

TESTIMONY OF

Joe Morrisette, Director, Office of Management and Budget

Chairman Holmberg and members of the Senate Appropriations Committee, I am here to testify in support of Sections 10 and 11 of Senate Bill No. 2345.

Section 10 – Deferred Maintenance

Section 10 provides an appropriation of \$10 million from the state's \$1 billion allocation of State Fiscal Recovery Funding through the American Rescue Plan Act (ARPA) to address deferred maintenance of state-owned buildings.

During the 2019-21 biennium, you appropriated \$500,000 to the Office of Management and Budget to conduct a real estate study. Part of that study included a comprehensive building condition assessment on major state-owned buildings, excluding higher education. The assessment included over 120 buildings, occupied by 17 agencies, and comprising 3.7 million square feet. The result was the identification of approximately 1,350 potential facility improvement projects to protect and maintain these buildings. This is the first time we have ever had comprehensive, impartial data regarding building condition on which to base the allocation of extraordinary repair funding. Through the Accelerate ND plan, we proposed funding be allocated for only the most critical of those projects – those identified by the consultant as being in "alarm status." Alarm status was defined as equipment failure inevitable or excessively past its useful life. The cost to address those most critical projects, affecting 15 different agencies, is approximately \$18.7 million.

Although I continue to urge you to consider increasing this amount to the \$18.7 million proposed in the Accelerate ND plan, whatever amount you appropriate, we will prioritize to address the most critical projects. This investment is a wise use of these federal funds. Addressing these deferred maintenance projects now will preserve the significant state investment in these facilities, result in long-term energy savings, and save state general and special fund dollars, as these repairs will only cost more, the longer we wait.

Attached to my testimony is a handout with details from the condition analysis, including the categories of projects based on condition and type of project and the agencies involved.

If this funding is approved, OMB will need authority to transfer this funding to various agencies to address the priority projects. ***I ask you to amend SB2345 to include a section giving OMB the authority to transfer this funding to other agencies and that the transferred funding be appropriated to the affected agencies.***

Section 11 – Legislative HVAC Equipment Replacement

Section 11 provides an appropriation of \$7 million to upgrade HVAC equipment in the legislative chambers and Brynhild Haugland room. The air handling systems in these areas are original to the Capitol building and need replacement. Replacement at this time will allow the use of one-time federal funds to be used in place of general funds. Replacement will allow for a more comfortable working environment and improved energy efficiency.

During the 2019-21 biennium, using Coronavirus Relief Fund money, these systems were upgraded with ionization equipment to purify the air and remove airborne pathogens. The use of that technology will continue and be integrated into the upgraded equipment as part of this project.

Mr. Chairman and committee members, I ask your support for both sections 10 and 11 of SB2345. This concludes my testimony. I would be happy to answer any questions.

STATE FACILITY PROJECT IMPROVEMENT NEEDS

2021 Scope Summary

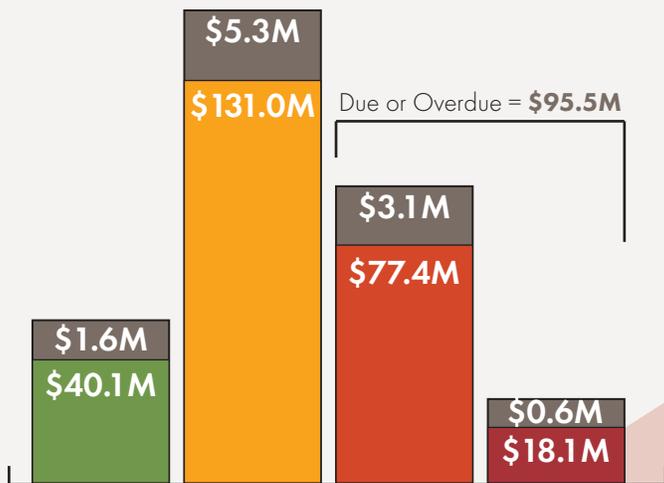
2019 legislature provided **\$500,000 appropriation** to OMB to conduct space utilization and facility condition assessment.

State-owned building square footage totals over **24 million square feet**, with an insured value of **\$4.4 billion**.

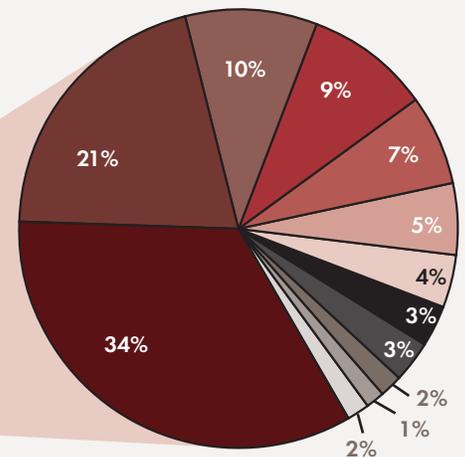
Over **120 state-owned buildings**, occupied by **17 agencies** and comprising **3.7 million square feet** were assessed.

More than **1,350 facility improvement and repair projects** were identified.

IDENTIFIED NEEDS SUMMARY



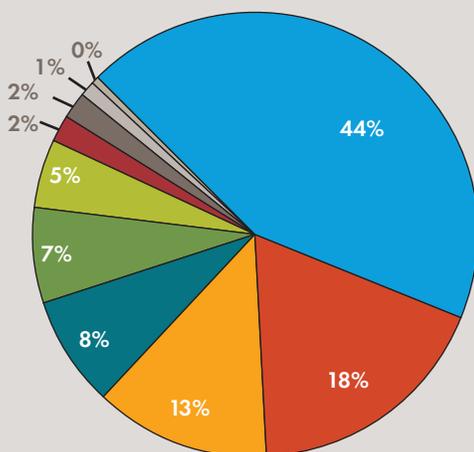
IMMEDIATE PRIORITY "ALARM" NEEDS BY AGENCY = **\$18.1M**



Category	Description
BIENNIAL COST INFLATER	Additional cost incurred if projects are delayed two years
ACCEPTABLE	Equipment in acceptable condition and within useful life
CAUTION	Equipment operating in a degraded condition
ALERT	Equipment in need of repairs or nearing end of useful life
ALARM	Equipment failure inevitable or excessively past useful life

- Department of Corrections & Rehabilitation
- Historical Society
- Adjutant General
- Workforce Safety & Insurance
- Department of Transportation
- Office of Management & Budget
- Veteran's Home
- Department of Human Services
- Game & Fish Department
- Highway Patrol
- Parks & Recreation Department
- Other (Vision Services, Attorney General, Department of Water Resources and Bank of North Dakota)

NEEDS CATEGORIES



- Mechanical (Heating/Cooling)
- Ventilation (Indoor Air Quality)
- Controls (Building Environmental System)
- Exterior (Roofs, Windows, Doors)
- Lighting (convert to LED Technology)
- Electrical Distribution (Electric Service)
- Life Safety (Fire Alarm/Sprinkler)
- Interior Surfaces (Flooring/Finishes)
- Building Envelope (Exterior Walls Sealing)
- ACM (Asbestos Containing Materials)