

Testimony by Scott K. Olin
On behalf of the
North Dakota Ready Mix & Concrete Products Association
to the
House Appropriations Committee
Government Operations Subcommittee
Hearing on House Bill 1431
February 1, 2021

Good morning Mr. Chairman and Committee members. My name is Scott Olin, and I am the President and General Manager of Dickinson Ready Mix Co., a concrete and concrete products supplier with plants located throughout southwestern North Dakota. Thank you for the opportunity to provide my input on HB 1431. I urge your support of HB1431 which authorizes the State to issue bonds to pay for badly needed infrastructure projects.

A recent study by the Transportation Research Project (TRIP), indicates that rural states face a \$211 Billion backlog in needed repairs and improvements to roads, highways, and bridges. North Dakota, being a rural state is experiencing that backlog now. In that same TRIP study, North Dakota had the 10th highest percentage of structurally deficient rural bridges in the nation. Nearly 50% of the bridges in North Dakota are deficient according to the NDDOT. Stark County, where our main plant is located, has an estimated 108 bridges in need of maintenance and/or repairs. The Stark County Road Superintendent told me it can cost more than \$1 million to replace these structures and averages about \$300,000 per structure to repair them, which translates to a \$32 million backlog in Stark County alone. Many of these structures are off-system and Stark County would have to pay for them with no assistance. There is a demonstrated need for increased spending on infrastructure statewide.

These projects will have to be funded at some point and the maintenance, repairs or replacement will be more expensive if they are deferred. Interest rates on bonds are at an all-time low and the rates are currently less than the inflation rate so it will cost more to defer the project and pay cash in the future than it would to fund the project by issuing bonds now. Therefore, I believe HB1431 makes sense for North Dakota given our current situation. Utilizing a portion of the Legacy Fund earnings to service bond debt would result in long-term benefits for the entire State, which is the intent of the Legacy Fund, as I understand it. Further, funding infrastructure through bonding would take the pressure off political subdivisions to raise property taxes to pay for needed infrastructure repairs and it would multiply the benefits of traditional funding mechanisms for infrastructure projects, such as the Natural Resource Trust Fund and the NDDOT budget, etc.

To further strengthen this legislation and ensure that the State receives the maximum value for every dollar they spend on infrastructure, I would urge you to include language in the Bill requiring a Life Cycle Cost Analysis (LCCA) be performed for any project funded through bonding. Life Cycle Cost Analysis have been shown to increase value, safety, and sustainability for fewer tax dollars. While federal and state funding resources are limited, infrastructure needs are increasing, and it is vital to understand the full, life-cycle project costs. MIT Sustainability Hub has done several studies that indicate more than 50% of a project's total cost can be incurred after initial construction. LCCA take into account the projects total costs to aid decision makers in maximizing the return on taxpayer investment by selecting the most cost-effective alternative, with the lowest overall cost, and the longest performance life. Money saved, by selecting construction methods that provide the lowest overall project costs and longest service life, can be diverted to other needed projects.

As a life-long North Dakota citizen and taxpayer, I urge your support of House Bill 1431 to optimize the State's infrastructure investment. Strengthen the Legacy for today and for future generations. Thank You.

Respectfully,

Scott K. Olin

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