

CITY OF BOZEMAN TESTIMONY

Ross

Appropriations Committee

02-06-2023

Good Morning, Chair Jones and Appropriations Committee Members. My name is **Nick Ross (R-O-S-S)**, City of Bozeman's Director of Transportation and Engineering. Thank you for the opportunity today to testify in **SUPPORT OF HOUSE BILL 355** on behalf of the City of Bozeman.

House Bill 355 is the kind of targeted legislation that promises to have a multiplying effect in its benefit to the State. Support for this bill makes a clear statement that both good infrastructure and strong taxpayer protections are central to the quality of life Montanans enjoy.

Water, sewer, and street infrastructure make up invaluable assets that allow our communities to thrive, but can unfortunately turn into severe liabilities for the taxpayer when maintenance is deferred. Bozeman has historically prioritized infrastructure asset management through initiatives such as a fully-funded pavement maintenance program, proactive lead line replacements, and annual water and sewer rehab projects. These efforts serve both the immediate health and safety of our public as well as future budget constraints from higher-cost, higher-complexity projects down the road.

However, our community like the rest of southwest Montana has not been immune to the highest cost escalation seen in generations. From 2019-2022, bid costs have

increased an average of 74% for water/sewer pipe renovation, 58% for pavement maintenance, and 39% for street reconstruction. We've had to reject at least five bids due to costs that exceed budget by between 42% and over 100% of the engineer's estimate. These escalations are no doubt influenced by national trends, but particularly acute in Montana due to shortage of labor and lack of competition for bids. Many of our longtime contractors are honest with us about their bidding practices and availability for work; the private sector is willing to pay more, and the public will have to pay a premium until workloads return closer to their historic balances.

In the meantime, we're faced with either deferring maintenance to costlier efforts down the road or forcing painful rate increases on the taxpayer. That is unless outside funding assistance is secured.

HB 355 promises to provide exactly that. As an example in what this funding can do for our communities, Bozeman allocated its ARPA funding primarily to state of good repair projects in the water and sewer system. This outside funding was able to supplement six separate projects, at least three of which would not have been able to move forward due to bids that exceeded budget capacity.

Using a portion of the budget surplus to assist municipalities in the dramatic infrastructure cost increases we've faced over the last three years promises to provide taxpayer protections both now and down the road while keeping Montana infrastructure up to standards our constituents expect.

Thank you Chair Jones and members of the Appropriations Committee for hearing my testimony **SUPPORTING HOUSE BILL 355** today. I look forward to answering any questions you may have.