



Corridors of Commerce: History, Issues, and a Proposal for Changes

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Patrick's Background

- Director of Capital Planning and Programming in MnDOT's Office of Transportation System Management for the last 8-years.
- My section is responsible for the administration of the Corridors of Commerce Program.
- I led the Corridors of Commerce Project Scoring and Selection process development back in 2017-2018.
- I have worked with MnDOT for 25 years, with 17 of those years being the District Planner for District 8 in Willmar, Mn.



History of Corridors of Commerce Legislation

2013

- Original program was established during the 2013 legislative session.
- \$300 M in bonds were provided for the first projects in 2013.
- MnDOT interpreted the original scoring criteria as suggested and not mandated.
- MnDOT did take potential project suggestions from local agencies and the public.

2013

- 174 project suggestions were submitted, however MnDOT pre-screened the list down to just 34 projects for consideration.
- MnDOT used the following to select which projects to fund;
 - ✓ Program eligibility
 - ✓ Deliverability of the project within three years
 - ✓ Each area (district) of the state getting at least one project
 - ✓ A soft funding balance between Metro and Greater Mn.

2014

- \$6.5 M of trunk highway cash was made available exclusively to Greater Mn projects as part of a legislative package.
- The funding was made available to do project development with the goal of getting some future Greater Mn projects “ready” for a future COC funding program.
- Two projects were selected that provided construction funding for freight projects and two were funded to develop future construction projects.

2014

- Project selection was based upon the following;
 - ✓ Helping get future projects ready on some corridors that were not deliverable from 2013 funding.
 - ✓ Balancing out those districts which did not receive as much of the 2013 funding.
 - ✓ Existing projects which could have freight improvement work added on.
 - ✓ No additional project recommendations were taken.

2015

- \$25 M in trunk highway cash available statewide.
- Funding was split 50-50 between Metro and Greater Mn.
- Legislative intent was to use a majority of the funding to get projects ready for another future COC program.
- Of the selected twelve projects, all but two projects were to assist with project development for a potential future COC project.

2015

- Projects were selected based upon;
 - ✓ Priority for getting projects on the shelf.
 - ✓ District priorities.
 - ✓ Purchasing right-of-way where projects were able to use it.
 - ✓ No additional project recommendations were taken.

2015/2016

- Minnesota Legislature requests Office of Legislative Auditor to conduct a review of MnDOT's Highway Project Selection processes.
- The audit finds that MnDOT has, “selected projects for Corridors of Commerce in an inconsistent and subjective manner.”
- The audit recommends, “MnDOT should modify its Corridors of Commerce project selection process to create greater objectivity and transparency.”

2017

- Legislature provides \$300 M in bonds for COC and then sets up so \$25 M in trunk highway cash is added to COC annually.
- MnDOT makes the decision to assume that 5-years of the cash or \$125 M will be available for the COC program.
- The Legislature also includes a series of significant changes to the COC statues that are in direct response to the Legislative Auditor's report.

Legislative Changes:

- Required MnDOT to score and rank all submitted projects using all the eight evaluation criteria in the law and only those eight criteria.
- Specifically prohibited MnDOT from considering project deliverability as a criteria.
- Clarified that MnDOT “Must” accept project recommendations from area transportation partnerships and other interested stakeholders.

MnDOT Response:

- Developed an entirely new project scoring and selection process over the next 8-months.
- A significantly more advanced technical point scoring system was deployed for all the criteria, except “geographic balance”.
- The geographic balance criteria was incorporated by doing a soft 50-50 split between the Metro area and Greater Minnesota.

2018

- In January of 2018, MnDOT opened the project recommendation window for three weeks.
- Project recommendations were accepted from ATPs, MPOs, counties, cities, corridor coalitions/groups, businesses, and the general public.
- In order to maintain an arms length from the program, MnDOT itself did not recommend any projects for the program.

2018

- 173 individual project recommendations were received.
- MnDOT spent six weeks trying to develop detailed enough information (scopes) for each of those projects so that a cost estimate and the benefits of the project could be used in the seven scoring criteria.
- The 173 projects were then ranked, with the top projects within the \$200 M for both Metro and Greater Minnesota being selected for funding from the program.
- MnDOT announced the project winners the first week of May in 2018.

2018

- Several areas of the state were disappointed at which projects were selected by the process.
- In particular, MnDOT's application of the "geographic balance" criteria was called into question.
- As a part of the 2018 Special Session later in that month, the Legislature passed another \$400 M in bonds for Corridors of Commerce.

2018

The additional \$400 M in bonds came with some specific provisions:

- It required MnDOT to use the existing field of candidates and scores to select the next projects.
- It required that two projects be selected from counties in Greater Minnesota that did not receive funding from the 2017 funding.
- It required one project to be selected from the Metro area.
- It required MnDOT to select the projects in the order they scored.

2021

- As a part of the Special Session in 2021, the Legislature provided \$200 M in bonds for a new COC #4 program.
- A new “project readiness” criteria was added to the required scoring criteria for the program, however also added was a provision stating the scoring criteria needed to be equal in weight.
- MnDOT was given until August of 2022 to start the project solicitation process, in order to allow both MnDOT and the Legislature time to consider improvements to the project scoring/selection process.



Issues with the 2018 Project Scoring & Selection Process

2018 Selection Process

- 2018 was the first year MnDOT utilized its new Project Scoring and Selection Process for COC.
- The Process was developed in direct response to changes made to the COC program during the 2017 Special Legislative Session.
- Although MnDOT was able to implement the process and successfully select four projects, two fundamental issues became apparent.

Two Fundamental Issues

- Number of Projects Needing Evaluation
- Interpretation of Regional Balance

Number of Projects Needing Evaluation Issue



Number of Projects Needing Evaluation

- MnDOT received 173 individually unique projects from its on-line project recommendation process in 2018.
- Although this was within one project of the number of projects submitted in the 2013 solicitation, in 2013 MnDOT screened the number down to a very manageable number of 34 to select from because it utilized a “deliverability” screening criteria.
- The law now requires MnDOT to score all the submitted projects using all of the scoring criteria and prohibits applying any additional criteria or screening processes.

Number of Projects Needing Evaluation

- In order to apply the scoring criteria uniformly, all 173 submitted projects needed to have;
 - **Scope Developed** – A scope is the identification of the individual components that will make-up the project.
 - **Cost Estimate** – The cost estimate is what the project’s construction, right-of-way, and engineering costs will be inflated to the year the project is actually constructed.
 - **Project Benefits Calculated** – These are several engineering calculations that demonstrate the overall benefits the project will have towards travel time, safety, movement of freight, and other components used in scoring criteria for the projects.

Number of Projects to Evaluate

- Development of a normal project scope on major capacity projects can take 6 months to a couple of years.
- Expectations for selecting, awarding, and starting the projects resulted in all 173 projects having to be scoped in six weeks.
- Many of the suggested projects were simple concept ideas and had no development associated with them making it very difficult and risky to try to develop a scope in such a short time.

Number of Projects to Evaluate

- Because of the need to score all submitted projects, the same amount of effort was needed for all 173 projects.
- The large number of projects to evaluate resulted in a drain on MnDOT staff time and local agency staff time.
- MnDOT had to use some of the COC funding to hire a consultant to assist with scoping and project scoring.
- In the end, only four of 173 submitted projects were funded.

Number of Projects to Evaluate

- Several of the selected projects have experienced rising costs, delays, and other issues that can be traced to the hurried scoping, benefits, and cost estimating processes of the COC program.
- It is clear that some type of project recommendation screening process is needed to make the COC program more efficient.

Interpretation of Regional Balance Issue



Interpretation of Regional Balance

- MN 161.088 Subd. 5 [C] (8), states the following:

“regional balance throughout the state”

- This is one of the eight scoring criteria in the COC law.

Interpretation of Regional Balance

- There was no definition provided for what meets “regional balance”.
- During the development of the new Scoring and Selection Process for COC, MnDOT requested input as to whether or not its recent historical soft 50-50 split between the Metro Twin Cities area and Greater MN should be used or should some other split be considered.
- The overwhelming response during the public input process was to use the historical soft 50-50 split.

Interpretation of Regional Balance

- In selecting projects for the 2017 funding, MnDOT interpreted the 50-50 split to mean the following;

“Approximately 50% of the funding would go to projects within its Metro District boundary (Twin Cities area) and approximately 50% would go to districts outside of the Metro District boundary (Greater MN).“

Interpretation of Regional Balance

- When the 2017 funding projects were announced, they were at the following locations;
 - I-494 – France Avenue to TH 77 in Metro District
 - I-494/I-35 W Intersection in Metro District
 - TH 169 Elk River in District 3
 - I-94 – St. Michael to Albertville in District 3

Interpretation of Regional Balance

- When the projects were announced, there was a chorus of complaints that all the projects were within 50 linear miles of downtown Minneapolis.
- District 3 is in Greater Minnesota, so the two projects selected from there met the soft 50-50 interpretation that MnDOT stated publicly it would follow.
- It was clear, however, from the complaints that others had interpreted “regional balance” differently than MnDOT.

Interpretation of Regional Balance

Reasons Behind Project Selection Results for Greater Mn:

- Several of the scoring criteria favor locations with higher traffic volumes, higher truck volumes, and higher crashes because of the amount of benefit recommended improvements provide.
- These higher traffic and crash locations tend to be near growth areas like those areas adjacent to the Metro area.
- Because all the projects compete against each other, small dollar rural projects do not compete well because the amount of benefit is considerably less.

Interpretation of Regional Balance

- With Greater MN projects competing all together, the scoring process essentially shuts out the smaller and more rural projects from scoring well enough to receive COC funding.



MnDOT Proposal for Changes

MnDOT Proposal for Changes

- To address the two issue areas from the 2017/2018 scoring and selection process, MnDOT is proposing some changes to the COC law.
- These changes are intended to make the COC selection process;
 - Operate better
 - Limit amount of wasted effort
 - Clarify intent
 - Increase opportunities for other projects across the state.

First Proposed Change

Local Stakeholder Screening Process



Local Stakeholder Screening Process

MnDOT is proposing:

- The COC law be changed to include a new step in the project evaluation process, called the “Local Stakeholder Screening Process”.
- After the close of the Project Recommendation process, all the projects received will be grouped together according to their respective Area Transportation Partnership (ATP) geographic boundaries.

Local Stakeholder Screening Process

For Project Recommendations in Greater Minnesota ATPs:

- The local ATP shall review all of the project recommendations received for their area.
- Each ATP will select up to three projects to recommend be advanced to the scoring phase of the selection process (How they determine that is up to each ATP).
- Only the three recommended projects will be developed for scoring and selection, with the remaining project recommendations dropped from further consideration.

Local Stakeholder Screening Process

Project Recommendations in the Metro ATP:

- Project Recommendations from the seven counties in the Metropolitan Council area will be reviewed by the Transportation Advisory Board (TAB) and then by the Council.
- The Council will recommend up to 10 projects to be advanced to the scoring phase of the selection process (How they determine that is up to Council).
- Only the 10 recommended projects will be developed for scoring and selection, with the remaining project recommendations dropped from further consideration.

Local Stakeholder Screening Process

For Project Recommendations in the Metro ATP:

- Project recommendations within Chisago County, will be reviewed by the Chisago County Board.
- The County Board may recommend one project from their area to be advanced to the scoring phase of the selection process, using their own criteria.
- Only the one recommended project will be developed for scoring and selection, with the remaining project recommendations dropped from further consideration.

Local Stakeholder Screening Process

- A maximum number of 32 projects would be fully developed and scored.
- 21 from Greater Minnesota and 11 from the Metro.
- The Greater Minnesota projects would compete against each other and the Metro projects would compete against each other in the scoring phase.
- That would be 32 projects needing development work versus the 173 from the last cycle.

Second Proposed Change

Definition of Regional Balance



Definition in Law

MnDOT is Proposing:

Under the “Definitions” section of the COC statute, the following be added;

“Regional Balance - approximately 50 percent of the available funding be spent within eight counties which make up MnDOT’s Metro District and approximately 50 percent of the available funding is to be spent within counties that make-up the other districts in greater Minnesota.”

Definition in Law

- This was the definition MnDOT used for the scoring process in 2018.
- It is based upon county boundaries and is easily understood by everyone.

Third Proposed Change

Small Projects

Category



Creation of a Small Projects Category

- MnDOT took from the pushback during the 2017 Funding project announcement that the COC program needed to provide better geographic balance in Greater Minnesota.
- Because of higher traffic volumes, number of crashes, congestion delays, and other factors, projects that are closer to the Metro Area will naturally score better than those in the more rural areas.
- To help find a better balance, MnDOT is proposing to create a Small Projects Category in Greater Minnesota.

Creation of a Small Projects Category

MnDOT is Proposing:

- The Greater Minnesota share of the COC funding be further divided into two sub-categories, Small Projects and Large Projects.

Small Projects Category would be for those project recommendations that the total cost of the project is \$10 M or less.

Large Projects Category would be for all those project recommendations that the total cost of the project is more than \$10 M.

Creation of a Small Projects Category

MnDOT is Proposing:

- 25% of the Greater Minnesota area split of COC funding would go for towards the Small Projects Category.
- All of the Greater Minnesota projects would still be scored against each other, however only the highest scoring projects \$10 M or less in total cost would be selected for the Small Projects Category.

Time to Hear From You

- What do you think of MnDOT's proposed changes to the Corridors of Commerce program?
- Do the ATP's/TAB feel they can review and screen down the number of Project Recommendations for scoring?
- Do any legislators in attendance today have any concerns or additional recommendations that MnDOT might want to consider proposing?

MnDOT Proposed Changes - Summary

1. Addition of a local stakeholder screening step to the process.
2. Formally define Regional Balance as 50% of the funding for the Metro ATP and 50% of the funding for Greater MN ATP areas.
3. Create a new Small Projects program within the Greater Minnesota portion of the funding for projects under \$10 M total cost.

Thank You

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