

SB 2012 Budget Testimony

(First engrossment)

House Appropriations – Government Operations Division

March 10, 2021

Thank You



Agency Overview

NDDOT follows North Dakota Century Code Sections 24-01 through 24-15, 39-02 and 49-17.1-02.

- Originally called the State Highway Department, the North Dakota Department of Transportation (NDDOT) was established in 1917. The NDDOT is an innovative and progressive organization that has a great team of employees that work hard across the state to carry out the Department's mission to safely move people and goods.
- The NDDOT builds and maintains a transportation system consisting of about 106,103 miles of roadways and 4,865 bridges. It oversees the development of surface transportation including highways, bridges, rail, transit, pedestrian and bicycle paths across the state.
- In addition, the Department processes over one million vehicle registrations every year and serves over 500,000 licensed drivers at offices located across the state.

North Dakota Department of Transportation

Mission
Safely move
people and
goods.



Vision
North Dakota's
Transportation
Leader Promoting:

Safe Ways
Superior Service
Economic Growth



Values

Professionalism
Respect
Integrity
Dedication
Excellence

NORTH
Dakota | Transportation
Be Legendary™



Strategic Focus Areas and Goals



Safety

Provide a safe and secure transportation system and workplace.



Innovation

Promote a culture of innovation to enhance external and internal services, products, and programs.



Assets

Preserve and enhance assets managed by NDDOT.



Mobility

NDDOT works to improve access to our transportation system through multi-modal solutions to enhance the movement of people and goods, having a positive impact on the quality of life and the economic well-being of North Dakotans.



Leadership

We strive to position the NDDOT as a local, state, and nationally trusted leader. We value service, excellence and diversity, instilling a culture of leadership, which expands the problem-solving capacity of our organization.

Mission
and
Vision

Agency, Customers & Programs

We Serve in Three Ways:

Transportation Construction
Transportation System Operations
DMV, Highway Safety, & Fleet



Agency, Customers & Programs

We Serve Four Primary Customers:

- Citizens
- Tribal Nations
- Business
- Government



NDDOT Executive Staff

Bill Panos
Director



Ron Henke
Deputy Director



Terra Miller-Bowley
Deputy Director

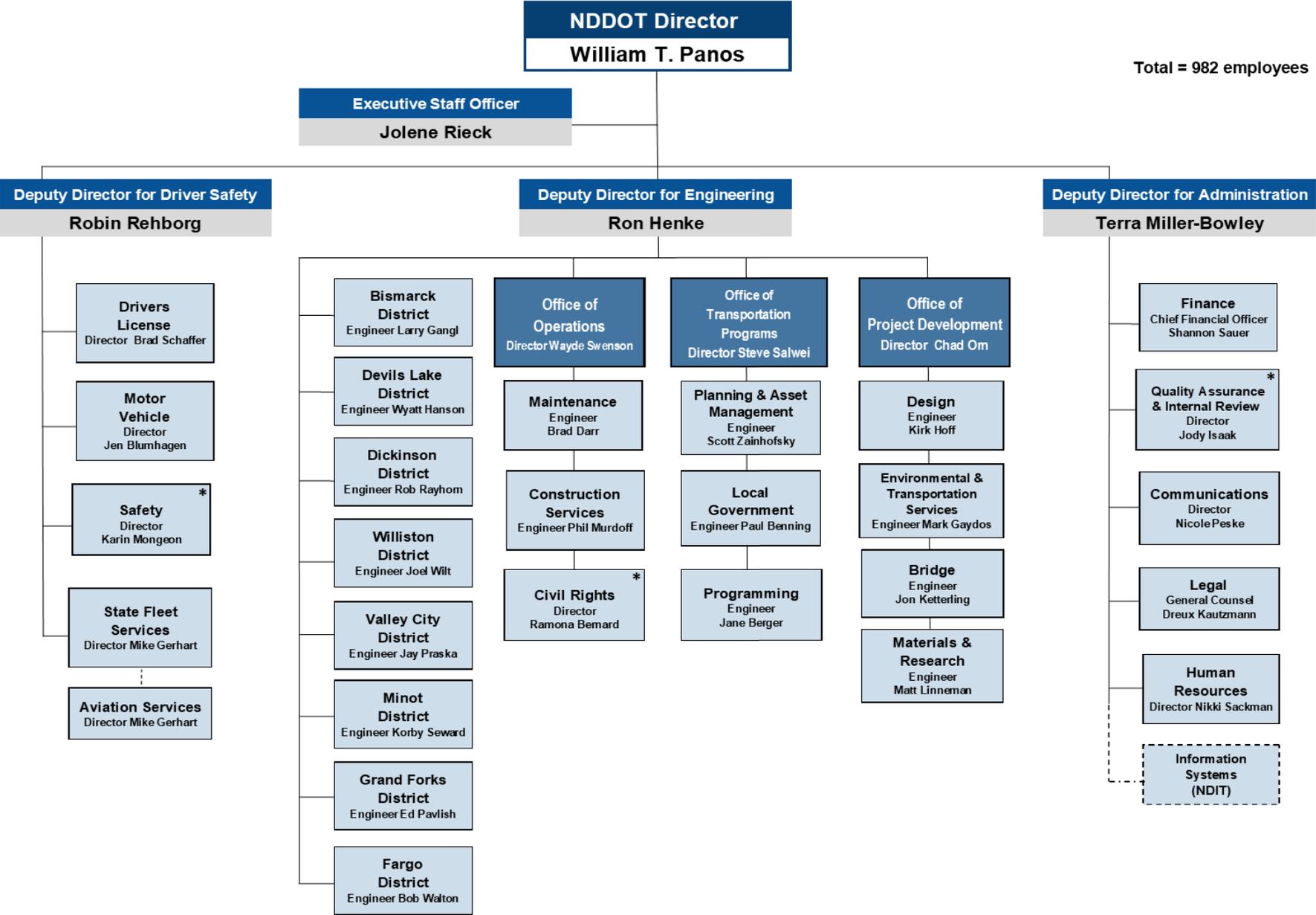


Robin Rehborg
Deputy Director



Built for success

Total = 982 employees



* Indirect report to the Director

NDDOT Never Closed

NDDOT never closed during the pandemic providing many services statewide.

Essential services included:

- Expanded online services for driver license and motor vehicle customers.
- CDL permits, renewals and knowledge tests continued to enhance services for trucking industry.
- Early road construction, snow removal and flood control.



NDDOT Completed Major Projects

- Completed 345 construction projects
- Awarded \$15M in local transit grants
- New driver license offices in Williston and Minot
- Upgraded Driver License/Motor Vehicle systems and established a Universal Service Delivery Platform
 - Used CARES Act funding to save \$
 - Combined motor vehicle and driver license data systems
 - 52 New Kiosks and a new Mobile App



Minot Driver License Office

NDDOT Improved Customer Service and Safety

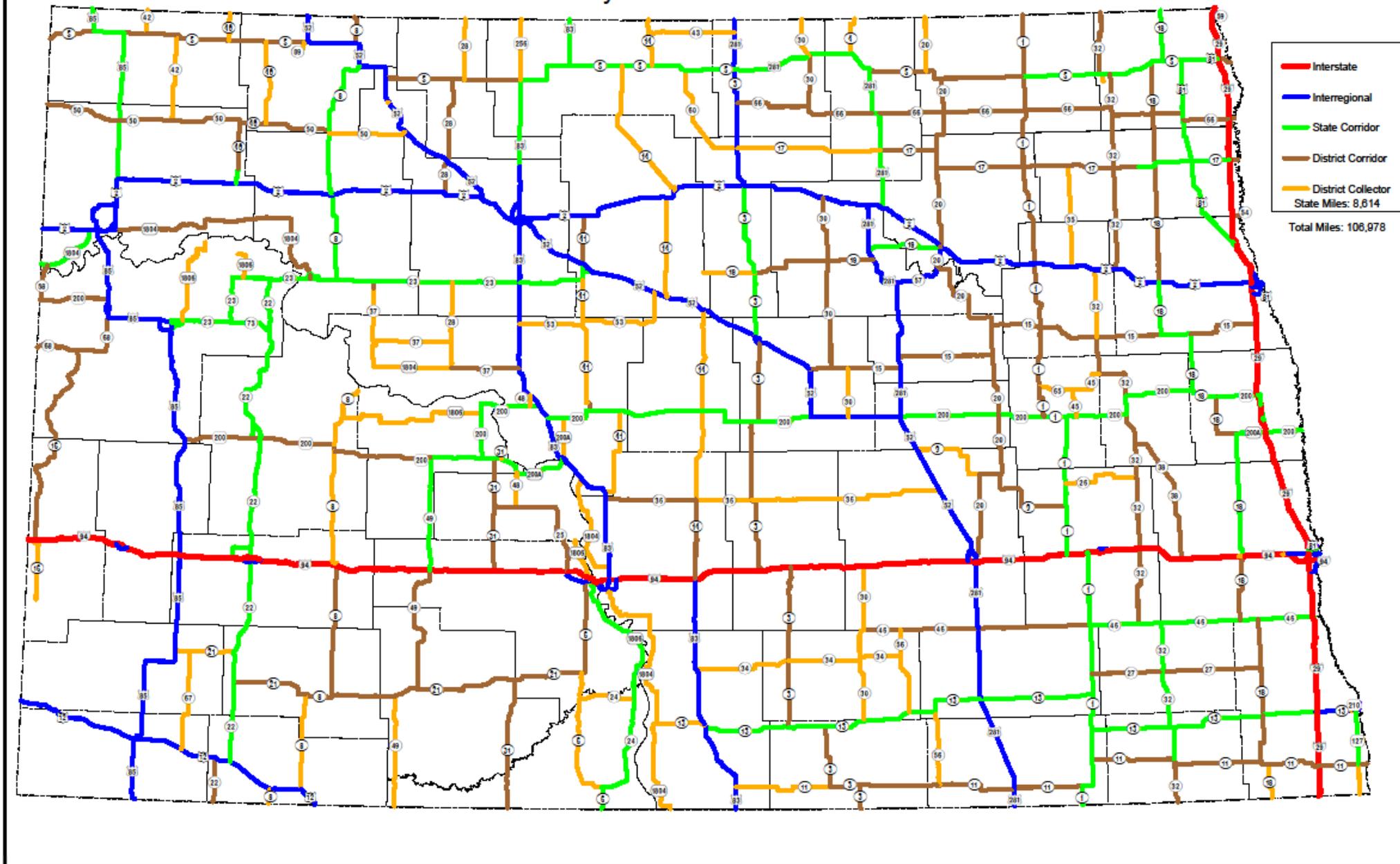
- Reduced Driver License and Motor Vehicle wait times
- Expanded appointment systems for driver license and motor vehicle customers
- Traveled to tribal reservations to provide Photo IDs for voting
- Motor Pool Pilot Project with Enterprise rental car company
- Launched virtual State Fleet auctions which included online bidding opportunities for customers
- Completed Vision Zero Highway Safety Corridors on three sections of highway across the state on US 52, US 85, and US 83



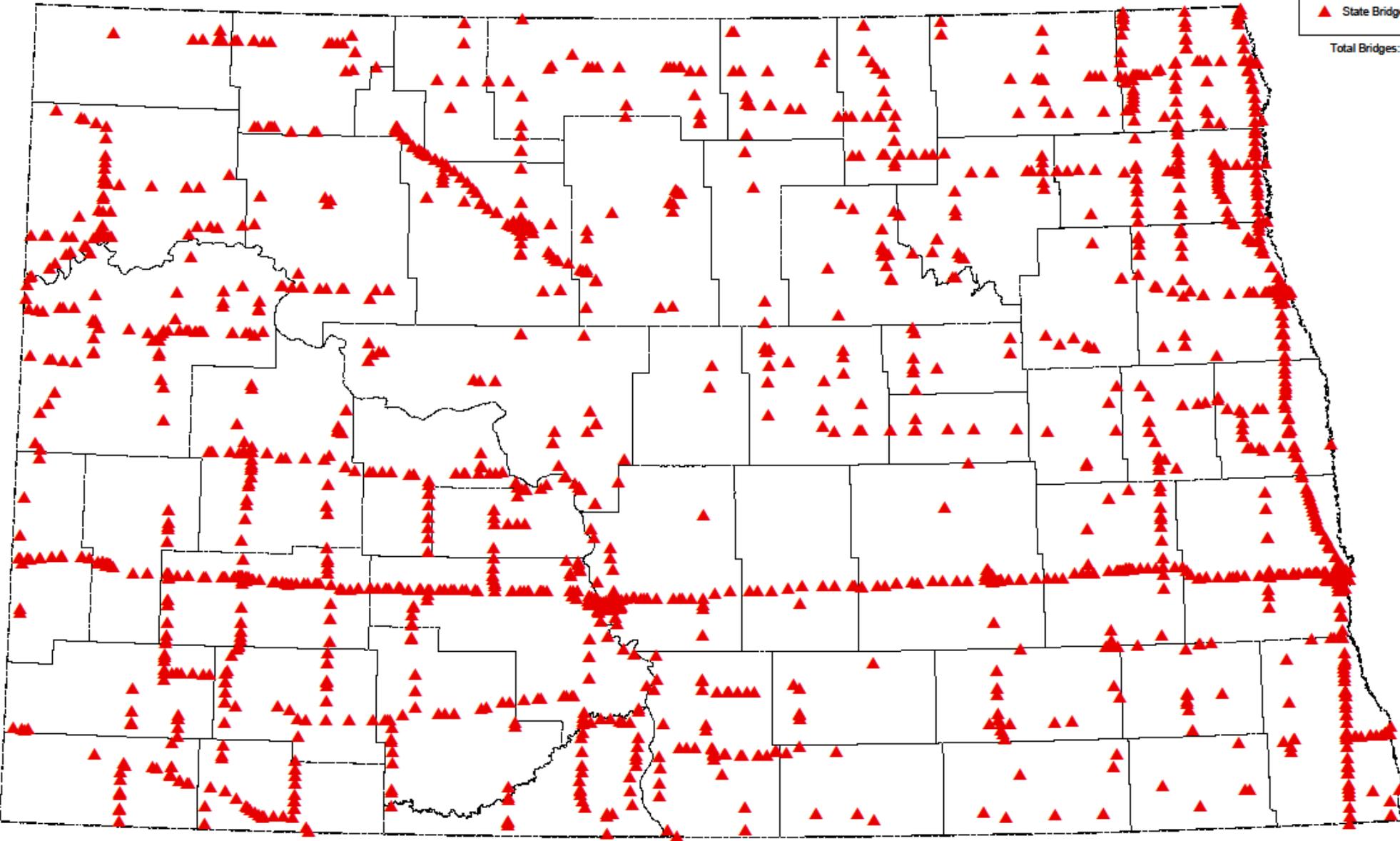
Challenges

- Saving Lives
- Modernized State Funding for ND Roads and Bridges
- Break Down Government Silos
- Reduce Transfers Out of Highway Tax Distribution Fund
- Improve Maintenance of Existing Road and Bridges
- 24/7 Snow and Ice Control
- Install State-Wide Traffic Management Center
- Proper Staffing to Support Operations
- Secure More Federal Grant Funding

NDDOT Roadway Infrastructure 2020

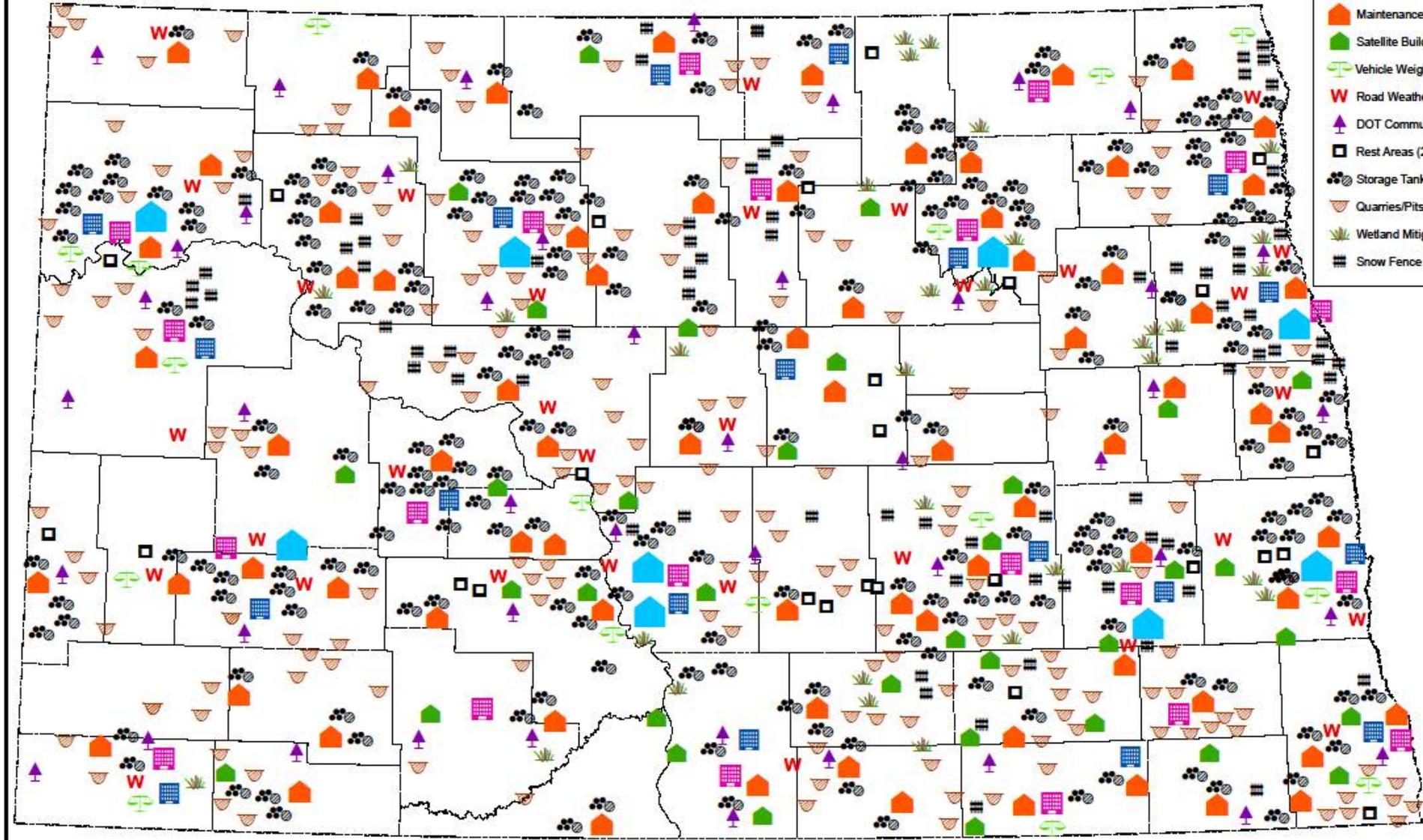


NDDOT Bridge Infrastructure 2020



▲ State Bridges (1,755)
Total Bridges: 4,831

NDDOT Support Facilities/Assets 2020

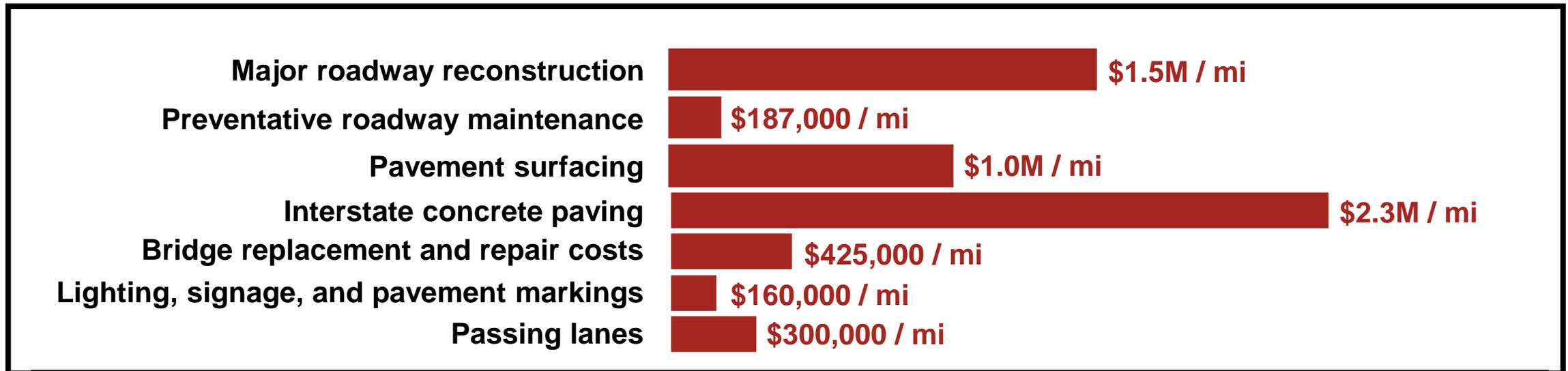


- DOT Offices (9)
- MV Offices (21)
- Drivers License Offices (19)
- Maintenance Sections (77)
- Satellite Buildings (36)
- Vehicle Weighing Facilities (16)
- Road Weather Stations (32)
- DOT Communication Towers (45)
- Rest Areas (28)
- Storage Tanks (230)
- Quarries/Pits (181)
- Wetland Mitigation Sites (33)
- Snow Fence Systems (76)

How much does it cost to maintain the system?

With rising costs of transportation services and construction materials, funding does not stretch as far as it used to. Since 2001, the relative cost of North Dakota construction projects – materials, equipment, and services – has increased by 131%.

Chart below shows current costs per mile:



How much does it cost for snow and ice control?

Snow and Ice Control costs = Approximately \$22.5 million/year

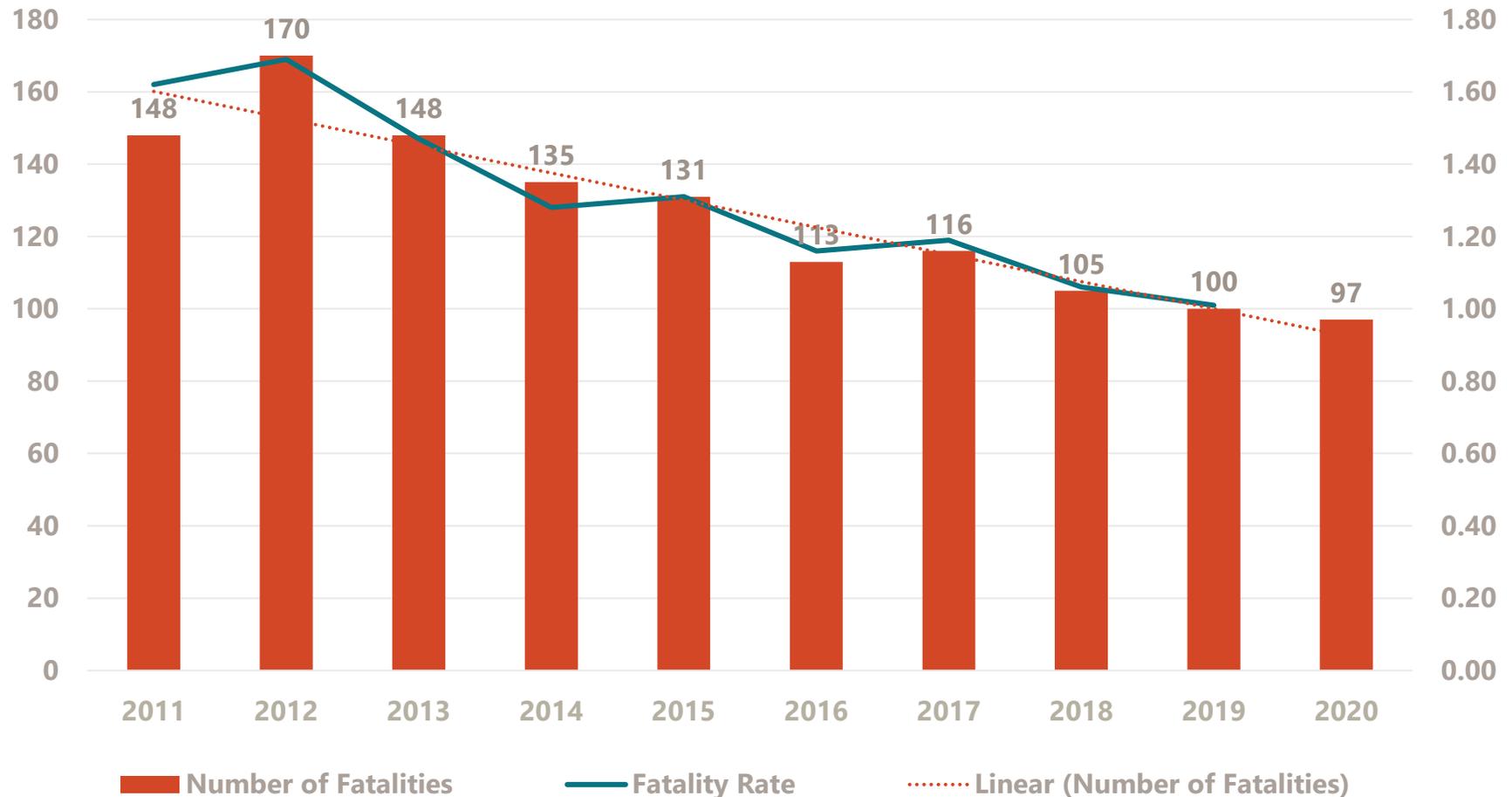
General statewide operations from 5 a.m. – 7 p.m. daily



Safety is our top priority



ND motor vehicle crash fatalities to December 31, 2020



NDDOT Budget Bill Details

(First engrossment)

SB 2012

NDDOT'S Proposed Budget

The Executive proposal contains a budget for NDDOT = \$1.8 Billion.

- 2019-2021 budget = \$1.4 Billion

The budget recommendation includes:

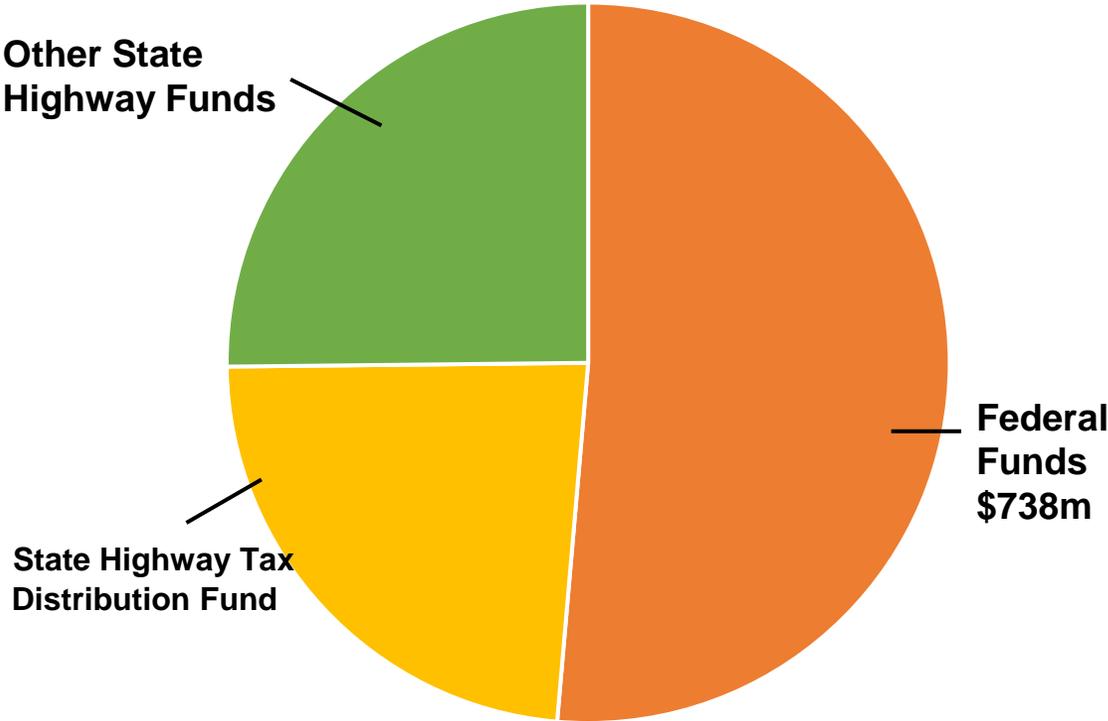
- \$860 million in federal funds
- \$638 million in state funds
- \$302 million in bond funds for transportation projects*
 - Bond funds include:
 - ✓ \$237 million for 10-year infrastructure projects
 - ✓ \$50 million for Highway 85
 - ✓ \$15 million for bridges

** Bond funds will be paid back through state Legacy Fund earnings.*

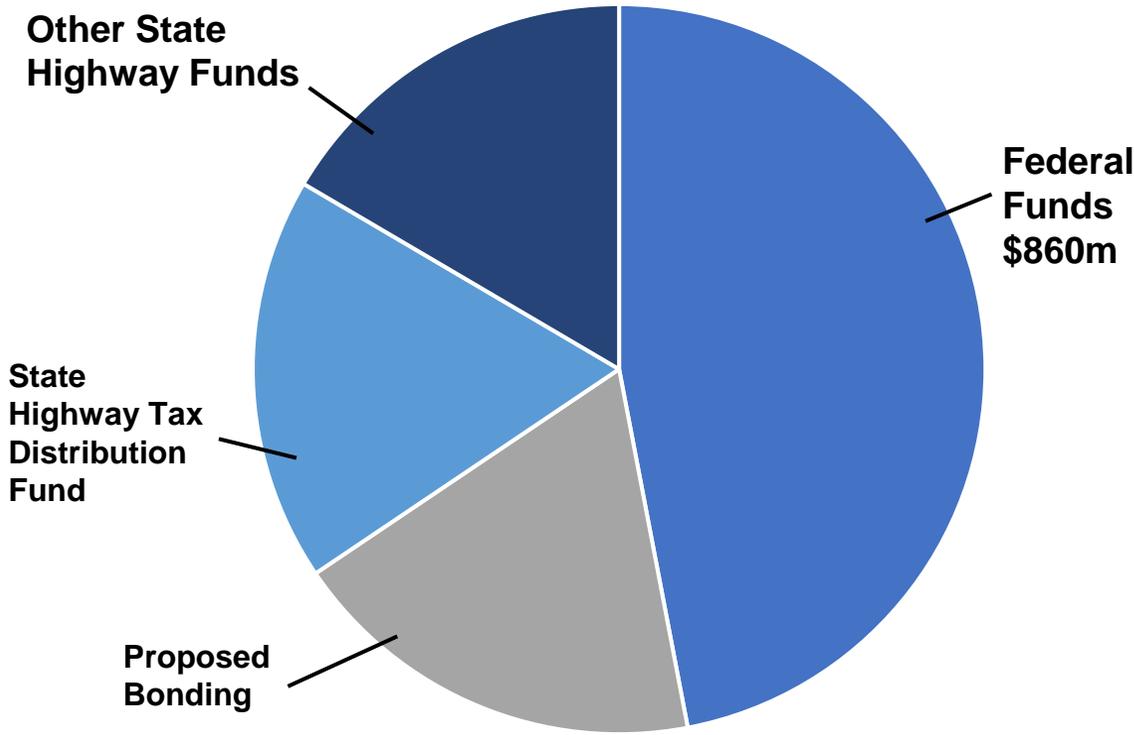
NDDOT Transportation Revenue

The primary sources of revenue provided to NDDOT are Federal Funds, State Funds from the Highway Tax Distribution Fund and Other state sources primarily Drivers License Fees and permits.

2019-2021 Biennium



2021-2023 Biennium



Proposal for engrossed SB2012

	Engrossed Senate Bill 2012	Proposed Reinstatement of Transportation Management Center	Proposed Reinstatement of Executive Bonding Proposal (a)	NDDOT Proposal for SB2012
Salaries and wages	\$ 204,202,914	\$ 1,004,301		\$ 205,207,215
Operating expenses	79,508,238	2,435,649		281,943,887
Capital assets	920,072,370	6,300,050	\$ 302,400,000	1,228,772,420
Grants	112,808,637	260,000		113,068,637
Total special funds	<u>\$ 1,516,592,159</u>	<u>\$ 10,000,000</u>	<u>\$ 302,400,000</u>	<u>\$ 1,828,992,159</u>
Full-time equivalent positions	982.00	5.00		987.00

(a) The Executive bonding proposal provides funding for the 10-year infrastructure improvement plan (\$237.4M), Highway 85 (\$50.0M match for \$45M federal funding), and bridges (\$15M).

Note: Currently there are three bills that propose bonded funding for critical transportation.

- HB1431 provides \$70M to NDDOT for roads and bridges on the state highway system.
- HB1425 and SB2014 provide funding for local transportation systems and require the NDDOT to assume a coordinating role for local transportation projects.

Proposed Amendments

Transportation Management Center

- The NDDOT believes a Transportation Management Center (TMC) is vital to fulfilling our mission to safely move people and goods by:
 - Improving safety, roadway operations and maintenance.
 - Coordinating traveler information and inter-jurisdictional cooperation with partner agencies.
- The NDDOT requests that SB2012 be amended to:
 - Eliminate Section 8 Legislative Management Study of TMC.
 - Restore Section 1 funding and full-time equivalent positions for TMC.



Painted Canyon Rest Area

- The NDDOT believes that expanding services to the traveling public is vital to fulfilling our mission to safely move people and goods.
- The NDDOT requests that SB2012 be amended to:
 - Create a new section of NDCC which allows the NDDOT to enter into a cooperative agreement with the Theodore Roosevelt National Park Painted Canyon Visitor Center to operate rest area facilities year-round.



Executive Budget Proposed Bonding

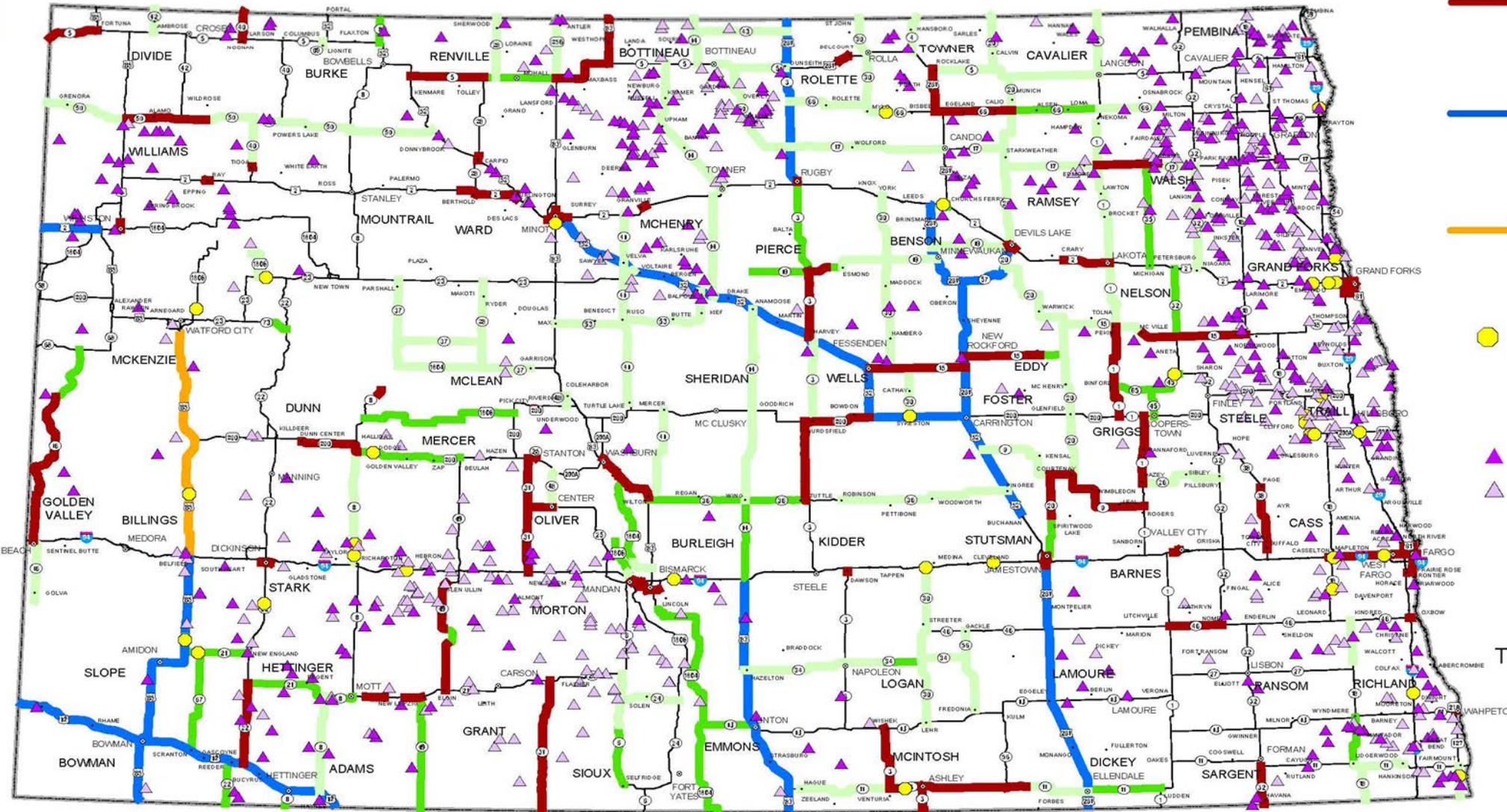
10-Year Infrastructure Plan

10-Year Infrastructure Plan - The proposed plan will provide dedicated state funding for transportation.

- There hasn't been a change in how ND invests in transportation for over 50 years.
- NDDOT has stretched every dollar as far as it can.
- A recent national report ranked North Dakota's transportation system 1st in the nation in overall cost-effectiveness and performance.
- But more work needs to be done, North Dakota ranked 42nd for bridges in the nation due to the number of our structurally deficient bridges.
- We need to improve our bridges on state and local roads so that we can reduce the need for load restrictions.



10-Year Infrastructure Plan



Load Restricted Roadways

Restricted by Classification
 Other Load Restrictions
 Estimated Cost to Correct = \$625,000,000

Roadway Width
 Restricted Roadways
 Estimated Cost to Correct = \$700,000,000

Two Lane Interregional
 Corridors
 Estimated Cost to Add Passing
 Lanes = \$160,000,000

Future Four Lane
 Interregional Corridor
 Estimated Cost to Four Lane =
 \$450,000,000

Structurally Deficient
 State Bridges
 Estimated Cost to Correct =
 \$25,000,000

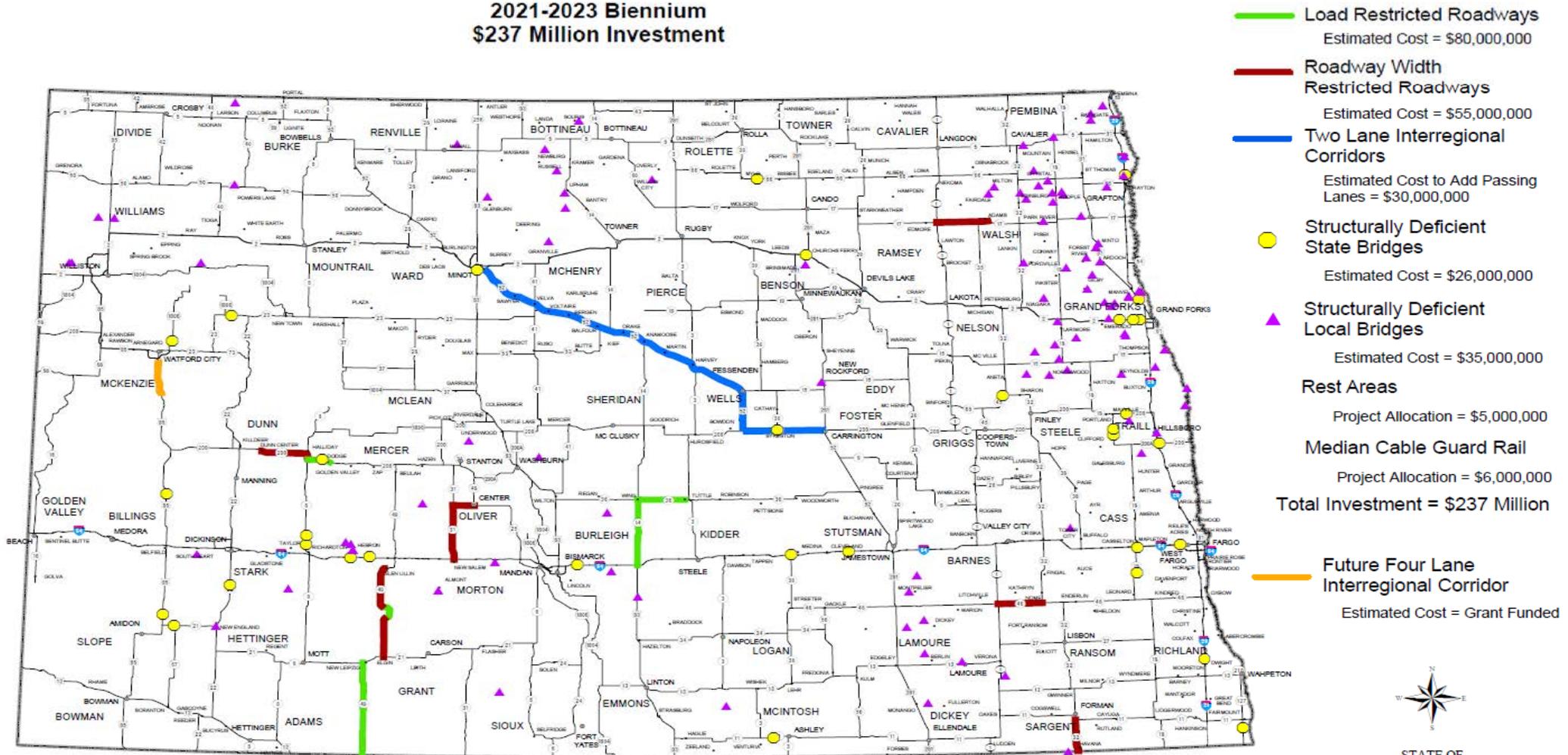
Local Bridges
 Structurally Deficient
 Load Restricted
 Estimated Cost to Correct =
 \$200,000,000

Rest Areas
 Estimated Cost to Improve=
 \$20,000,000

Total Investment = \$2.18 Billion

First Phase of 10-Year Plan = \$237M

2021-2023 Biennium
\$237 Million Investment



- Load Restricted Roadways
Estimated Cost = \$80,000,000
- Roadway Width Restricted Roadways
Estimated Cost = \$55,000,000
- Two Lane Interregional Corridors
Estimated Cost to Add Passing Lanes = \$30,000,000
- Structurally Deficient State Bridges
Estimated Cost = \$26,000,000
- ▲ Structurally Deficient Local Bridges
Estimated Cost = \$35,000,000
- Rest Areas
Project Allocation = \$5,000,000
- Median Cable Guard Rail
Project Allocation = \$6,000,000
- Total Investment = \$237 Million**
- Future Four Lane Interregional Corridor
Estimated Cost = Grant Funded

Notes

- * One time investment for the 21-23 Biennium.
- Four laning US 85 is anticipated to be grant funded with matching state funds and that value is not included in the investment total.
- ▲ Legislative approval would be needed to spend money on local bridges that are off of the state system.

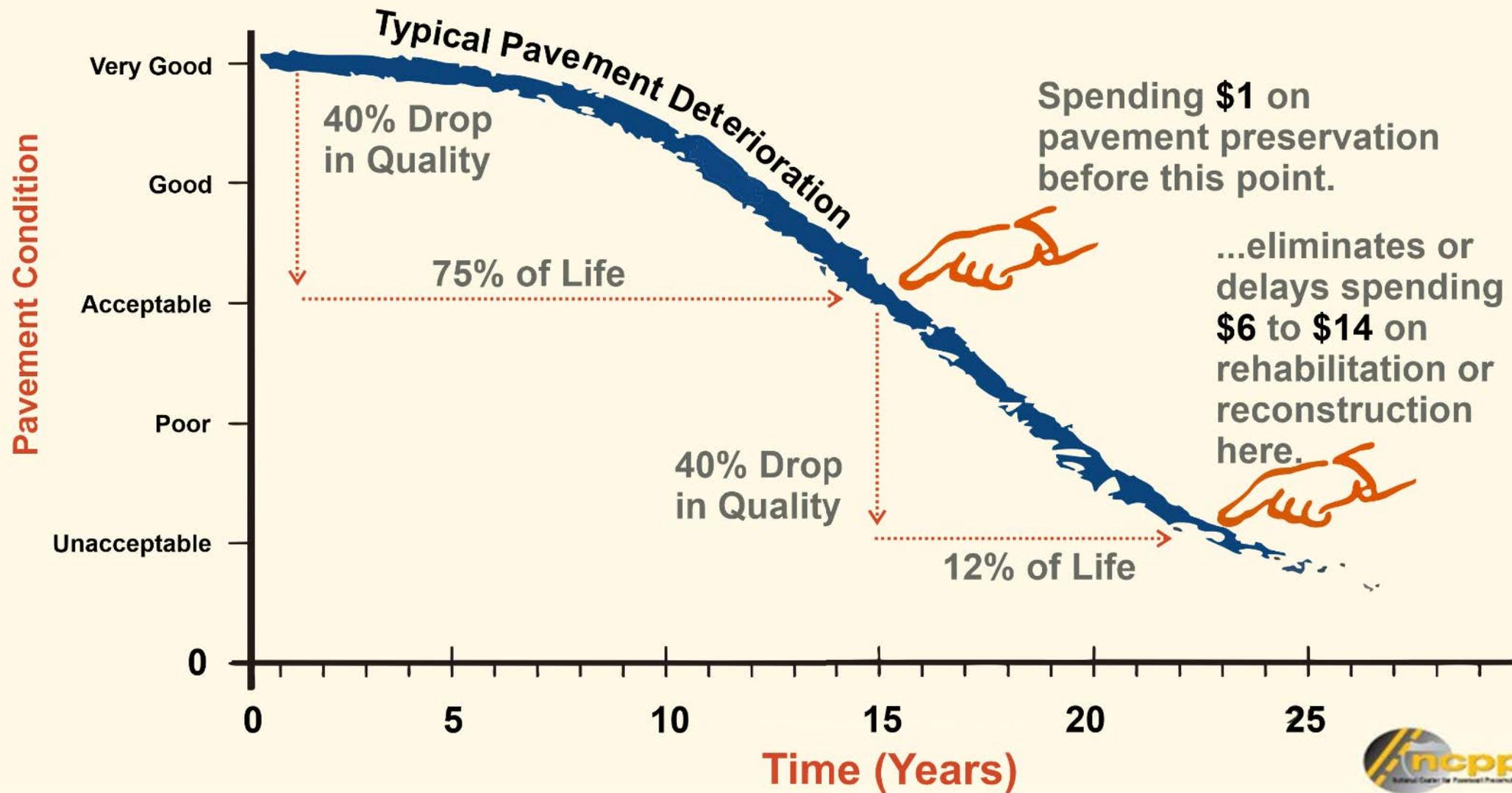


STATE OF NORTH DAKOTA

PREPARED BY THE
NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
PROGRAMMING DIVISION
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY DEPARTMENT

NOVEMBER 2020

PAVEMENT PRESERVATION IS COST EFFECTIVE



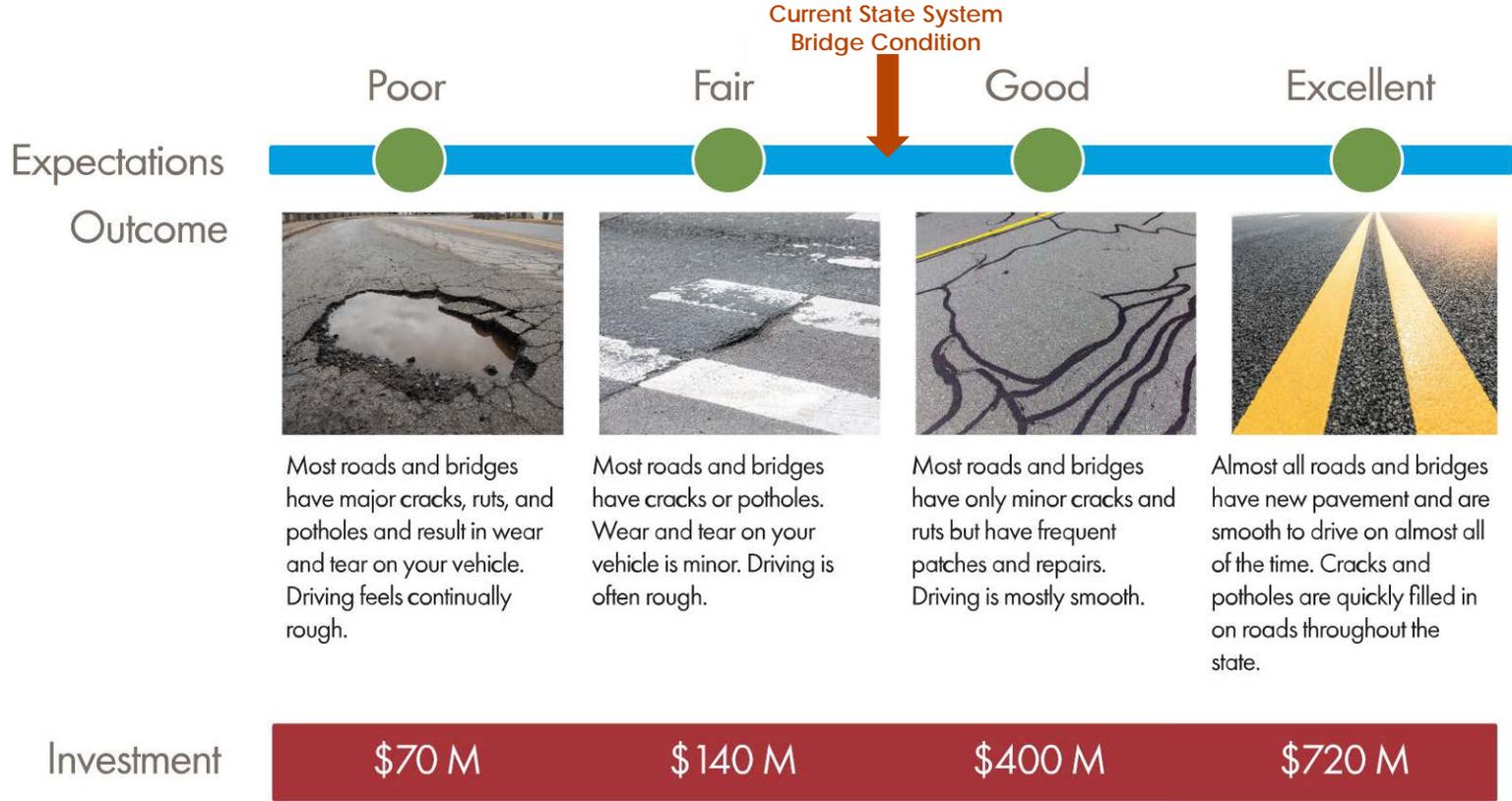
Source: National Center for Pavement Preservation.

Where should we invest?

NDDOT measures performance on a regular basis so that we invest funds when and where it is needed to maintain the transportation system and meet travelers' expectations. Investments are made to preserve assets in good condition, to minimize future costs, to perform preventative maintenance that limits the risk of future wear-and-tear on asset condition, and to ensure that the system works for you.

The example below highlights the range of outcomes for maintenance and repair activities for state roads and bridges. NDDOT measures road and bridge condition on a regular basis and fixes these roads to maintain performance targets. Today, NDDOT invests enough funding to maintain roads and bridges in fair to good condition. But increased travel and decreased revenue from fuel taxes point towards a long-term decline in the condition and performance of our roads and bridges.

HOW SMOOTH OUR ROADS AND BRIDGES ARE



Other NDDOT Projects

NDDOT one time funding project:

- Replacement of Road Information Management System (RIMS) software program with a new Construction and Materials Management System = \$9.6 million (*Highway Fund*)

Reinventing Government

Reprioritized/Repurposed > \$21 million

Reimagine State Fleet Services - Privatize Certain State Vehicles = NDDOT has been managing a unification business-model for state fleet. This model provides standardized specifications, bulk purchasing, cost-controlled maintenance, and bulk fueling for the state's fleet of 3,272 commercial and non-commercial vehicles. As part of this model a "motor pool" function (385 vehicles) was developed to cost-effectively replace older fleet vehicles assigned to agencies, provide resilient surge capacity for vehicle use, provide inexpensive (.40/mi) access to vehicles for smaller agencies, and avoid expensive (.57/mi) reimbursement rates for personal vehicle use.

Reimagine Mail and Printing Services - OMB Consolidation = NDDOT has been facilitating mail and printing services through a group of employees housed under our Civil Rights Division. This group provide mail delivery and pickup services, shipping services, mail processing and inserting services, and mainframe and custom printing. This group also serves as the NDDOT's liaison to the US Postal Services.

Enhanced Grant Acquisition Team - Aggressive Pursuit of Federal Infrastructure Grants.

Reprioritized positions create an interdisciplinary, enhanced grant team within NDDOT. Production requirement of \$50m - \$100m in grant applications per year. It is anticipated that this will translate into \$5m to \$10m in additional grant revenue per year or \$10m to \$20m in additional grant revenue per biennium. In most instances state funds would be required to leverage additional grant revenue; the percentage of required state matching funds would vary by grant.

2020 COVID Funding

Coronavirus Relief Funding (First Phase June – August 2020):

Motor Vehicle, Drivers License, & Mobile App	\$13,906,173
COVID project expenses	\$763,933

The above COVID project dollars were spent on: Payroll including OT, Temp, and On-Call Pay that was not included in the current budget and occurred after March 1, 2020. Motor Pool/Equipment Rental/Travel, Miscellaneous and Cleaning Supplies & Safety Clothing, Road Maintenance Supplies and Materials, Additional Janitorial Contract Costs to enhance cleaning, setup of an online appointment application and scheduler for Motor Vehicle and Drivers License, and a grant to Upper Great Plains Transportation Institute for traffic data analysis.

Transit Funding = \$17,996,449

NDDOT requested increased spending authority of \$17,996,449 to accept federal funds being made available in the Coronavirus Aid, Relief, and Economic Security Act, H.R. 748 (CARES) through the Federal Transit Administration, Section 5311 program, for grants line (\$17,996,449) to support public transportation in rural areas with populations of less than 50,000 where residents rely on public transit to travel to destinations and for training and technical assistance through the Rural Transportation Assistance Program. No state or local match is required.

2021 COVID Funding

Coronavirus Relief Funding (December 2020)

With the recent passage of H.R. 133, Consolidated Appropriations Act, 2021, the State of North Dakota received COVID relief funding in the amount of \$61,584,858^a. These funds were intended to supplement the loss in revenue states experienced because of the decrease in traffic caused by the COVID pandemic.

Since the intent of these funds was to supplement the loss in revenue states experienced due to the NDDOT Pandemic, the NDDOT made the decision to suballocate the \$61.58M that ND received with our Local Government partners based on our current practices. The funds will be split as follows:

- 76.9% State = \$47.35M
- 15.2% Cities above 5,000 in population = \$9.36M
- 7.9% Counties = \$4.86M

^a HB 1394 provides the appropriation to expend the 61.6M of funding.

NDDOT Agency Bills

NDDOT introduced eight Agency Bills during the legislative session. Here is a brief overview:

SB 2109 - No Human Trafficking on our Roads Act - To comply with 2019 Federal Motor Carrier Safety Administration (FMCSA) federal register rule change. This would add a felony conviction, involving a severe form of human trafficking, to the list of offenses that will lead to a lifetime disqualification of commercial driving privileges without the possibility of reinstatement.

HB 1072 - Mobile Driver License - Update state law that allows NDDOT to provide an option for a mobile credential in addition to a traditional printed driver's license.

NDDOT Agency Bills

SB 2110 - Authorization for Background/Criminal History Checks - Update state law to grant NDDOT the authority to conduct background/criminal history checks on employees, similar to the authority held by other state agencies.

SB 2112 - Update contracted motor vehicle service offices – Update to allow the contractors to conduct driver license services.

HB 1101 - Tribal Highway Safety Improvement Program - Update state law to allow NDDOT to enter into agreements with any one or more tribal governments for the purposes of developing and constructing highway safety projects on any public roadways within the boundaries of a reservation.

NDDOT Agency Bills

HB 1102 - Expansion Online Renewal Driver License Services – Update state law to change the current age of 65 to 70 years of age to allow those individuals to renew a driver license online.

SB 2113 - Online Implied Consent Hearings – Allow implied consent hearings for driver license to be conducted by electronic or virtual means in addition to in-person and via phone.

SB 2111 - NDDOT Radio Towers and Private/Public Partnerships - NDDOT, and the agency's radio towers, are a participating member in the Statewide Interoperable Radio Network (SIRN), which is a communication system for first responders to serve and protect citizens. SIRN would like to utilize the radio tower network owned by the NDDOT in a series of private/public partnerships intended to generate funds to cover maintenance and operation costs. No authority exists in state law which allows the NDDOT to form private/public partnerships for this purpose.

Summary

Built by generations of North Dakotans over that last 122 years, our transportation system is a key component to our economy and daily life.

To raise our families, support our businesses, and remain globally competitive, we'll need to maintain a sound and integrated transportation system.



Questions?

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