

Legislative-Citizen Commission on Minnesota Resources

MEMO: Agenda Item #6a

DATE: April 22, 2024

SUBJECT: Proposal evaluation and decision-making process for 2025 LCCMR recommendations

Summary

Members will receive proposals for evaluation in early May. Before evaluations begin, the commission needs to confirm the evaluation and decision-making process it wishes to use for the 2025 RFP cycle.

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

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

This memo describes the decision-making process in detail, provides some options for improvement based on feedback received, and outlines four primary actions members need to take today.

Action #1 requested: Evaluation #1 and selecting proposals for presentation.

The commission needs to confirm – or specify any modifications to – the following approach for evaluation #1 and selection of proposals for presentation. Additionally, the commission needs to determine what numbers to use for steps 2 and 4.

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).

*Possible Modification: Members may select their **top half** of proposals. A higher number selected by each member may create greater delineation between the higher and lower ranked proposals.*

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**.

Possible Modification: For the 2023 and 2024 RFP cycles, the total amount requested by the proposals selected to move forward for presentation closely matched the total amount available for recommendation. This meant that nearly all those proposals that advanced after the first evaluation were recommended for funding.

If the commission prefers to have a larger pool of proposals after presentations from which to make its recommendations, it may want to consider:

Legislative-Citizen Commission on Minnesota Resources

- A. *Selecting for presentation the number of proposals that represents 125% (~ \$113m) of the amount of funds available rather than a set number of proposals. This approach ensures more proposals present than there are funds available.*
- B. *Increasing the pre-determined number of proposals that will be selected to advance to the presentation stage to the top 120. This approach, however, would not guarantee more proposals present than there are funds available.*

For context, over the last 5 years:

- *The number of presentations has ranged from 85-126, with the average being 102.*
- *The total amount requested by presenters has ranged from 105%-208% of the amount available for funding, with the average being 143%.*

There are currently five days reserved for presentations and strategic planning subcommittee meetings. If the commission adopts the presentation process presented below, staff estimate there would comfortably be time for up to ~120 presentations. It would be possible to hear up to ~140 presentations if an extra half day were added on June 25.

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.

Sample motion: Member _____ moves to adopt the Evaluation #1 and presentation selection process as described in the staff memo [optional: with a modification for Step 2 so that the top half proposals are selected by individual members] and [optional: with a modification for Step 4, so that the top 120 proposals] OR [top proposals requesting 125% of funds available] are advanced to presentation stage.

Action #2 requested: Presentations format and timing.

The commission needs to confirm – or specify any modifications to – the following plan for presentations.

Presentations will be held via Zoom for presenters to save time, provide flexibility, and make participation easier for proposers. Members would have the option to attend in person or remotely; however, the chair would be in-person. Six members (including chair) would need to attend in person for the meeting to be hybrid.

To avoid technical issues and reduce transition times, no PowerPoints will be used. Presentations will be 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 will be provided.

Five days are currently reserved for presentations; the exact timing and schedule of presentations will be determined once we know how many presentations will take place. Last year, 5 presentation days were used.

Possible modification: Rather than having an option to be in person or remote, members could decide in advance to be fully remote. Please note, we do not yet have capacity to provide presenters an option to be in person.

Sample motion: Member _____ moves to adopt the presentation format and timing as described in the staff memo [optional: with the modification that members would only be able to attend the presentation meetings remotely].

Legislative-Citizen Commission on Minnesota Resources

Action #3 requested: Evaluation #2 and compiled results.

Prior to presentations, the commission needs to confirm – or specify any modifications to – the following process and conditions for conducting Evaluation #2 and compiling those results.

For Evaluation #2, each member allocates the available ENRTF dollars to their proposals of choice, using the 10 LCCMR-adopted evaluation criteria. Allocating funds to a proposal indicates that the member is supporting funding for that proposal. The member also indicates what funding level they believe is appropriate for that proposal. When a member has allocated all the funds available, their evaluation is complete. The following conditions apply 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 \$250,000 or less).
3. Allocations for all other proposals may not be less than \$250,000. That is, no proposal requesting more than \$250,000 may be allocated funds at a level less than \$250,000.

Possible modification: Allocations for all non-Category H proposals may not be less than 50% of the requested amount.

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 it will be allocated 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 the Legislature to solely determine how to appropriate).

Possible modification: The final amount recommended to either the Emerging Issues Account or for Legislative Discretion, regardless of the average allocation, would be capped at \$1.0 million each. It would be understood that any final allocated funds over this amount would be considered a recommendation to return funds to the Trust Fund corpus (even RFP years) or to roll them over to the next RFP cycle (odd RFP years).

7. Members may also leave funds unallocated. It would be understood that any final unallocated funds would be considered a recommendation to return those funds to the Trust Fund corpus (even RFP years) or to carry them forward to the next RFP cycle (odd RFP years).
8. The LCCMR administrative budget (if applicable), LCC Legacy Website, and DNR Contract will be included in the recommendations at the requested amount.

Staff compile members' Evaluation #2 results into a report to be used for allocation decisions. The compiled results show 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 will not be included in the allocation average calculation). In other words, if a proposal receives a funding allocation from a member, it is considered support for funding by that member. The proposals will be ranked high to low according to the number of members supporting funding.

Legislative-Citizen Commission on Minnesota Resources

Sample motion: Member _____ moves to adopt the Evaluation #2 and results compilation process as described in the staff memo [optional: with the modification for Step 3 as described in the staff memo] [optional: with the modification for Step 6 as described in the staff memo].

Action #4 requested: Initial agreement on recommendations.

Prior to presentations, the commission needs to confirm – or specify any modifications to – the following process and conditions for using the results of Evaluation #2 to develop an initial agreement on recommendations.

An initial agreement on a recommendation package will be created by going down the list of compiled Evaluation #2 results, ranked high to low, until the total amount available for appropriation is “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 will be handled the same way as at the “selections” step associated with Evaluation #1, where the tied proposals will all be included or all be excluded, whichever results in an initial agreement closest to the total amount available. This may result in an over- or under-allocation.

In the event of an over- or under-allocation resulting from the initial agreement, staff will provide some options for member consideration at the allocations meeting once the results of the initial agreement are available.

Sample motion: Member _____ moves to adopt the process for achieving an initial agreement on recommendations as described in the staff memo.

Background on this process

In calendar 2022 (2023 RFP), LCCMR members decided to re-consider their evaluation process. With assistance and options provided by staff, the process as described above was developed. Minor refinements were made in 2023 following feedback from implementation in 2022. In both years, the process resulted in a recommendation to the legislature by the commission that was supported by more than the required number of members.

Feedback on this revised process has primarily been positive. Highlights include that it has allowed evaluation of proposals based on merit, provided a more thoughtful way to address the level of funding for each proposal, delivered clearer results, and achieved consensus more easily. Members have also mentioned the process was easier to understand and implement than in previous years.