



Prioritization 4.0 Workgroup Meeting #12

March 16, 2015



Benefit-Cost

Highway – Benefit-Cost

Options to better leverage new dollars (non-state or non-federal):

- A. Factor Benefit-Cost by Percent of Local Contribution of Total Cost
- B. [Complete] Benefit-Cost + [Financial Leverage]
- ~~C. Increase Benefit-Cost by Change in result of Local Commitment~~
- D. Increase Benefit-Cost by Percent of Local Contribution
- E. Keep B/C calculation same as P3.0 (+ safety benefits?), reduce Benefits to 10 years

Others?

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Conclusions from evaluating Options A, B, D, and E

- **Scaling has largest impact on change in scores from P3.0**
- Minimal difference (if any) between using benefits over 30 years vs. 10 years (same results)
 - Option E has the same results as scaling P3.0 scores
 - No difference in results for Options A and B
 - Minimal difference in results in Option D with local contribution
- Options B and D are both good options for local contribution to have a meaningful contribution on the overall Benefit-Cost score
 - Strengths and challenges with each

Benefit-Cost

Option	Strengths	Challenges
<p>Option B - [Complete] Benefit-Cost + [Financial Leverage]</p>	<ul style="list-style-type: none"> • Local contribution creates a greater disparity in scoring • Effect of financial contribution is very transparent • Scaling is done for each criteria component (B/C, Financial Leverage) • Since Financial Leverage cannot be a standalone criteria, if desired effect is known, set overall weight and component weights appropriately Example: Desire for Financial Leverage to account for 10% of overall score in Statewide category <ul style="list-style-type: none"> - Set Overall [Complete] B/C+ [Financial Leverage] weight to 30% - Set Benefit/Cost component to 66.67% - Set Financial Leverage component to 33.33% 	<ul style="list-style-type: none"> • Perception that the max score a project could receive w/o local funds is a 67 (using example) • Lack of Political support? • Overall scores are lower than other options
<p>Option D - Increase Benefit-Cost by Percent of Local Contribution</p>	<ul style="list-style-type: none"> • Rewards projects for financial contribution w/o penalizing others • Large impact on B/C score with financial contribution • Higher scores than option B • The percent increase in local contribution increases the raw benefit-cost score by the same amount. For example, if there is a 5% contribution of local funds, the benefit-cost score increases by 5 points before scaling 	<ul style="list-style-type: none"> • Most any contribution will have large increase in B/C score due to scaling <ul style="list-style-type: none"> - From P3.0, Average Raw B/C score = 0.15; w/scaling → 50 - Note: Adding safety benefits should improve average score • Effect of financial contribution less transparent than option B

SPOT recommends Option D, but could support either

SPOT recommends using 10 yrs for benefits (2025 if using NCSTM and/or TREDIS)³