

Legislative-Citizen Commission on Minnesota Resources

MEMO: Agenda Item #8

DATE: April 20, 2023

SUBJECT: Proposal evaluation and decision-making process for 2024 LCCMR recommendations

Summary

Members will receive proposals for evaluation in mid-May. Before evaluations begin, the commission needs to decide if it wishes to adopt any modifications to the proposal evaluation and recommendation-making process.

After considering several options, the commission decided on and used a new approach last year to more effectively and efficiently come to agreement on proposal recommendations. A recommendations package supported by more than 12 members was developed using the new process. At the recommendations meeting, members provided feedback on how the process worked.

This memo describes the decision-making process members developed last year and provides some options for improvement for this year based on feedback received.

Overview of evaluation and recommendation-making process

At a high level, the evaluation and recommendation-making process includes the following steps:

- A. All submitted proposals are distributed to LCCMR members for evaluation (Evaluation #1).
- B. Using the results from Evaluation #1, the commission selects a subset of proposals for further consideration.
- C. Selected proposals present before the commission.
- D. LCCMR members provide additional evaluation (Evaluation #2).
- E. Using the results from Evaluation #2, the commission selects proposals for recommendation to the Legislature.

These steps are described in more detail below.

Evaluation #1 and selecting proposals for presentation

In the previous RFP cycle, members adopted in advance the following approach:

1. Members receive proposals along with staff scores and comments related to the proposals' fit with RFP priorities, law, policy, and the 10 LCCMR-adopted evaluation criteria.
2. Members individually evaluate and select their top third of proposals (Evaluation #1).
3. Staff aggregate members' selections and sort proposals in high to low order by number of members selecting.
4. The top 80 proposals are invited for presentations and additional consideration for funding. If the 80 cut-off falls in the middle of a group of proposals selected by the same number of members, the cut-off is moved up or down to either fully include or fully exclude the group, whichever results in a number closer to 80.
5. The House, Senate, and Citizen member groups each select up to three (3) additional proposals for presentation, resulting in possibly nine (9) more proposals being added to presentations.

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Evaluation #1 modification options for 2024

In 2023, 79 proposals were initially selected to move forward and present to the commission using the above evaluation process. At an LCCMR meeting, House, Senate, and Citizen members broke into separate groups and selected their additional proposals. Senate and Citizen members added three additional proposals, respectively, while House members decided to not add any additional proposals. Therefore, 85 proposals were selected to present, and 88 proposals were eliminated from further consideration. The total amount requested of those 85 ended up being close to the total amount available for recommendation. In the end, following presentations, members recommended funding for all but two proposals that presented (the two proposals that did not get recommended had been group “add-ons” at presentation stage). Therefore, of the 90 proposals not recommended for funding (88 after Evaluation #1 and 2 after Evaluation #2), 98% were removed from consideration after Evaluation #1.

If the commission prefers to have a larger pool of proposals after presentations from which to make its recommendations, it may want to consider revising step #4 above and initially select for presentation a number of proposals that represents a portion of the amount of funds available, rather than a set number of proposals. For example, the commission could determine in advance it would like to see the top proposals requesting a total amount of 125% or 150% of the amount available. For context, over the last 5 years:

- The number of presentations has ranged from 85-126, with the average being 98.
- The total amount requested by presenters has ranged from 108%-208% of the amount available for funding, with the average being 151%.

There are currently six days reserved for presentations. If the commission adopts the presentation process presented below, staff estimate there would be time for up to 150 presentations.

Action requested:

Commission member _____ moves that for the 2024 RFP, the LCCMR adopt the Evaluation #1 and Selection process described above (or with the following modifications: _____)

Presentations

Presentations were held via Zoom to save time and provide flexibility. To avoid technical issues and reduce transition times, no PowerPoints were used. Presentations were 15 minutes each: 5 minutes for presentation and 10 minutes for questions and answers, with discretion to go over this time allotment if needed, especially for proposals requesting over \$1 million. 30-minute lunch breaks were provided.

Six days are currently reserved for presentations; the exact timing and schedule of presentations will be determined once we know how many presentations will occur. Last year, 4.5 presentation days were used.

Action requested:

Commission member _____ moves that for the 2024 RFP, the LCCMR adopt the Presentation process described above (or with the following modifications: _____)

Evaluation #2 and compiled results

In the previous RFP cycle, members came to agreement prior to presentations on how Evaluation #2 would be conducted, and how the compiled Evaluation #2 results would be used for making recommendations.

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Evaluation #2 entailed each member allocating the available ENRTF dollars to their proposals of choice, using the 10 LCCMR-adopted evaluation criteria. Allocating funds to a proposal indicated that the member was supporting funding for that proposal. The member also indicated what funding level they believed was appropriate for that proposal. When a member had allocated all the funds available, their evaluation was complete. The following conditions applied to Evaluation #2:

1. No more than the requested amount may be allocated to a proposal.
2. Only the full requested amount may be allocated to a proposal in Category H (Small Projects; proposals for \$200,000 or less).
3. Allocations for all other proposals may not be less than \$200,000. That is, no proposal requesting more than \$200,000 may be allocated funds at a level less than \$200,000.
4. There will be a \$250,000 buffer for mistakes made during the allocation process. If the buffer is not needed in the end, the commission may either allocate it to another proposal or to the Emerging Issues Account.
5. Allocations will be rounded to the nearest \$1,000.
6. Members may allocate available ENRTF dollars to the Emerging Issues Account or to Legislative Discretion (i.e., ENRTF dollars for legislature to solely determine how to appropriate).
7. The LCCMR admin budget, LCC Legacy Website, and DNR Contract will be included in the recommendations at the requested amount.

Staff compiled members' Evaluation #2 results into a report that was used for allocation decisions. The compiled results showed the number of members allocating funds to a proposal and the average amount allocated *by those allocating funds to that proposal* (note: blanks/non-allocations were not included in the allocation average calculation). In other words, if a proposal received a funding allocation from a member, it was considered support for funding by that member. The proposals were ranked high to low according to the number of members supporting funding.

Initial Agreement on Recommendations

Prior to presentations, members decided that an initial agreement on a recommendation package would be created by going down the list of compiled Evaluation #2 results, ranked high to low, until the total amount available for appropriation had been "spent" based on the average allocation amounts. In the event of funds running out in the middle of a group of proposals supported by an equal number of members, the cut-off would be handled the same way as at the "selections" step associated with Evaluation #1, where the tied proposals would all be included or all be excluded, whichever resulted in an initial agreement closest to the total amount available. This may result in an over- or under-allocation.

Members opted not to have a pre-determined process to guide the reconciliation of an over- or under-allocation resulting from the initial agreement. Instead, they requested staff provide some options for their consideration and then decided on an approach at the allocations meeting itself once the results of the initial agreement were available.

Evaluation #2 and initial agreement modification options for 2024

In 2023, Evaluation #2 led to an initial agreement that included 85 proposals, with an over-allocation of \$1,072,000, and 2 proposals below the cut-off. Staff presented the commission with options to reconcile the over-allocation, including removing the final 2 proposals that made the cut. To address the over-allocation (and to address a desire to commit funds to the Emerging Issues Account), the commission opted to reduce funding for the final proposals that made the cut and for proposals with an average allocation amount of \$3 million or more. All other proposals above the cut-off were recommended for funding at the average allocation amount.

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A significant majority of feedback received about this process was positive. Highlights included that it allowed evaluation of proposals based on merit, a more thoughtful way to address the level of funding for each proposal, clearer results, and an ability to come to consensus more easily. Members also mentioned the process was easier to understand and implement than in previous years. Some members indicated they did not like that the average allocation amount only factored the allocation amounts *by those allocating to that proposal*. In some cases, the issue may have been related to unclear communication about this approach prior to evaluations. In another case, it may have been related to the fact that a proposal supported by 8 members was included in the initial agreement at its full requested amount because that was the average amount allocated by those 8 members, and this did not seem to reflect the plurality of the commission. (The final recommendation did end up cutting the recommended funding for this proposal by about 30%.)

While this situation may have resulted from a combination of factors, including a small number of proposals requesting funds last year, there are a few options if the commission would like to handle things differently this year:

1. Instead of having the initial agreement include allocation of all the funds available, the commission could instead decide the initial agreement would only include proposals supported by at least 9 members. The remainder of the allocations or addressing an over-allocation would be made at the allocation meeting following another process or no pre-determined process.
2. Instead of having the initial agreement include allocation of all the funds available, the commission could instead decide the initial agreement would allocate 80%, 85%, or 90% of funds available. Ties would be handled as described above. The remainder of the allocations would be made at the allocation meeting following another process or no pre-determined process.
3. We could include the blanks/non-allocations in the calculations at \$0. If not coupled with one of the previous options, this approach mostly likely would result in all proposals being included in the initial agreement and likely no proposal being included at its full request amount. For example, the average allocation amount for a proposal supported by 12 of the 17 commission members would be at least a 30% cut from the amount requested. Additionally, the commission would need to determine:
 - a. How to reconcile this approach with the previously agreed-to condition that, if recommended, Category H (small projects) would not be recommended for less than the requested amount.
 - b. How to reconcile this approach with the previously agreed-to condition that no other recommended proposal would be for less than \$200,000.

Action requested:

Action: Commission member _____ moves that for the 2024 RFP, the LCCMR adopt the Evaluation #2, Compilation, and Initial Agreement process described above (or with the following modifications: _____)