



SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

Proponent Testimony on SB 95

Wednesday, October 25, 2017

Chairman Balderson, Vice Chair Jordan, Ranking Member O'Brien, and members of the Energy and Natural Resources Committee. Thank you for this opportunity to testify in support of **Senate Bill 95** which would allow for competition in public infrastructure projects.

My name is Micah Derry, I am the State Director for Americans for Prosperity – Ohio. We exist to recruit, educate, and mobilize those who believe in the benefits of a free society at the local, state, and federal level, enabling Americans to pursue their dreams – especially the least fortunate.

I'm testifying today on behalf of the tens of thousands of AFP activists right here in Ohio.

Currently, the law only allows for one type of material, ductile iron, to be used in drinking water and wastewater projects. Suppliers of ductile iron are thus able to set prices higher than what they would be able to if other materials could be used in these infrastructure projects. With advances in materials technology, other types of materials should be available for use in water infrastructure projects.

**SB 95** would require public authorities constructing water and wastewater projects, who receiving state funding, to consider all types of material for the project. More specifically, any material could be considered as long as it met the engineering specifications require by the engineer responsible for the project. Concrete, iron, steel, clay, and plastic are just some of the materials used in water infrastructure projects across the country [according to U.S. Environmental Protection Agency Municipal Technology Branch](#). The bill would allow for these materials to be used and would increase bidding from business who use these materials. As a result costs from these projects would likely be reduced.

Furthermore, mandating the use of just one material for all projects in Ohio does not make sense given the size and diversity of our state. The U.S. EPA [lists numerous factors](#) that go into the decision-making process such as “trench conditions (geologic conditions), corrosion, temperature, safety requirements, and cost. Does it make sense that just one material should be required for all project given the range of factors and the diverse landscapes of our state?

Allowing for different use of materials is likely bring down the procurement costs of infrastructure projects. A [study](#) conducted by BCC Research found that a competitive process led to cost savings. In communities with closed competition, the average cost to replace water pipes was \$51.83 per foot while in open competition communities it was \$33.33 per foot. The means

moving from a closed to open competition model, as **SB 95** requires, could reduce capital costs by between 32% and 35%

Passing this bill now is of the upmost importance. Much of Ohio's water infrastructure was created decades ago and will soon need to be replaced. The American Society of Civil Engineers' [Infrastructure Report Card](#) estimates Ohio will need to spend up to \$12.2 billion on drinking water and \$14.58 billion wastewater infrastructure over the next 20 years. If municipalities saved 32 percent on these costs it would be a savings of over 8.5 billion dollars. These costs are not small for many towns and municipalities and granting flexibility on the materials used in these projects could drastically reduce the burdens on these local units of government.

Americans for Prosperity - Ohio supports **SB 95** and has included it as a key vote on our legislative scorecard.

Thank you Chair Balderson for your time. I am happy to answer any questions at this time.