023-002).
4. Discuss and decide upon any contingencies
5. Move to recommend the proposal package as shown on the attached spreadsheet with the agreed upon contingencies (if any) and approach to the \$1,072,000 reduction(s) needed to not exceed the amount available for allocation; to direct staff to develop draft bill language for review by the commission; and to allow staff to make small dollar amount and technical changes as needed to correct any errors. (12 votes required)

### Attachments

Spreadsheet titled, "Members 2023 RFP LCCMR Proposal Allocations Initial Agreement as of 8/26/22"