

HF3689 - 0 - "Transport Proj Selection Process"

Chief Author: **Clark Johnson**
 Committee: **Transportation Policy and Finance**
 Date Completed: **04/04/2016**
 Agency: **Transportation Dept**

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	FY2015	FY2016	FY2017	FY2018	FY2019
Trunk Highway	-	-	140.4	-	-	-
Total	-	-	140.4	-	-	-
Biennial Total			140.4			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Trunk Highway	-	-	1.13	-	-
Total	-	-	1.13	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Trunk Highway		-	-	140.4	-	-
	Total	-	-	140.4	-	-
	Biennial Total			140.4		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Trunk Highway		-	-	140.4	-	-
	Total	-	-	140.4	-	-
	Biennial Total			140.4		-
2 - Revenues, Transfers In*						
Trunk Highway		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

This bill would require MnDOT to develop, adopt, and implement best practices for project evaluation and selection to apply to the standard process as well as special programs such as Corridors of Commerce. Various specified stakeholders, included the Metropolitan Council and Federal Highway Administration (FHWA), must be consulted. The best practices must include the following: 1. Identification of ranking criteria and the weight of each criterion for each selection process 2. Identification and application of all relevant criteria in state or federal law 3. Identification to stakeholders and general public of each candidate project under consideration, including those not selected 4. Involvement in the process of scoring and ranking of candidate projects by area transportation partnerships and local authorities as appropriate 5. Means of publicizing scoring, ranking, and decision outcomes

MnDOT must adopt and begin implementing these practices by an unspecified date, and must publicize the best practices and updates on MnDOT's website and through other effective means.

A report to the legislature would be required by January 4, 2017 detailing the best practices and how they are anticipated to improve the consistency, objectivity, and transparency of the selection process.

Assumptions

MnDOT has over 40 discrete programs, many of which would require unique ranking criteria. In many cases, these criteria already exist, so any additional staff time required would be to formalize and publicize the criteria.

The most significant impact to MnDOT would be the requirement in lines 1.22-23 to include ranking criteria of each candidate project under consideration, including projects that are not selected. For many programs, such as system preservation, projects are selected based on a variety of condition risk factors, and providing a complete list of all individual projects statewide (both selected and not selected) would be a significant effort. It is assumed that for these types of programs, detailing the selection process and how individual projects are selected would be sufficient. Individual projects would be ranked and detailed for programs such as expansion, mobility, and special programs such as Corridors of Commerce, and would list projects not selected.

This process would be overseen and managed in the Office of Transportation System Management (OTSM). We assume that this would require the equivalent of 0.5 full-time equivalents (FTEs), or 1,040 hours, to work with expert offices, districts, and stakeholders to develop, compile, and publish the ranking criteria. The hourly wage rate would be \$40, plus an additional 50% to account for overhead costs including fringe.

There would be additional time required from expert offices to assist with developing and formalizing the ranking criteria. The offices would include all 8 districts, Bridge, Materials, and Project Management and Tech Support, for a total of 11 offices. We will assume that each office would require about 100 hours of staff time, at a blended average hourly wage rate of \$40/hour, plus an additional 50% to account for overhead costs including fringe. For the OTSM office, to conduct additional economic analysis for the expanded list of individual projects under consideration, the hours would increase to 200.

It is assumed that the vast majority of this work would be performed in fiscal year 2017, so for the purposes of the fiscal note all costs are shown in fiscal year 2017, and are assumed to occur in the Trunk Highway Fund.

Line 1.14 includes an unspecified date by which the best practices must be adopted and begun to be implemented. MnDOT recommends this date be October 2017, so that these new practices could be integrated into the fiscal year 2019-22 State Transportation Improvement Program (STIP).

It would be difficult to complete the requirements of this bill by the January 4, 2017 due date for the legislative report, so it is assumed that a status report would be sufficient.

Expenditure and/or Revenue Formula

OTSM oversight = \$40/hour wage rate + 50% overhead = \$60/hour x 1,040 hours = \$62,400

OTSM economic analysis = \$40/hour wage rate + 50% overhead = \$60/hour x 200 hours = \$12,000

Subject matter expert offices = \$40/hour wage rate + 50% overhead = \$60/hour x 100 hours = \$6,000/office x 11 offices = \$66,000

Total costs = \$62,400 OTSM oversight + \$12,000 economic analysis + \$66,000 subject matter experts = \$140,400

These costs would occur in the Trunk Highway Fund in fiscal year 2017

Long-Term Fiscal Considerations

These best practices would likely adapt and evolve over time to best reflect MnDOTs and the traveling publics goals, changes in the environment, legal and policy changes at the state and federal level, etc.

Local Fiscal Impact

Area transportation partnerships and other local authorities would be involved in the process of selecting and adopting best practices.

References/Sources

MnDOT Office of Transportation System Management (OTSM)

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