

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1207

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Dorena Bellard  
Operator's Signature

10/2/03  
Date

2003 HOUSE TRANSPORTATION

HB 1207

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*Doreen G. [Signature]*  
Operator's Signature

*10/2/03*  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1207

House Transportation Committee

Conference Committee

Hearing Date February 6, 2003

Tape Number	Side A	Side B	Meter #
3	x		0.6 to END
Committee Clerk Signature <i>Lauren B. Fide</i>			

Minutes:

Rep. Hawken, Vice Chairman opened the hearing on HB 1207, a bill for an Act to create and enact chapter 11-36, a new subsection to section 57-15-06.7, a new subsection to section 57-15-10, a new subsection to section 57-15-20.2, and two new sections to chapter 57-15 of the North Dakota Century Code, relating to local port authorities.

Rep. Timm: Representing District 10, Minot, North Dakota introduced HB 1207 for a group of people who have worked several years on the concept of a local port authority in the city of Minot. He had some amendments to offer and copies were distributed. These were drawn at the suggestion of the Attorney General.

Rep. Thorpe: ( 2.3 ) He represents Minot and is very excited about this bill. He stated that this is not only for the city of Minot but for the greater area and the State of North Dakota. He made up some maps from DOT maps which show that Minot is at the crossroads of 3 US highways, 2 Intermodal railroads and is 300 miles from Fargo; Winnipeg, Manitoba and about 250 miles from

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*Deanna Halbach*  
Operator's Signature

10/2/03  
Date

Page 2  
House Transportation Committee  
Bill/Resolution Number HB 1207  
Hearing Date February 6, 2003

**Regina.** As a hub perhaps some international trade could be attracted to the city of Minot, the area and the state.

**Rep. Klein** representing District 40 in Minot. A copy of his written testimony is attached.

**Rep. Price** representing District 40, Minot She distributed a news article that concerns a workshop held in Minot. She is a board member of the group covered in the new article. They are working to get a beans, peas, and lentils packaging plant. It is economic development. The plans are for extensive handling facilities which would be greatly enhanced with the development of port authority with the capacity to ship world wide. A copy of that news article is attached.

**Neil Leigh:** He is an alderman from the city of Minot also speaking in favor of the proposed legislation. A copy of his remarks are attached.

**Paul Thomas:** He testified on behalf of the North Dakota Peas, Beans and Lentils Association of North Dakota. A copy of his written testimony is attached.

**Lawrence Scheresky:** A farmer from the Minot area. A copy of his written remarks are attached.

**Randy Burkhardt:** Alderman from the city of Minot presented and read a copy of a resolution passed by the City Council. A copy is attached which is in support of HB 1207.

**Bruce Kester:** A copy of his written remarks are attached.

**Gary Price:** ( 22.9 ) President and CEO of CalDak Cabinets. A copy of his written testimony is attached.

**Rep. Weisz, Chairman:** I know you have seen the Intermodal study -- how much do you think you would increase the volume in a year?

**Gary Price:** This study that you questioning lists that Minot would have about 3400 containers per year without products coming in from the alfalfa plant in Tioga -- the importance of the news

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Deanna Baller  
Operator's Signature

10/2/03  
Date

Page 3

House Transportation Committee

Bill/Resolution Number HB 1207

Hearing Date February 6, 2003

article that Rep. Price handed out to you is -- that Minot is the only site that USDA is choosing for that site. It was confirmed that the 123 million pounds shipped out of that site -- you add those 2500 containers from that site to the 3500 or to the high side add 14,000 -- we didn't get the surveys from the study for what we ship and another business in Minot did not get theirs either and they ship 30 - 40 containers per month -- so we think the study understates the potential.

John McMartin: President of the Minot Area Chamber of Commerce. A copy of his written testimony is attached.

Rep. Weisz: You mention that the railroads are key to this -- has the city of Minot or the people working with this -- has any discussion been initiated with the railroads?

John McMartin: There has been some -- nothing has been formalized yet because we believe that we have work to do before.

Rep. Thorpe: (37.0) At one of the last forums held -- wasn't there some talk of an international customs being at Minot?

John McMartin: We do have a customs office associated with the airport -- I would assume that would be expanded for an intermodal facility if needed.

Wayne Johnson: I am a farmer from the Stanley area -- half way between Minot and Williston -- I grow peas and lentils -- 6 years ago 6 farmers that add value to the land we farm -- that is to vertically integrate. We built a pea processing plant -- called West Dakota Feed and Seed -- located in Ross, North Dakota. We are also trying to develop ourselves in the small grain markets. Transportation has always been our problem. As a concerned citizen -- concerned about

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Donna Ballman  
Operator's Signature

10/2/03  
Date

Page 4  
House Transportation Committee  
Bill/Resolution Number HB 1207  
Hearing Date February 6, 2003

all of northwestern North Dakota -- this will help both urban and rural areas -- I urge you to support this legislation and all of northwest North Dakota.

Earl Allen: ( 41.2 ) He appeared in support HB 1207.

Mike Ruebelke: Bishop Ryan school. He talked of leadership conferences . He feels that support of this legislation would go a long way toward economic development and keeping our young people in the state.

Mike Floyd: President of the northwest alfalfa products and other business in Tioga. He wanted to speak on a neutral basis rather than oppose the bill. Basically he supports the concept of the bill. A copy of his testimony is attached. He is concerned that the language limits the bill to Minot because of the several references to the intersecting highways and intersecting railroads -- makes it applicable to Minot only when it should apply state wide and all areas of the state which might be potential sites.

End of tape at the hearing - tape was turned but the hearing ended at the beginning of side B -- no further testimony.

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Deanna Haldrup  
Operator's Signature

10/2/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1207b

House Transportation Committee

Conference Committee

Hearing Date February 13, 2003

Tape Number	Side A	Side B	Meter #
2	x		14.6 to 19.5
Committee Clerk Signature <i>Louise B. Fink</i>			

Minutes:

Rep. Weisz, Chairman opened the discussion for action on HB 1207. Rep. Price reviewed with the committee LC drafts numbered --- 0.0101 and 0.0103 after determining that draft 0.0102 was eliminated or set aside not for consideration by sponsors of the amendment. Rep. Price moved to amend the bill by taking stating some of the language in each of the two remaining drafts. Rep. Hawken seconded Rep. Price stated motion. The motion carried on a voice vote. Rep. Thorpe inquired whether the amendments applied to all types of containers. The answer was in the in the affirmative.

Rep. Thorpe move a 'Do Pass as Amended' motion for HB 1207. Rep. Ruby seconded the motion.

On a roll call vote the motion carried 13 Ayes 0 Nays 0 Absent.

Rep. Ruby was designated to carry HB 1207 on the floor.

End of record. ( 19.4 )

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*Donna Holbrook*  
Operator's Signature

10/2/03  
Date

30343.0104  
Title.0200

Adopted by the Transportation Committee  
January 30, 2003

VR  
2/13/03  
1062

**HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03**

Page 1, remove lines 19 through 23

**HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03**

Page 2, line 1, replace "7." with "6."

Page 2, remove line 7

Page 2, line 8, replace "9." with "7."

Page 2, line 10, after "may" insert "operate a port that includes all real and personal property, structures, machinery, equipment, and appurtenances or facilities that are part of the port or used or useful in connection with the port either as facilities for the convenience of handling equipment, passengers, and freight or as part of port or port facilities operation. In the process of operating a port, a port authority may"

Page 2, line 18, after "commerce" insert ", and through having foreign trade zone authority"

**HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03**

Page 3, line 1, remove "1."

Page 3, remove lines 16 through 21

Page 3, line 23, replace "whether in this state or in an adjoining state, provided" with "one of which"

Page 3, line 24, remove "that at least one municipality"

**HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03**

Page 5, line 6, remove "subsection 1 of"

Page 5, line 7, replace "11-36-02" with "11-36-03"

**HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03**

Page 6, line 15, replace "General" with "Specific"

**HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03**

Page 11, line 31, remove "except the levy is limited to agricultural and industrial land"

**HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03**

Page 13, line 18, remove "or port hazard"

Page 13, line 21, replace the first comma with "or" and remove "or port hazard,"

Page 13, line 27, remove "port hazard,"

Page No. 1

30343.0104

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*Donna Ballantyne*  
Operator's Signature

10/2/03  
Date

HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03

2082

Page 14, line 29, remove the fifth comma

Page 14, line 30, remove "including the acquisition or elimination of port hazards,"

HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03

Page 16, remove lines 29 and 30

HOUSE AMENDMENTS TO HOUSE BILL NO. 1207 TRAN 2-13-03

Page 17, line 1, replace "11-36-24" with "11-36-23"

Renumber accordingly

Page No. 2

30343.0104

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Operator's Signature

*Dennis G. [Signature]*

Date

10/2/03

Date: 2/13/03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1207

House TRANSPORTATION Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as Amended

Motion Made By Thorpe Seconded By Ruby

Representatives	Yes	No	Representatives	Yes	No
Robin Weisz - Chairman	✓		Lois Delmore	✓	
Kathy Hawken - Vice Chairman	✓		Arlo E. Schradt	✓	
LeRoy G. Bernstein	✓		Elwood Thorpe	✓	
Mark A. Dosch	✓		Steven L. Zaiser	✓	
Pat Galvin	✓				
Craig Headland	✓				
Clara Sue Price	✓				
Dan J. Ruby	✓				
Dave Weiler	✓				

Total Yes 13 No 0

Absent 0

Floor Assignment Rep. Ruby

If the vote is on an amendment, briefly indicate intent:

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Dorinda Hall Operator's Signature 10/2/03 Date

REPORT OF STANDING COMMITTEE (410)  
February 13, 2003 5:03 p.m.

Module No: HR-28-2659  
Carrier: Ruby  
Insert LC: 30343.0104 Title: .0200

**REPORT OF STANDING COMMITTEE**

HB 1207: Transportation Committee (Rep. Welsz, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1207 was placed on the Sixth order on the calendar.

Page 1, remove lines 19 through 23

Page 2, line 1, replace "7." with "6."

Page 2, remove line 7

Page 2, line 8, replace "9." with "7."

Page 2, line 10, after "may" insert "operate a port that includes all real and personal property, structures, machinery, equipment, and appurtenances or facilities that are part of the port or used or useful in connection with the port either as facilities for the convenience of handling equipment, passengers, and freight or as part of port or port facilities operation. In the process of operating a port, a port authority may"

Page 2, line 18, after "commerce" insert ", and through having foreign trade zone authority"

Page 3, line 1, remove "1."

Page 3, remove lines 16 through 21

Page 3, line 23, replace "whether in this state or in an adjoining state, provided" with "one of which"

Page 3, line 24, remove "that at least one municipality"

Page 5, line 6, remove "subsection 1 of"

Page 5, line 7, replace "11-36-02" with "11-36-03"

Page 6, line 15, replace "General" with "Specific"

Page 11, line 31, remove "except the levy is limited to agricultural and industrial land"

Page 13, line 18, remove "or port hazard"

Page 13, line 21, replace the first comma with "or" and remove "or port hazard,"

Page 13, line 27, remove "port hazard,"

Page 14, line 29, remove the fifth comma

Page 14, line 30, remove "including the acquisition or elimination of port hazards,"

Page 16, remove lines 29 and 30

Page 17, line 1, replace "11-36-24" with "11-36-23"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-28-2659

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*Doranne G. Bell*  
Operator's Signature

10/2/03  
Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1207

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*Doreen G. Hall*  
Operator's Signature

10/2/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1207

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 03-19-03

Tape Number	Side A	Side B	Meter #
1		xxx	1057-end
2	xxx		0-end
Committee Clerk Signature <i>Lisa Van Berkum</i>			

Minutes: Chairman Mutch opened the hearing on HB 1207. All Senators were present.

HB 1207 relates to local port authorities.

**Testimony in support of HB 1207**

**Rep. Timm** introduced the bill.

**Rep. Matthew Klein** also introduced the bill.

**Senator Klein:** Why do we need legislation allowing you to do business?

**Rep. Klein:** To handle this type of facility, you have to establish an authority to have a port authority. There has to be legislation to set help set it up.

**Senator Mutch:** Can private individuals contribute?

**Rep Klein:** In order for roads, water system, sewer system, area to provide storage and handling would require a local agency.

**Senator Mutch:** You mention that Canadian Pacific doesn't have a limit on stacking, does Burlington Northern?

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*Deanna Baller*  
Operator's Signature

*10/2/03*  
Date

Page 2  
Senate Industry, Business and Labor Committee  
Bill/Resolution Number 1207  
Hearing Date 03-19-03

**Rep. Klein:** Because of the tunnels going through the mountains.

**Rep. Clara Sue Price** also introduced the bill. See attached news article.

**Neil Leigh**, Alderman for the City of Minot, spoke in support of the bill. See attached written testimony.

**Senator Krebsbach:** Could you explain gaven yards?

**Neil:** They are adding more tracks and extending it. It will provide about 200 jobs.

**Bruce Kester** supported the bill as well. See attached testimony and opinion article from newspaper.

**Senator Nething:** In looking at the communities that can do this, it appears to be only Fargo and Minot.

**Bruce:** The studies have been done to prove that Minot is a good city to do this. People in Northwest North Dakota know that this will affect the small towns around Minot as well.

**Senator Nething:** By definition however, it is limited to Minot and Fargo.

**Bruce:** It involves class A highways and infrastructure.

**Paul Thomas** also stated his support for the bill. He is with the ND Dry Pea and Lentil Assoc.. This means strong economic development for farmers. Currently we have processing plants in Minot, Ray, Crosby and other small communities in the northwest. Seven of our companies participate in this value added project. We are losing \$15-25 per acre that we are losing in transportation cost. This will have a positive impact on the economy of North Dakota.

**Senator Mutch:** How do you currently pack the peas?

**Paul:** They are stored in 50 kg bags and loaded into a truck to an inter model city.

This is certainly a benefit to all of agriculture in the state.

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*Dennis Hall*  
Operator's Signature

10/2/03  
Date

Page 3  
Senate Industry, Business and Labor Committee  
Bill/Resolution Number 1207  
Hearing Date 03-19-03

**Senator Mutch:** So instead of hauling it to Minneapolis, they will haul it to Minot. So there is still freight?

**Paul:** Yes, but it would be a lot less than sending it anywhere else.

**Gary Price,** President of Cal-Dak Cabinets in Minot, spoke in support of the bill. See written testimony. Also submitted testimony from Greg Johnson. In 27 years of business, he is now doing business in Japan. We have encountered problems trying to get the cabinets to an intermeddle site. With this in Minot, would relieve this problem. It will now cost my customer as much money to ship the product from Minot to Regina and back to Minot as it does to ship it to Japan. This is putting the manufacturers at a financial disadvantage. This will help to alleviate that.

**Michael Rubbelke,** student at Bishop Ryan in Minot, also spoke in support of the bill.

**John MacMartin,** Minot Chamber of Commerce, submitted written testimony. See attached.

**Earl Allen** also spoke in support of the bill. He stated that Northwest North Dakota is suffering economically and this would help ND catch up.

**Senator Krebsbach** proposed amendments. See attached.

**There was no opposition.**

**The hearing was closed. No action was taken at this time.**

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*Donna Ballman*  
Operator's Signature

10/2/03  
Date

30343.0201  
Title.0300

Prepared by the Legislative Council staff for  
Senator Krebsbach  
March 17, 2003

*Job*  
*3-25-03*  
*1012*

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1207

Page 6, line 11, remove "use eminent domain proceedings"

Page 6, line 17, remove "eminent domain proceedings"

Page 7, remove lines 3 through 16

Page 7, line 17, replace "11-36-10" with "11-36-09"

Page 7, line 18, replace "11-36-14" with "11-36-13"

Page 7, line 28, replace "11-36-11" with "11-36-10"

Page 10, line 5, replace "11-36-12" with "11-36-11"

Page 10, line 22, replace "11-36-14" with "11-36-13"

Page 10, line 30, replace "11-36-13" with "11-36-12"

Page 11, line 6, replace "11-36-14" with "11-36-13"

Page 11, line 14, replace "11-36-15" with "11-36-14"

Page 11, line 23, replace "11-36-11" with "11-36-10"

Page 11, line 27, replace "11-36-16" with "11-36-15"

Page 11, line 29, remove "already"

Page 11, line 30, replace "11-36-17" with "11-36-16"

Page 13, line 18, remove "Eminent domain proceedings under this section may be instituted by the joint"

Page 13, remove lines 19 through 23

Page 13, line 24, remove "d."

Page 13, line 28, replace "11-36-12" with "11-36-11"

Page 13, line 29, replace "e." with "d."

Page 13, line 30, replace "11-36-12" with "11-36-11"

Page No. 1

30343.0201

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*Deanna Ballbach*  
Operator's Signature

*10/2/03*  
Date

2 of 2

Page 14, line 13, replace "11-36-18" with "11-36-17"

Page 14, line 22, replace "11-36-19" with "11-36-18"

Page 14, line 26, replace "11-36-20" with "11-36-19"

Page 15, line 25, replace "11-36-21" with "11-36-20"

Page 16, line 4, remove "The adjoining state or public entity has the"

Page 16, remove lines 5 through 9

Page 16, line 13, replace "11-36-22" with "11-36-21"

Page 16, line 16, replace "11-36-23" with "11-36-22"

Page 16, line 22, replace "11-36-16" with "11-36-15"

Renumber accordingly

Page No. 2

30343.0201

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*Diana O. Holbrook*  
Operator's Signature

10/2/03  
Date

Date: 3-26-03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate 1207 Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken move to adopt Amendments

Motion Made By Krebsbach Seconded By Klein

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Nething	X				
Senator Heitkamp	X				
Senator Every	X				
Senator Espegard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Click here to view Floor Assignments

If the vote is on an amendment, briefly indicate intent:

Date: 3-25-03  
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate 1207 Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass As Amended

Motion Made By Krebsbach Seconded By Espgaard

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Nething	X				
Senator Heitkamp	X				
Senator Every	X				
Senator Espgaard	X				

Total (Yes) ~~XXXXXXXXXXXX~~ 7 No ~~XXXXXXXXXXXX~~ 0

Absent 0

Floor Assignment ~~XXXXXXXXXXXX~~ Krebsbach

If the vote is on an amendment, briefly indicate intent:

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Doreen Ballbach 10/2/03  
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)  
March 26, 2003 8:26 a.m.

Module No: SR-54-5763  
Carrier: Krebsbach  
Insert LC: 30343.0201 Title: .0300

**REPORT OF STANDING COMMITTEE**

HB 1207, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1207 was placed on the Sixth order on the calendar.

Page 6, line 11, remove "use eminent domain proceedings"

Page 6, line 17, remove "eminent domain proceedings"

Page 7, remove lines 3 through 16

Page 7, line 17, replace "11-36-10" with "11-36-09"

Page 7, line 18, replace "11-36-14" with "11-36-13"

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Page 11, line 23, replace "11-36-11" with "11-36-10"

Page 11, line 27, replace "11-36-16" with "11-36-15"

Page 11, line 29, remove "already"

Page 11, line 30, replace "11-36-17" with "11-36-16"

Page 13, line 18, remove "Eminent domain proceedings under this section may be instituted by the joint"

Page 13, remove lines 19 through 23

Page 13, line 24, remove "d."

Page 13, line 28, replace "11-36-12" with "11-36-11"

Page 13, line 29, replace "e." with "d."

Page 13, line 30, replace "11-36-12" with "11-36-11"

Page 14, line 13, replace "11-36-18" with "11-36-17"

Page 14, line 22, replace "11-36-19" with "11-36-18"

Page 14, line 26, replace "11-36-20" with "11-36-19"

Page 15, line 25, replace "11-36-21" with "11-36-20"

(2) DESK, (3) COMM

Page No. 1

SR-54-5763

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*Deanna G. Baller*  
Operator's Signature

10/2/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 26, 2003 8:26 a.m.

Module No: SR-54-5763  
Carrier: Krebsbach  
Insert LC: 30343.0201 Title: .0300

Page 16, line 4, remove "The adjoining state or public entity has the"

Page 16, remove lines 5 through 9

Page 16, line 13, replace "11-36-22" with "11-36-21"

Page 16, line 16, replace "11-36-23" with "11-36-22"

Page 16, line 22, replace "11-36-16" with "11-36-15"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 2

SR-54-5763

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*Donna Ballantyne*  
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2003 TESTIMONY

HB 1207

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*Dorena Hallmark*  
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# Minot Daily News

Minot, North Dakota

FRIDAY, DECEMBER 20, 2002

to 354

## AG PROJECT

Owen Larson, executive director of the Minot Vocational Adjustment Workshop, points to the processing portion of the blueprint of the plant operations.

Karel Sovak/  
Correspondent



## Workshop working on details of new processing plant

By KAREL SOVAK  
Correspondent  
ksovak@ndweb.com

The Minot Vocational Adjustment Workshop is working out the details for a new value-added ag project announced last week.

Owen Larson, executive director of the Workshop, said the project is the new peas, beans, lentils and soybeans processing plant that will be developed and operational by the end of 2003. At least that's what the United States Department of Agriculture requires before anything else can proceed.

The Workshop has worked on a team effort to even get to this point. Larson said NISH, a non-profit organization established in

1974 by the Javits-Wagner-O'Day Act, has been an excellent team player in the process.

The processing project would be the 12th secured by the Workshop. JWOD calls for 60 percent of the workforce on all projects to be filled by persons with disabilities. The first contract secured by the Workshop was at Minot Air Force Base nearly 20 years ago.

The nearly 80,000-square-foot facility will be built adjacent to the current Workshop location at 605 27th Street SE. Architects for the plan are Anderson, Wade, Whitty and Larson.

Owen Larson said there are still a lot of "ifs" in the details, but the project is proceeding as planned.

Larson said the next meeting

See PLANT — Page A5

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10/2/03

## Plant

Continued from Page A1

that will determine if the Workshop secures the USDA purchases of the processed products requires that Larson have a total quality management plan in place and a \$5 million line of credit. Larson has been working with the Bank of North Dakota to help secure those funds.

"As long as we have that in place, we get our foot in the door," Larson said. "As with any project of this size and the implications, not just for our region, but for the state, it's always going to require a team effort."

Larson said seven different agencies, including the Bank of North Dakota were brought together to review the process and find out what could be done with what North Dakota does best - agricultural production.

The value-added plant would operate two eight-hour shifts, five days a week, processing products based on USDA purchases.

"We looked at a number of commodities, I think there were about 400 varieties," Larson said. "We settled on peas, beans, lentils and soybeans, as North Dakota is the leading producer in the nation for peas and among the leader in the others. The majority of that production is within a 50-mile radius of Minot. Most of the packaging will be the 50 kg (about 110 pounds) bags. We'll have two lines running. One with the 50 kg and the other will be for the smaller 4-pound and 2-pound bags, depending on USDA orders."

Larson said the USDA will send out representatives who will help determine the exact size of the building and the equipment which must be a part of the operations. The equipment must be purchased from an approved list of vendors and the plans will be adjusted according to those specifications.

"Our drawing is about 78,000 square feet," Larson said. "The final thing is required to be made USDA standards, complete

with temperature controls, air quality, purity controls, interior furnishings and limited access, because it is a food product."

Larson said the architects will meet and determine if the project needs to be scaled back or broadened on the unique needs of the USDA. The facility will be separate from the current Workshop operations and should employ about 90 people, with a payroll of about \$2.4 million.

The cost of the project is estimated between \$8 million and \$10 million. Funding would have to come from a number of sources.

"Funding is always a concern when it comes to projects of this size," Larson said. "We will be looking to the state's Department of Commerce, probably Souris Basin Planning, the PACE Fund, rural development money. In addition, the NISH organization will be helping with some low-interest loans and of course, ourselves. We hope to have five or six separate sources on board."

Larson said once the total cost of the new project is determined, the next step will be to negotiate with the USDA on a reasonable cost of packaging each product and the amount that would be demanded from them.

"It's easily misunderstood that we are working off a contract, and we're not," Larson said. "If we are able to prove to the USDA that we meet their facility standards and can provide an

operational plant and package the products in a competitive way, then we are eligible for providing them (USDA) with enough product over a year's period to run two lines and two shifts, five days a week."

Larson talked about the other "ifs" and the risks that are involved.

"We have to look at the possibilities of these products being in the set aside program, funding from Congress and supply of the product," Larson said. "We have to be able to picture the product coming in the front door, being packaged and going out the back door. We have to factor in winter, and how much supply we have to have on hand to meet the purchases of the USDA. That will drive how much warehouse space we need. We understand there's risks, but that's the way it's been in everything we've done."

Larson added that once the USDA comes in with its assessment, value-added could take on a whole new meaning for the project. Larson said the potential for commercial processing in conjunction with the USDA purchases is a great possibility.

"Beside packaging, we have to see if there is grading or cleaning that needs to be done," Larson said. "If there is, that means additional space, equipment and people. If there is testing required, that means a laboratory and the experts, the qualified people that

run that."

Larson said that despite the question marks that exist, the Workshop will not lose its designation as the "single primary agency in the United States" for USDA purchases. Larson is proud that Minot won that designation over facilities that are already in operation across the United States.

Larson said the meeting with the architects and USDA officials will take place early next year.

OWN STATED THAT THE PROJECTED  
AMOUNT TO BE SHIPPED OVERSEAS  
IS 125,000,000 LBS PER YEAR  
C. Larson

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**TESTIMONY  
HB 1207  
Representative Matthew M. Klein**

Chairman Weisz and members of the Transportation Committee.

For the record, I am Representative Matthew M. Klein representing District 40 in Minot, ND.

HB 1207 may appear to consist of many pages establishing a new chapter and various subsections. What it basically does is enact enabling legislation so that a municipality may establish a port authority.

Definitions, general powers, creation of municipal or regional port authority, certificate of incorporation of regional port authority, proof of existence of authority, commissioners - compensation - meetings - officers, general powers of a port authority, eminent domain, disposal of port property, bonds and other obligations, operation and use privileges, regulations, federal and state aid, tax levy may be certified by port authority or municipality, county tax levy for port purposes, joint operations, public purpose, port property and income exempt from taxation, municipal cooperation, out-of-state port jurisdiction authorized - reciprocity with adjoining states and governmental agencies, supplemental authority, savings clause - port zoning, and debt service fund are covered in Section I. Sections 2,3,4,5, and 6 relate to the establishment of taxing levies.

In simple terminology, HB 1207 would allow the establishment of an intermodal loading/handling/storage facility in Minot, North Dakota . At present no such facility exists in North Dakota. Butte, Montana and the

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*Matthew M. Klein*  
Operator's Signature

10/2/03  
Date

**TESTIMONY  
HB 1207**

**Representative Matthew M. Klein**

Twin Cities in Minnesota are the nearest full scale facilities, although a partial facility operates at Dilworth, Minnesota. Minot, North Dakota is the only location in North Dakota where two class 1 railroads, the Burlington Northern and the Canadian Pacific intersect. As many of you see daily as the trains go by, shipping is by modular containers with Japanese or Korean names. To safely monitor and control content and to allow for rapid handling and distribution, the modern way of moving and distributing products is by modular containers. At Minot, North Dakota, rail cars can be quickly interchanged between competing rail carriers and moved east or west rapidly. Due to railroad tunnel restrictions on the Burlington Northern west route, triple stacking of modular containers cannot be accommodated. However, the Canadian Pacific route west does not have that limitation.

Agriculture products would be the major initial products shipped, but this could rapidly expand to manufactured products. We talk about economic development and the numerous spin-offs a facility of this type would bring to North Dakota in addition to the many jobs this would create - why not North Dakota, why not Minot? Considerable study and preliminary work has already been accomplished.

I hope you will agree and act favorably on this Bill.

Thank you.

There are others here to provide more detailed information and answers to any questions you may have.

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*Matthew M. Klein*  
Operator's Signature

10/2/03  
Date



Board of Commissioners

Hjalmer O. Carlson, Jr. (701) 838-6912    Jerome Gruenberg (701) 839-8845    Jim Lee (701) 722-3667    Sally Pufall (701) 852-4924    Molla B. Romine (701) 852-4142

Transportation Committee Chair  
ND State Legislature  
Capital Building  
Bismarck, ND

To Whom It May Concern:

The possibility of locating an intermodal transportation facility in Minot was discussed in May 2000. It was a timely idea that coincided with the economic development visioning process that was and continues to be in process in Ward County.

At that time an Advisory Committee recommended conducting a feasibility study regarding the potential for such a facility being created. Minot and Ward County are located in a unique location which offers several advantages over other parts of the state: It is located on three major highways, has two major railroads, an international corridor, Minot Air Force Base – which could become a multi-use facility – and has an international location.

In September 2000 the Ward County Commission was presented with a project proposal for a feasibility study to be conducted.

Subsequently, the Commission took the lead and approved funds toward Phase One of the study. Funding made it possible to hire a consultant to work with core local leaders in determining a study plan, prepare a presentation that could be made to government, business and industry representatives to obtain support and become partners in sponsoring the study prior to preparing the grant application. The results of that study bring up before you today.

Ward County Commissioners are well aware of the need to assure sustainable population growth and quality of life. The economy in western North Dakota must be more competitive in national and international markets and new wealth and employment opportunities must be developed. Becoming a Port Authority would greatly increase possibilities for these things to occur.

Therefore, Ward County pledges to continue its support, along with the City of Minot, of the efforts being made by the Mayor's Intermodal Task Force, local legislators and other entities involved in this worthwhile effort toward economic development in western North Dakota. Designating Minot as a Port Authority via House Bill #1207 would be a logical next step in this vital endeavor. Therefore, we urge your support of this Bill.

Sincerely,

Sally E. Pufall  
Ward County Commissioner  
Member, Mayor's Intermodal Task Force

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*Dorena Ballerath*  
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## RESOLUTION

WHEREAS: Two years ago, December, 2000, Ward County funded a preliminary evaluation and support study for the potential development of an intermodal terminal site in North Dakota, and

WHEREAS: The Upper Great Plains Transportation Institute at North Dakota State University, in November 2002, completed a North Dakota Strategic Freight Analysis on "The Role of Intermodal Container Transportation in North Dakota", and

WHEREAS: the above analysis reported location factors contributing to the success of an intermodal facility include potential container volume, multiple railroad alternatives, location on an intermodal line, location on the National Highway System, and the availability of accessorial rail services, and

WHEREAS: within a 250 mile radius of Minot, sufficient potential container volumes are apparent, and

WHEREAS: the above analysis also reported that Minot is the only location in North Dakota where two Class I railroads interchange freight cars and where two competing railroad intermodal lines intersect, both have accessorial services, and

WHEREAS: Minot is the crossroad of three Major Highways on the National Highway System, and

WHEREAS: the above analysis also reported that North Dakota may need to establish enabling legislation allowing the formation of a Port Authority, and

WHEREAS: the Fifty-eighth Legislative Assembly of North Dakota has created House Bill No. 1207, A BILL for an Act to create and enact Chapter 11-36 relating to local port authorities, and

NOW THEREFORE BE IT RESOLVED THAT: Ward County Board of Commissioners supports House Bill No. 1207, which enables local subdivisions to create a "Municipal Port Authority.

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Deanna Ballman  
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10/2/03  
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## Testimony of Neil Leigh

RE: HB 1207

Mr. Chairman and members of the committee, my name is Neil Leigh. I am an Alderman for the City of Minot and I am retired from the Burlington Northern Railroad.

I would like to give you a short history of the railroad:

20 years ago we had car inspections every 500 miles. We then changed it to car inspections every 1000 miles.

When 1500 mile inspections are implemented, Gavin Yard will consist of carmen which will inspect and repair all trains that come into the yards. The undercarriage of cars consists of workable parts. Draw bars which hold the trains together, couplers, yokes, draft gears to see that there are no cracks or broken parts or defects. Wheels are inspected for flat spots, high flange, thin flange, truck sides and brake beams. Truck bolsters are inspected for defects. When found bad, order tags are applied to cars stating the reason for the bad order. The bad orders are taken out of the train for repair. The car shop will have to be built. Flat switching of cars will make up trains for destinations to all parts of the country.

Carmen will couple the train and give it a 70 lb. air brake test and the train is on its way.

Gavin Yard will build more tracks and longer ones to accommodate more trains. A larger fueling system has been applied for to accommodate more trains. The County Commissioners past a resolution giving it No. 1 priority for a bridge at 55<sup>th</sup> Street SE on the west end of Gavin Yard and is asking for Federal Grants to build this bridge. This will make the flat switching easier for trains moving without interruption of traffic.

One year ago, last October, an interchange was established in the lower yards at Minot. They are using this and it is working very

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well. More train crews will come out of Gavin Yard instead of changing crews in downtown Minot.

Now let's move to the 21-century. The inspections have changed again to every 1500 miles with Minot being right in the middle between Seattle and Chicago.

That could be a big plus for the efforts to establish an Intermodel hub in Minot, according to a study done by the upper Great Plains Transportation Institute at the North State University of Fargo in October.

The City of Minot has what it takes to become an Intermodel Hub.

Along with the two Class-I railroads that intersect in the City of Minot, we also have two 4-lane highways that also intersect. With Minot being centrally located within the state, it makes locating the Intermodel Hub in Minot the most logical choice.

In closing, I hope you agree and I urge you to give House Bill 1207 a do pass recommendation.

Thank you.

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10/2/03  
Date



**North Dakota  
Dry Pea  
& Lentil  
Association**

4007 State Street

Bismarck, ND 58503

Phone: (701) 222-0128

Fax: (701) 223-4130

E-mail: [nddpla@btigate.com](mailto:nddpla@btigate.com)

Testimony of Paul Thomas  
North Dakota Dry Pea and Lentil Association  
House Bill 1207  
Transportation Committee  
Fort Totten Room  
February 6, 2003

Chairman Weisz, members of the House Transportation Committee, for the record my name is Paul Thomas and I am representing the North Dakota Dry Pea and Lentil Association. The North Dakota Dry Pea and Lentil Association represents pea, lentil and chickpea growers and processors throughout North Dakota. I am here to testify in favor of HB 1207, which would allow for the creation of local port authorities within North Dakota.

North Dakota is the nation's leading producer of dry peas, and close in leading the nation in lentil and chickpea production. Acres of pulse crops in North Dakota are continually climbing and have provided positive economic returns to producers. Processing facilities specializing in both domestic and foreign food grade markets have developed along with the growth of acreage. These pulse-processing plants are located in Minot, Ray, Crosby, Crary, Bowman, Richardton and Fargo North Dakota. Pulse crops from North Dakota have been exported into International Food Markets through government food aid or directly to International pulse buyers.

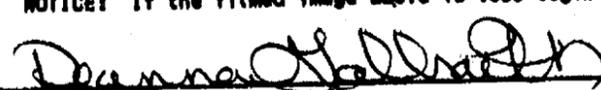
Most International pulse markets and food aid markets require and accept cleaned product in bagged quantities. Seven North Dakota companies are all currently participating in value added processing by cleaning and bagging product to specifications that meet end users requirements. A majority of all food grade pulse crops processed in North Dakota must be loaded into containers to be shipped to the end customer. These containers are hauled out of our state to the nearest container loading facility in Canada, Minneapolis, MN or Bozeman, MT.

According to Greg Johnson, owner of Premier Pulses International in Minot, ND, by not having container loading capabilities in North Dakota it has cost North Dakota producers as much as 1 to 1.5 cents per pound of product. This represents a \$15-\$25 per acre loss to North Dakota pulse producers.

Creation of a Port Authority in North Dakota to develop an inter-modal facility will have a positive economic impact in North Dakota. North Dakota agriculture has made tremendous strides in identity preserving and value added agriculture products. As the value added industry continues to grow so does the need for containerized loading capabilities.

Chairman Weisz and committee members, I urge a do pass on HB 1207. I would be happy to answer any questions you may have.

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HB 1207

Mr. Chairman:

Members of the committee:

My name is Laurence Scheresky, I am a farmer from the Minot area. I have been involved in production agriculture for 55 years. I have experienced and witnessed many changes during those years. The biggest changes have been the diversity of commodities grown and the tillage methods used to produce those crops.

North Dakota is the number one producer of eleven essential commodities that are produced nationally. We are limited in our ability to move these commodities. We hear a great deal about value added commodities, and the ability to load and move sealed containers of identity preserved products from a centrally located port authority would greatly enhance the value to area producers, and bring economic growth and development to the Minot area and the state of North Dakota.

I am in favor of establishing a port authority and subsequently an inter modal facility to be located in north central/northwest North Dakota, most likely in the Minot area. *Urge a do pass.*

Thank you

*Laurence Scheresky*  
725-4939

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*Dorena Ballman*  
Operator's Signature

*10/2/03*  
Date

# ~~CDC~~

**CAL-DAK CABINETS, INC.**

2410 - 30th Avenue NW • Minot, ND 58703 • (701) 838-2901 • Fax (701) 838-3738

**Testimony  
HB 1207**

Chairman Weisz and members of the Transportation Committee

For the record my name is Gary Price. I am the President and CEO of Cal-Dak Cabinets, Inc. located in Minot, ND.

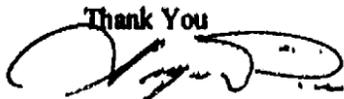
For the past 27 years I have felt that, when asked, I would be unable to compete on a level that would allow for us to export our products overseas. I may have been wrong.

In July of 2002 I was contacted by a Japanese importer of construction materials about the possibility of supplying cabinets for markets in Japan. After many months of communication, literally hundreds of cabinet prices, and the completion of a trip to Japan I have moved this prospect to the point where methods and costs of freight will determine the success of this venture. The company in Japan has retained the services of their freight forwarder from Tokyo who has an agent in Los Angeles. To date, this agent states that the best arrangements for getting a 20' container to Minot is to have one delivered from Minneapolis at a cost of \$2600.00 unless we can load it in less than 2 hours which would bring the cost to \$1300.00. My customer in Japan asked for my help in finding other means. We found that through a different shipping line, one that ports in Vancouver, that we may be able to bring a container in from Regina.

House Bill 1207 is enabling legislation for the creation of an intermodal site in Minot. As stated in earlier testimony Minot has many advantages for this, not the least of which are the 2 intermodal rail lines. This and Minot's central location has the potential to benefit a great number of North Dakotans throughout the state through reduced costs associated with reaching intermodal sites. Using the different scenarios for reaching a site from Minot, our costs for that portion of the total freight will run from a low of around 3% to a high of 12 1/2% of total sales. By comparison, one estimate puts the freight from Regina to Tokyo at less than \$2000 per 20' container or approximately 10% of sales. By enabling an intermodal site in North Dakota and one with the obvious advantages of Minot, you will present manufacturers with lower freight rates that will enhance their viability and encourage others to do business in North Dakota.

I urge a do pass for House Bill 1207

Thank You



Gary Price

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**Testimony on  
HOUSE BILL NO. 1207  
From Bruce Kester**

Chairman Weiss and committee members, this afternoon I speak to you in support of HB 1207. I view the establishment of a "port authority" as adding the missing piece to a jigsaw puzzle. And for those of you that have attempted many challenges over your legislative career or life time, I'm sure that when something challenging eventually comes together it is a gratifying feeling.

We are living in dramatically changing times in North Dakota. With the current trends in out-migration, many are asking questions like, "are the present economic development efforts adequate enough to reverse this trend of out-migration"? Northwest North Dakota is suffering declining populations more than any other area of the state.

**WHAT'S CHANGING IN NORTH DAKOTA?**

COUNTY	YEAR 2000	YEAR 1990	+ or - pop.	% change	Ave. wage income
BOTTINEAU	7149	8011	-862	-10.76	\$17,000 to \$21,000
BURKE	2242	3002	-760	-25.32	\$17,000 to \$21,000
DIVIDE	2283	2899	-616	-21.25	\$17,000 / yr
McHENRY	5987	6528	-541	-8.29	\$17,000 to \$21,000
MOUNTRAIL	6631	7021	-390	-8.29	\$17,000 to \$21,000
PIERCE	4675	5052	-377	-7.72	\$17,000 to \$21,000
RENVILLE	2610	3160	-550	-17.41	\$17,000 to \$21,000
TOWNER	2876	3627	-751	-20.71	\$17,000 to \$21,000
WILLIAMS	19761	21129	-1368	-6.47	\$17,000 to \$21,000
OTHER NW	24292	27461	-3169	-11.54	
WARD	58795	57921	874	1.51	\$23,574
<b>TOTAL NW</b>	<b>83087</b>	<b>85382</b>	pop. Loss -2295		

The following six counties represent the few in the state that increased population over the same 10 year period.

SIoux	4044	3761	283	7.52
ROLETTE	13674	12772	902	7.06
MORTON	25303	23700	1603	6.76
BURLEIGH	69416	60131	9285	15.44
CASS	123138	102874	20264	19.70
WARD	58795	57921	874	1.51

**OTHER TRENDS INCLUDE:**

**North Dakota State University Data Center<sup>1</sup>**

The committee received a report from a representative of the North Dakota State University Data Center regarding the state's demographic trends in relation to economic development in the state. The trend in North Dakota of loss of population in rural communities is consistent with what is happening in all the states in the Great Plains. Three elements relevant to population are the number of births, deaths, and migrations. Testimony indicated that one element factoring into the loss of population in the Great Plains is that the number of acres per farm is increasing. North Dakota is at a point of change in the 21st century just as it was in the 1930s. In the 1930s there were agricultural changes, and in the 21st century there are technological changes. In the 1930s railroads connected communities, whereas now technology links communities.

In the 1990s North Dakota became a state with more of its residents living in urban areas than in rural areas. This consolidation of people to the larger communities is age and gender specific. In North Dakota, the senior citizen population now exceeds the youth population; the number of births in the state has been declining since 1982; and a growing number of counties experience fewer live births than deaths. As a result of this population change, the size of available work force is decreasing.

<sup>1</sup> Testimony from 1999 Legislative hearing on Economic Development

I currently drive truck for Food Services of America. We have branches in both Minot and Fargo. I will share two examples of how the trends of out-migration affect our business:

1) volume of products shipped - 10 years, 5 years, now. >>> XXXX cases, XX cases and X cases to rural towns.

2) freight rates... "the price or cost of doing business"... as of March 21<sup>st</sup> our largest single account (5.5 million dollars and 200,000 cases to 10 stores, 2x/wk is doing business elsewhere and will be shipping product from Nebraska. REASON... Freight rates add cost to each case of product we haul in and haul out of our warehouse.

#### FREIGHT RATES

- \$1.80 per 100 wt. from Dickinson to Minot
- \$6.50 to \$7.00 per 100 wt. from Washington to Minot
- \$7.15 from lower West Coast to Minot
- About 10.61 per 100 wt. from Minneapolis to Minot. (\$10 wt. freight and \$0.61 per 100 sur charge)

At our Minot warehouse we have on the average of 52 trucks that dock at our facility per week with inbound freight. That equals 2,704 per year. We receive approximately 1,400,000 cases per year. That equals 116,666 cases per month of inbound freight. Our Fargo branch would double each of these number for their warehouse. I and our VP of Operation recently attended a meeting on the "Port of North Dakota Intermodal Project" Task Force in Minot. We discussed the positive impact of having a competitive market and options available for freight. The cost of freight is by far the largest single cost in our business and directly effect the price to our customers.

In the same hearing in 1999 the following recommendations came from a representative of the North Dakota Association of Rural Electric Cooperatives he suggested that:<sup>2</sup>

- Programs need to change the perspective that things are better somewhere else;
- State policymakers need to approach economic development as a long-term investment and stop approaching economic development in two- or three-year cycles; and
- State policymakers need to "take a big breath" because people are pulled to change, not pushed to change.

As a state we have a lot to offer a prospective business that is considering the placement of a value added manufacturing or packing facility in North Dakota. Included are an educated and dedicated workforce able work in a manufacturing plant relating to our agricultural based economy or other growing sectors of high technology or aerospace/aviation (military or private). In HB 1207, I see the opportunity for positive change. It is the very start of what is not only a logical fit but also a logistical necessity to our current infrastructure, through the establishment of a "transportation network" that will compliment the **ELECTRICITY and WATER** that are already available, plentiful and appealing to developing any industrial sector all across the state, region, international borders or international waters. These endeavors are exactly what will turn around recent trends in North Dakota. To truly grow the North Dakota economy we must invest in the infrastructure that allow for expanding of a wide variety of occupations or careers that pays a wage which is at or above a regional average. Then and only then will people stay but some will return and of course some will experience the quality of life in North Dakota for the first time as they move to our great state.

The efforts that are initiated by this legislation are not about east or west, rural or urban, pro business vs. agriculture or anti economic development... It is about moving forward with a plan that can be of great benefit to the future health and well being of our state. The time has come for policymakers to approach economic development as a long-term investment and stop approaching economic development in two- or three-year cycles. I urge you to support HB 1207 here in committee and work with your fellow legislators to pass in to law.

<sup>2</sup> Testimony from 1999 Legislative hearing on Economic Development

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*Donna Ball*  
Operator's Signature

10/2/03  
Date

TESTIMONY  
OF  
Greg Johnson  
Premier Pulses International, Inc.  
House Bill 1207  
Transportation Committee  
Fort Totten Room  
February 6, 2003

Chairman Weisz, Members of the House Transportation Committee. As the record should state my name is Greg Johnson. I am owner/operator of Premier Pulses in Minot, ND. Passage of HB 1207 is vital to developing industry, enhancing and enabling current industry to be more viable. With this comes economic development that is ever so needed in our state. Establishing a Port Authority enables more options available for the entrepreneur.

We have the railroad scenario, as explained by Mr. Leigh, with the inspection points and fuel stops being established which ever so much help dictate intermodal criteria. Many say that our weather is our major DRAW BACK to economic development. I am sorry but I believe transportation in North Dakota is the number 1 DRAWBACK.

Put the railroad in perspective and then one needs to get the industry to the railroad the shortest, safest, most economical way we can. Obviously boats and barges do not have a place for this freight avenue due to ND being landlocked. If we limit ourselves to one rail entity, to an intermodal, we again are at their mercy. We already pay more than neighboring states and the cars go right by our door.

So begins the road network of shipping and receiving intermodal freight. This network needs to be able to safely accommodate truck traffic 365 days a year, 24 hours a day. A oneway or single highway to the facility is not the answer. A number of highways are however. With these highways is also the ability to transport without restrictions implying reduced weights. The highways will have to typically have to accommodate 78,000 pounds at a minimum. Many of the secondary roads in ND are restricted 25% of the year. This becomes a major factor for an industry in a remote area to deliver 25% of the time.

At Premier Pulses we work daily with the railroad. It is a constant struggle keeping routing right and transloading freight at other facilities. With two rail lines available it would eliminate many of these costly headaches.

Another freight carrier that I feel is greatly overlooked is whatever air service is available. I recently recall a military purchase of 200 plus Bobcats. This would be a tremendous boost for a company such as theirs to deliver to a Military Base and load the machinery to be

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*Greg Johnson*  
Operator's signature

10/2/03  
Date

deployed. Huge savings to the taxpayer and a little more profit to the company. This in turn should lead to a better paying job to employees and a more sustainable future for ND companies. Just one example of many why a transportation network of accessibility is critical.

The last part of this testimony comes from a question that is often heard when I visit with a member of the legislature. What can I do to help NORTH DAKOTA? Is there a better way to help that is not going to cost the Legislature any money?

Chairman Weisz and fellow committee members, I urge a do pass on HB 1207. It is a plus for North Dakota.

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*Doreen M. Bell*  
Operator's Signature

*10/2/03*  
Date

**Testimony on HB 1207**

**By**

**L. John MacMartin, President (407)**

**Minot Area Chamber of Commerce**

Chairman Weisz and members of the House Transportation Committee my name is John MacMartin and I am the president of the Minot Area Chamber of Commerce. I appear before you today to speak in support of HB 1207. You have already heard from a number of advocates of HB 1207. I intend to recap some of the points that were made and I will attempt to answer questions that were stated or implied.

Why might be the biggest question? Why are we before you with this bill? There are two primary reasons why the Minot area is interested in an intermodal site and HB 1207. Over the last several years, representatives of foreign governments have traveled to North Dakota and to the Minot area. They have expressed great interest in many of the specialty crops that are currently grown or ones that could be grown. Along with the interest in those crops, is the requirement for identity preservation. As folks locally looked into ways to achieve identity preservation, sealed containers became the option and sealed containers led us to ports and in turn to intermodal sites. Also, a number of firms have contacted our community to see if North Dakota and Minot were a place to relocate a business. One of the questions asked was our proximity to an intermodal site; MADC has indicated that they have never heard back from any of those firms after they learn that Dilworth MN, Butte MT and Canada are the closest intermodal locations. Finally, there are the existing private firms in North Dakota for which an intermodal site could make their product inputs as well as finished product easier and cheaper to receive from and deliver to the national and international markets. So the first reason for our interest is customer demand. The second reason is that an intermodal site will serve an area much larger than just Minot or Ward County. HB 1207 provides the necessary enabling

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*L. John MacMartin*  
Operator's Signature

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legislation for units of government to work together to establish a port authority, to issue bonds and, if necessary, to provide a means to repay those bonds.

Why Not Minot? That is the question that we asked ourselves. Ward County financed a "Phase One" study to look into what exactly were a port authority and an intermodal transfer site. Then the Upper Great Plains Transportation Institute conducted a study for all of North Dakota. That study is entitled: "North Dakota Strategic Freight Analysis, The Role of Intermodal Container Transportation in North Dakota" (UGPTI Departmental Publication No. 149 and 150). That study identified four criteria to look at when evaluating a location for an intermodal site. Those criteria include: accessorial services - this would include train assembly, train servicing, refueling, crew changes, etc; competition between the two class one railroads in North Dakota; a location for an intermodal line; and a location on the National Highway System. Minot clearly meets all of those criteria and many of the speakers before me have touched very well on those points. In fact, the Upper Great Plains Institute points out and I quote "Minot is the only location in North Dakota where two Class I railroads interchange freight cars and where two competing railroad intermodal lines intersect." Let me just reemphasize one of those and that is the accessorial services. What this really means is that the railroads have reasons to stop in Minot.

Why is this important you ask? Well to get the answer you need to look no further than across North Dakota. There are many abandoned rail lines and many grain elevators that are no longer used because they no rail lines leading to them. We believe that the build it (Intermodal site) and they (railroads) will come is simply not valid. The facts to support this are in the Upper Great Plains Institute Study where it is noted that in 1970 there were over 1500 intermodal sites and in 1998 there were less than 370. Sounds remarkably like what our State has experienced with grain elevators. The railroads have to want to stop, to have the yards to make up a train, to refuel to change crews otherwise the train just keeps on rolling that is its

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*Deanna Hall*  
Operator's Signature

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efficiency and those very elements are the strengths with which Minot will use as we negotiate with the railroads. Also of key importance is the presence of two class one railroads. Our Governor, the Legislature and our Congressional Delegation have all looked for ways to relieve the North Dakota shipper from being captive to a single railroad for freight rates. The presence of two railroads will ensure competition as well as access to different ocean ports.

The Upper Great Plains Institute also identified six key steps to developing an intermodal facility in North Dakota.

1. Pursue state enabling legislation allowing for creation of a port authority for communities and regions - bonding authority and power to levy funds.
2. State legislation allowing joint state/local funding cooperation for non-highway components - start-up grants from state or federal sources, low interest loans.
3. Local community support of creation of diversified shipping/business model.
4. Commitments and cooperative efforts - rail carriers for rates and service, amongst political subdivisions and from shippers and third party providers.
5. Specific site analysis - business plan and engineering plan.
6. Outreach program to educate shippers.

Minot is on the path following these six keys and that is why we are here today.

Chairman Weisz and member of the House Transportation Committee I'd be happy to try to answer any of your questions.

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## HOUSE BILL 1207

### TESTIMONY OF HEARTLAND FEED, INC

#### dba NORTHWEST ALFALFA PRODUCTS

**Michael J. Bloyed**

Basically, we support the purpose of this bill as we have also supported House Bill 1426. Both bills give North Dakota valuable tools both to help and to attract industry.

However, unlike HB 1426, this bill contains just 27 words, used twice in section 11-36-03 and 11-36-04. Let me quote this language as it is written, and I quote "located near the junction of two paved and divided multilane highways, where two competing railroad intermodal lines intersect, and where two class 1 railroads interchange freight cars". The insertion of these restricting parameters serve to discriminate against all but one political subdivision in North Dakota and establish that this bill will only apply to one community - Minot.

Please understand that we have no intent to restrict or impede Minot in their efforts to improve their own, and hence also North Dakota's economic progress. We believe the purpose of this bill can provide North Dakota with a valuable economic tool, but that it should not be structured in such a narrow way that only 1 community can take advantage of its provisions.

If you have not had a chance to read the very thorough and highly informative document recently released by the UPPER GREAT PLAINS TRANSPORTATION INSTITUTE which is titled North Dakota Strategic Freight Analysis: The Role of Intermodal Container Transportation in North Dakota, I can tell you that the study includes, in several areas, these very words as conditions beneficial to any such intermodal hub. We do not disagree. Nowhere does it state that these conditions are the most important or that a hub with adequate volume cannot be highly successful even lacking one or more of these conditions.

However, listed as the #1 condition to success for such a hub is (obviously) traffic volume. Our firm, Heartland Feed, Inc., was one of the very few companies to respond to a questionnaire back in May, 2002 sent to every business or industry in North Dakota who may use an intermodal hub. In it we indicated that we would ship annually 5,000 40' containers once growers could increase their production to 125,000 tons. In all of the economic models, and throughout the UGPTI report our 5,000 40' containers are converted to 10,000 20" containers, which doubles the revenue to the facility. Obviously, we would not use 20' containers for reason we will discuss later. Since then we have made significant changes to our plant equipment design that increases our production

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*Demetrius Ballman*  
Operator's Signature

10/2/03  
Date

capability to over 200,000 tons annually. We have also purchased an additional 55 acres of land surrounding our plant to provide for its expansion.

However, at no time did we ever indicate that we would consider shipping our product 80 miles east to Minot. From before we ever met with North Dakota officials last spring, we discussed with BN/SF our intentions and were pleased with their enthusiastic and cooperative position, which stated that they would welcome our traffic and would work with us to load it in Tioga. Subsequent to that, we have met with representatives of BN/SF on numerous occasions, have purchased land on one of their sidings in Tioga, and have almost completed construction of a warehouse and boxcar loading facility.

Please understand that we consider Minot a very valuable asset to our company, and have spent and continue to spend ten's of thousands of dollars with their merchants and contractors, and, in fact, wish they were much closer to us. We have analyzed the cost of drayage from Tioga to Minot, and concluded that the cost and potential weather related winter and spring problems were too much. It was for this reason that we have gone forward with our plans to load boxcars in Tioga.

Therefore, it is appropriate that I inform this committee that the inclusion of our volume in any facilities outside of Tioga is not appropriate, as we have already made the final decision to ship from there -- with the concurrence of BN/SF.

I would also like to comment on the study, in the spirit of constructive information from which all parties could benefit. In cooperation with engineering firm of Kadrmas, Lee & Jackson, an engineering cost study and business plan was recently completed that covers the potential expansion of our facility now under construction in Tioga. On page 54 of the UGPTI study, in Table 13, titled Assumptions -- a proposal of 40 acres of pavement at a cost of \$10,000 per acre is shown -- with a total cost of \$400,000, should have been transferred to Table 14 -- listed as "Hypothetical Investment". It was not. Our engineering study shows that to handle and store containers, a heavy duty concrete pavement is needed, which could cost \$90 per square yard or over \$400,000 per acre, not \$10,000. I mention this to point out why we believe the cost estimate for the facility proposed at Minot, as outlined in Table 14, is far too low, especially since they have not included any facilities for fumigation or truck scales. I bring this up to point out that the economic success of any hub is a function of the ratio between the facility cost and volume.

Even though our volume will not be available to Minot, all of the economic estimates are built around 20' containers -- which we would not use except in rare cases. The cost to pick a 20' is virtually the same as for a 40' but moves only 1/2 the volume. Therefore, to ship any given amount of bulk product in 20' containers generates twice the income to the facility over using 40' containers. I believe that basing an economic study which contains the income from handling nothing but 20' containers will give a falsely optimistic picture -- since many shipper, like ourselves, will always use 40' containers (or the new 48's) if available. This, of course reduces the number pick's loading and unloading container ships, and inland freight at the destination.

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*Dorena Baller*  
Operator's Signature

10/2/03  
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Many of you may not realize that alfalfa hay and similar forage products in 40' or 48' containers represent 1/3 of the total tonnage of all goods shipped from the Port of Seattle. Virtually all of it is destined for Pacific Rim nations.

In summary, let me emphatically state that we do not object to HB 1207, if the two restrictions of paragraph 1 of Section 11-36-03 and paragraph 1 of Section 11-36-04 are removed - thus providing the possible use of Port Authority by others.

I believe it is impossible for any legislative body to be able to predict where or how this Port Authority may prove vital to attracting business, or inducing existing businesses, like ourselves, to expand. To consider legislation that is so restrictive that it can only apply to one location is foolish and shortsighted.

If you consider acting on this bill, I urge you to remove the two restrictive sections so that all of the benefits of a Port Authority can be available to any community or area in North Dakota.

Thank you very much.

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Dorinda Holmquist  
Operator's Signature

10/2/03  
Date

# State of North Dakota

## SECRETARY OF STATE



### CERTIFICATE OF TRADE NAME REGISTRATION OF

PORT OF NORTH DAKOTA

The undersigned, as Secretary of State of North Dakota, hereby certifies that an Application for Registration of a Trade Name, duly signed pursuant to the provisions of the North Dakota Trade Names statutes, has been received in this office and is found to conform to law.

Accordingly the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues the Certificate of Trade Name Registration of PORT OF NORTH DAKOTA which is owned by WARD COUNTY INTERMODAL COMMITTEE with an address of 315. 3RD ST SE PO BOX 5005, MINOT, ND 58702-5005.

The Trade Name Registration shall remain in force until January 23, 2006.

DATED: January 23, 2001

Alvin A. Jaeger  
Secretary of State

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10/2/03  
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**TESTIMONY  
HB 1207  
Representative Matthew M. Klein**

**Chairman Mutch and members of the Industry, Business and Labor  
Committee.**

**For the record, I am Representative Matthew M. Klein representing  
District 40 in Minot, ND.**

**HB 1207 may appear to consist of many pages establishing a new chapter  
and various subsections. What it basically does is enact enabling  
legislation so that a municipality may establish a port authority.**

**Definitions, general powers, creation of municipal or regional port authority,  
certificate of incorporation of regional port authority, proof of existence of  
authority, commissioners - compensation - meetings - officers, general  
powers of a port authority, eminent domain, disposal of port property,  
bonds and other obligations, operation and use privileges, regulations,  
federal and state aid, tax levy may be certified by port authority or  
municipality, county tax levy for port purposes, joint operations, public  
purpose, port property and income exempt from taxation, municipal  
cooperation, out-of-state port jurisdiction authorized - reciprocity with  
adjoining states and governmental agencies, supplemental authority,  
savings clause - port zoning, and debt service fund are covered in  
Section 1. Sections 2,3,4,5, and 6 relate to the establishment of taxing  
levies.**

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*Donna Holbrook*  
Operator's Signature

10/2/03  
Date

**TESTIMONY  
HB 1207**

**Representative Matthew M. Klein**

In simple terminology, HB 1207 would allow the establishment of an intermodal loading/handling/storage facility in Minot, North Dakota. At present no such facility exists in North Dakota. Butte, Montana and the Twin Cities in Minnesota are the nearest full scale facilities, although a partial facility operates at Dilworth, Minnesota. Minot, North Dakota is the only location in North Dakota where two class 1 railroads, the Burlington Northern and the Canadian Pacific intersect. As many of you see daily as the trains go by, shipping is by modular containers with Japanese or Korean names. To safely monitor and control content and to allow for rapid handling and distribution, the modern way of moving and distributing products is by modular containers. At Minot, North Dakota, rail cars can be quickly interchanged between competing rail carriers and moved east or west rapidly. Due to railroad tunnel restrictions on the Burlington Northern west route, triple stacking of modular containers cannot be accommodated. However, the Canadian Pacific route west does not have that limitation.

Agriculture products would be the major initial products shipped, but this could rapidly expand to manufactured products. We talk about economic development and the numerous spin-offs a facility of this type would bring to North Dakota in addition to the many jobs this would create - why not North Dakota, why not Minot? Considerable study and preliminary work has already been accomplished.

I hope you will agree and act favorably on this Bill.

Thank you.

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*Matthew M. Klein*  
Operator's Signature

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## Testimony of Neil Leigh

RE: HB 1207

Mr. Chairman and members of the committee, my name is Neil Leigh. I am an Alderman for the City of Minot and I am retired from the Burlington Northern Railroad.

I would like to give you a short history of the railroad:

20 years ago we had car inspections every 500 miles. We then changed it to car inspections every 1000 miles.

When 1500-mile inspections are implemented, Gavin Yard will consist of car men, which will inspect and repair all trains that come into the yards. The undercarriage of cars consists of workable parts. Drawbars, which hold the trains together, couplers, yokes, draft gears to see that there are no cracks or broken parts or defects. Wheels are inspected for flat spots, high flange, thin flange, truck sides and brake beams. Truck bolsters are inspected for defects. When found bad, order tags are applied to cars stating the reason for the bad order. The bad orders are taken out of the train for repair. The car shop will have to be built. Flat switching of cars will make up trains for destinations to all parts of the country.

Carmen will couple the train and give it a 70 lb. air brake test and the train is on its way.

Gavin Yard will build more tracks and longer ones to accommodate more trains. A larger fueling system has been applied for to accommodate more trains. The County Commissioners past a resolution giving it No. 1 priority for a bridge at 55<sup>th</sup> Street SE on the west end of Gavin Yard and is asking for Federal Grants to build this bridge. This will make the flat switching easier for trains moving without interruption of traffic.

One year ago, last October, an interchange was established in the lower yards at Minot. They are using this and it is working very well. More train crews will come out of Gavin Yard instead of changing crews in downtown Minot.

Now let's move to the 21-century. The inspections have changed again to every 1500 miles with Minot being right in the middle between Seattle and Chicago.

That could be a big plus for the efforts to establish an Intermodel hub in Minot, according to a study done by the upper Great Plains Transportation Institute at the North State University of Fargo in October.

The City of Minot has what it takes to become an Intermodel Hub.

Along with the two Class-I railroads that intersect in the City of Minot, we also have two 4-lane highways that also intersect. With Minot being centrally located within the state, it makes locating the Intermodel Hub in Minot the most logical choice.

In closing, I hope you agree and I urge you to give House Bill 1207 a do pass recommendation.

Thank you.

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*Donna G. Ball*  
Operator's Signature

10/2/03  
Date

**RESOLUTION NO. 2515**

**RESOLUTION IN SUPPORT OF HOUSE BILL NO. 1207.**

**WHEREAS,** on December 9, 2002, Mayor Zimbelman presented a list of individuals he had appointed to the Mayor's Intermodal Task Force for the promotion of the establishment of a municipal port authority; and

**WHEREAS,** a local port authority will promote and advance the general welfare, increase the volume of commerce, cooperate and act in conjunction with other organizations in the development of economic activity in the State, and support new and existing businesses and industries in the State; and

**WHEREAS,** the City of Minot is located near the junction of two paved and divided, multi-lane highways and where two competing railroads intersect and interchange freight cars; and

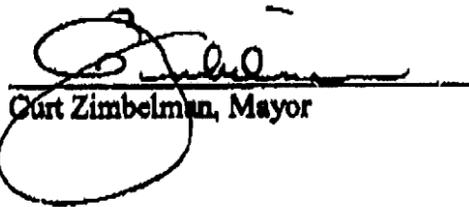
**WHEREAS,** the City of Minot is located in central North Dakota;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Minot, North Dakota, does hereby declare support for House Bill No. 1207 and urges the North Dakota State Legislature to approve House Bill No. 1207.

**BE IT FURTHER RESOLVED** that a fully executed copy of this resolution be presented to Chairman Weisz and the members of the House Transportation Committee.

Passed and adopted this 3<sup>rd</sup> day of February, 2003.

APPROVED:

  
Curt Zimbelman, Mayor

ATTEST:

  
Roberta Ripplinger, City Clerk

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**Testimony on  
HOUSE BILL NO. 1207  
From Bruce Kester**

Chairman Mutch and committee members, this morning I speak to you in support of HB 1207. I view the establishment of a "port authority" as adding the missing piece to a jigsaw puzzle. And for those of you that have attempted many challenges over your legislative career or life time, I'm sure that when something challenging eventually comes together it is a gratifying feeling.

We are living in dramatically changing times in North Dakota. With the current trends in out-migration, many are asking questions like, "are the present economic development efforts adequate enough to reverse this trend of out-migration"? Northwest North Dakota is suffering declining populations more than any other area of the state.

**WHAT'S CHANGING IN NORTH DAKOTA?**

COUNTY	YEAR 2000	YEAR 1990	+ or - pop.	% change	Ave. wage income
BOTTINEAU	7149	8011	-862	-10.76	\$17,000 to \$21,000
BURKE	2242	3002	-760	-25.32	\$17,000 to \$21,000
DIVIDE	2283	2899	-616	-21.25	\$17,000 / yr
McHENRY	5987	6528	-541	-8.29	\$17,000 to \$21,000
MOUNTRAIL	6631	7021	-390	-5.56	\$17,000 to \$21,000
PIERCE	4675	5052	-377	-7.46	\$17,000 to \$21,000
RENVILLE	2610	3160	-550	-17.41	\$17,000 to \$21,000
TOWNER	2876	3627	-751	-20.71	\$17,000 to \$21,000
WILLIAMS	19761	21129	-1368	-6.47	\$17,000 to \$21,000
OTHER NW	24292	27461	-3169	-11.54	
WARD	58795	57921	874	1.51	\$23,574
<b>TOTAL NW</b>	<b>83087</b>	<b>85382</b>	<b>pop. Loss -2295</b>		

The following six counties represent the few in the state that increased population over the same 10 year period.

SIoux	4044	3761	283	7.52
ROLETTE	13674	12772	902	7.06
MORTON	25303	23700	1603	6.76
BURLEIGH	69416	60131	9285	15.44
CASS	123138	102874	20264	19.70
WARD	58795	57921	874	1.51

**OTHER TRENDS INCLUDE:**

North Dakota State University Data Center <sup>1</sup>

The committee received a report from a representative of the North Dakota State University Data Center regarding the state's demographic trends in relation to economic development in the state. The trend in North Dakota of loss of population in rural communities is consistent with what is happening in all the states in the Great Plains. Three elements relevant to population are the number of births, deaths, and migrations. Testimony indicated that one element factoring into the loss of population in the Great Plains is that the number of acres per farm is increasing. North Dakota is at a point of change in the 21st century just as it was in the 1930s. In the 1930s there were agricultural changes, and in the 21st century there are technological changes. In the 1930s railroads connected communities, whereas now technology links communities.

In the 1990s North Dakota became a state with more of its residents living in urban areas than in rural areas. This consolidation of people to the larger communities is age and gender specific. In North Dakota, the senior citizen population now exceeds the youth population; the number of births in the state has been declining since 1982; and a growing number of counties experience fewer live births than deaths. As a result of this population change, the size of the available work force is decreasing.

<sup>1</sup> Testimony from 1999 Legislative hearing on Economic Development

*Dannan Hall*  
Operator's Signature

10/2/03  
Date

I currently drive truck for Food Services of America, we have branches in both Minot and Fargo. Just to give you an example of how the trends of out-migration affect our business. I will share two examples:  
1) volume of products shipped - 10 years, 5 years, now. >>> XXXX cases, XX cases and X cases to rural towns.  
freight rates... "the price or cost of doing business"... as of March 21<sup>st</sup> our largest single account (5.5 million dollars and 200,000 cases to 10 stores, 2x/wk is doing business elsewhere and will be shipping product from Nebraska.  
REASON... Freight rates add cost to each case of product we haul in and haul out of our warehouse.

#### FREIGHT RATES

- \$1.80 per 100 wt. from Dickinson to Minot
- \$6.50 to \$7.00 per 100 wt. from Washington to Minot
- \$7.15 from lower West Coast to Minot
- About 10.61 per 100 wt. from Minneapolis to Minot. (\$10 wt. freight and \$0.61 per 100 sur charge)

At our Minot warehouse we have on the average of 52 trucks that dock at our facility per week with inbound freight. That equals 2,704 per year. We receive approximately 1,400,000 cases per year. That equals 116,666 cases per month of inbound freight. Our Fargo branch would double each of these number for their warehouse.

I and our VP of Operation recently attended a meeting on the "Port of North Dakota Intermodal Project" Task Force in Minot. We discussed the positive impact of having a competitive market and options available for freight. The cost of freight is the by far the largest single cost in our business and directly effect the price to our customers.

In the same hearing in 1999 the following recommendations came from a representative of the North Dakota Association of Rural Electric Cooperatives he suggested that:<sup>2</sup>

- Programs need to change the perspective that things are better somewhere else;
- State policymakers need to approach economic development as a long-term investment and stop approaching economic development in two- or three-year cycles; and
- State policymakers need to "take a big breath" because people are pulled to change, not pushed to change.

As a state we have a lot to offer a prospective business that is considering the placement of a value added manufacturing or packing facility in North Dakota. Including are an educated and dedicated workforce able work in a manufacturing plant relating to our agricultural based economy or other growing sectors of high technology or aerospace/aviation (military or private). These endeavors are exactly what will turn around recent trends in North Dakota. To truly grow the North Dakota economy we must invest in the infrastructure that allow for expanding of a wide variety of occupations or careers that pays a wage which is at or above a regional average. Then and only then will people stay but some will return and of course some will experience the quality of life in North Dakota for the first time as they move to our great state.

In HB 1207, I see the opportunity for positive change, we have the very start of what is not only a logical fit but also a logistical necessity to our current infrastructure, through the establishment of a "transportation network" that will compliment the **ELECTRICITY and WATER** that are already available, plentiful and appealing to developing any industrial sector all across the state, region, international borders or international waters.

The efforts that are initiated by this legislation are not about east or west, rural or urban, pro business vs. agriculture or anti economic development... It is about moving forward with a plan that can be of great benefit to the future health and well being of our state. The time has come for **policymakers to approach economic development as a long-term investment and stop approaching economic development in two- or three-year cycles.** I urge you to support HB 1207 here in committee and work with your fellow legislators to pass in to law.

<sup>2</sup> Testimony from 1999 Legislative hearing on Economic Development

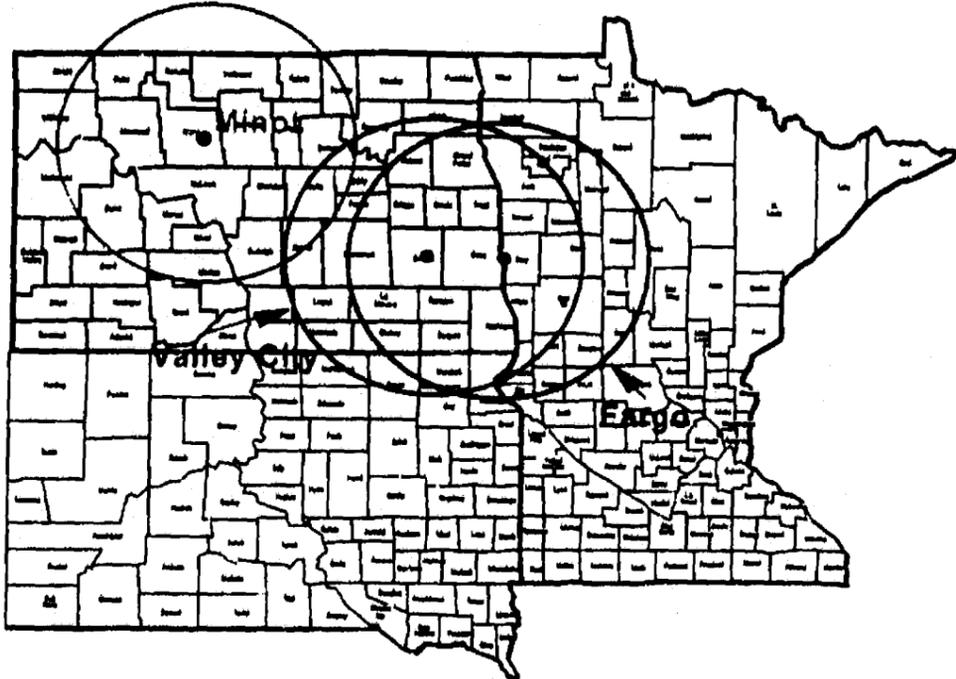


Figure 2. 100 Mile-Radius Around Three Cities (Fargo, Valley City, and Minot)

Table 2. Cities Chosen for Analysis and Location Factors.

City	Accessorial Services	Competition CP and BNSF	Intermodal Line	Located on National Highway System
Fargo	Yes (Fuel Stop for BNSF)	No	Yes (BNSF)	Yes
Valley City	No	Yes (BNSF)(CP)	Yes (CP)	Yes
Minot	Yes (Fuel Stop for BNSF)	Yes (BNSF)(CP)	Yes (BNSF)(CP)	Yes

\* Assumes 10,000 containers loaded by the Tioga alfalfa pelleting facility.

Submitted by Bruce Kester-

*Donna G. Bell*  
Operator's Signature

10/2/03  
Date

Minot Daily News  
**OPINION**

**Minot Daily News**

*A daily search for truth through  
a discussion of ideas.*

Jim Eykyn, Publisher  
Bryan L. Obenchain, Editor  
Jay Johnson, Opinion Editor

**OUR OPINION**  
**Hope for  
the Great  
Plains**

In the last 80 years, the Great Plains have been a well of hard-working transplants for the nation's urban centers. Since the 1930s, people have left the country's rural areas from North Dakota to Texas. They have not returned.

Sen. Byron Dorgan, D-N.D., has reintroduced his New Homestead Act in an attempt to bring a change to this rural exodus. The proposal is the right economic stimulus at the right time.

How bad is the out-migration? All but seven North Dakota counties lost population between 1980 and 2000. In a mirror of the national trend, most of these people moved to the state's four urban areas in Ward, Grand Forks, Burleigh and Cass counties. Even this overstates the good news.

Grand Forks County was perfectly split between growth and decline. Ward County's so-called growth was but 7 percent.

To make matters worse, the movement from rural to urban has reduced many county populations to hollow semblances of the past. If nothing is done to stem the tide, what will the next 20-year count look like? There will nobody left to move to Minot, for example, and the falseness of North Dakota's urban "gains" will become clear.

Dorgan and Sen. Chuck Hagel, R-Neb. have put together a strong bipartisan list of early co-sponsors for the New Homestead Act. The cross party support indicates the obviousness of the situation.

To bring people back to the rural plains the proposal includes a \$3 billion venture capital fund for existing and new businesses. The plan would help people with college loans and home purchases. It would also help protect home values by allowing value losses to be deducted from federal income taxes. In addition, the plan would offer a spread of tax incentives for people and businesses that move to rural North Dakota and other states in the Great Plains.

The problem is clear, but will an urban heavy Congress care? Politically, Dorgan says they should. When the nation's urban centers needed massive urban renewal efforts, the rural states were supportive. Now it's time for a turnaround.

Finally, President Bush should support this proposal. The nation's midsection, the very places that are suffering massive out migration, supported Bush in overwhelming numbers in the 2000 election. Again, it's time for a turnaround.

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# Using resources we already have

In Part I of our future assessment for development, we explored the need for change. According to our state demographer at the North Dakota State Data Center (North Dakota Population Projection: 2005 to 2020, issued September 2002), if we do not change our current path, the 1980's state population will be our target 2020 population. In 1980 our state population was 652,717 and the Data Center projects a population of 651,291 for 2020. However, our average age will be higher and we will continue our move from rural to urban areas.



**ROD  
HEWLETT**

Based on current trends, no area in northwest North Dakota is expected to increase in population over the next twenty-years except for the Native Americans.

Northwest North Dakota has a reputation for aggressive economic development. These census projections would be much worse if the area wasn't progressive. Let's build upon our progressive tradition of development and move into the "new" economy using what we already possess and leverage our existing resources.

The NGA Center for Best Practices in their report titled Innovative State Policy Options to Promote Rural Economic Development (February 2003) summarizes our opportunities and provide examples of communities taking the next step into the 21st century. The report reinforces much of the research and planning that is being developed by the North West North Dakota Economic Strategic Planning Committee led by the College of Business.

The report recommends adapting cluster-based principles of development for rural communities. This clusters-based approach is reinforced in a 2002 report issued by the U.S. Department of Commerce (EDA) titled, Rural Knowledge Clusters: The Challenge of Rural Economic Prosperity. Briefly, clusters are networks of interconnected businesses that collaborate. They are typically aligned within an indus-

try and grow collaboratively rather than competitively. The report also suggests that agricultural dependent rural communities must promote entrepreneurship and reinvigorate regional agriculture through diversification and value-added practices.

In our planning activities we must target industries that can be leveraged from our current infrastructure and build mutually reinforcing clusters throughout the region. If we review our advantages, such as a plentiful supply of natural resources, available land, and productive workforce, we can be attractive to businesses from targeted industries currently located in many of the crowded "in-the-blue" communities. We should seek industries where their business models increase the mean wages in our communities, expand opportunities for our citizens, and recruit capital to our region. Examples of communities using a clusters-based approach provide insights into what we can do for growth.

Current clusters in larger communities include biotechnology and telecommunications in San Diego; polymers in Akron; computer hardware and software in Austin; automobiles in Detroit; and aerospace in Wichita. Fargo is developing a cluster in software spurred by research and development efforts at North Dakota State University. Connecticut is developing an agriculture specialization and value-added cluster. Mankato, Minnesota is developing a wireless technology cluster supported by vocational and higher education. Alexandria, Minnesota is developing an automated technologies cluster supported by their technical college and a new Center for Automation and Motion Control as a tool for research and development. The sparsely populated northwest Minnesota is developing a thriving recreational transportation equipment manufacturing cluster. Arctic Cat and Polaris form the heart of this regional cluster. Northland Community and Technical College has played a key role in this northwest Minnesota cluster's growth.

The research indicates that several good wage clusters can be fostered in our region. These clusters include: customer resource management (data, knowledge management, research, and service); energy; agri-

culture for value-added, specialty crops, and bio-agriculture development; federal procurement services; recreation; and transportation/distribution, just to name a few.

In addition to development of clusters in northwest North Dakota, we need to unleash agricultural innovations that will fully employ the product of our "production" farmers. In fact, we need to help the farmers evolve their business models to include value-added production. According to the U.S. Department of Commerce, the food and beverage production industry represents over 17 percent of total manufacturing in the U.S. It is the largest industrial sector in the U.S. Most of the profits made in agriculture are found in the "value-added" portion of the food chain, not in the production end. Accordingly, transforming the farm model in North Dakota is essential.

Successfully transforming our economy will bring the necessary financial, physical, and human capital to North Dakota. The transformation must be complemented by quality-of-life improvements to assist in recruiting and retaining targeted industries. Additionally, the transformation must be supported by robust investments in our institutions such as education, especially higher education, that will drive the agricultural transformation and cluster development. Financing of the transformation must be significant and sustained. We will more fully discuss the financing of the transformation in a forthcoming article.

Change, the essence of our very existence, is upon us. Let's embrace change from the high vantage of an expansive viewpoint. But, remember that change for the sake of change, or change that takes us down pat is leading to dead-ends, and squanders our resources must be avoided. Research, best practices, and comprehensive planning will preclude journeys down false paths. Now that we are getting our planning in place and developing a vision for the future of the region, I can see clearly now that we will thrive well into the next century.

*Roderic Hewlett is the dean of the College of Business and Graduate School at Minot State University.*

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10/2/03

# **CDC**

## **CAL-DAK CABINETS, INC.**

2410 - 30th Avenue NW • Minot, ND 58703 • (701) 838-2901 • Fax (701) 838-3738  
E-mail: caldak@minot.com • Web site: www.caldak.com

### **Testimony HB 1207**

Chairman Mutch and members of the Senate Industry, Business and Labor Committee

For the record my name is Gary Price. I am the President and CEO of Cal-Dak Cabinets, Inc. located in Minot, ND.

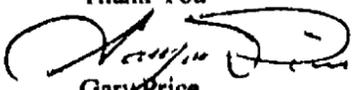
For the past 27 years I have felt that, when asked, I would be unable to compete on a level that would allow for us to export our products overseas. I may have been wrong.

In July of 2002 I was contacted by a Japanese importer of construction materials about the possibility of supplying cabinets for markets in Japan. After many months of communication, literally hundreds of cabinet prices, and the completion of a trip to Japan I have moved this prospect to the point where methods and costs of freight will determine the success of this venture. The company in Japan has retained the services of their freight forwarder from Tokyo who has an agent in Los Angeles. To date, this agent states that the best arrangements for getting a 20' container to Minot is to have one delivered from Minneapolis at a cost of \$2600.00 unless we can load it in less than 2 hours which would bring the cost to \$1300.00. My customer in Japan asked for my help in finding other means. We found that through a different shipping line, one that ports in Vancouver, that we may be able to bring a container in from Regina.

House Bill 1207 is enabling legislation for the creation of an intermodal site in Minot. As stated in earlier testimony Minot has many advantages for this, not the least of which are the 2 intermodal rail lines. This and Minot's central location has the potential to benefit a great number of North Dakotans throughout the state through reduced costs associated with reaching intermodal sites. Using different scenarios for reaching an intermodal site from Minot, our current estimates on costs for that portion of the total freight will run from a low of around 3% to a high of 12 1/2% of total sales. By comparison, one estimate puts the freight from Regina to Tokyo at less than \$2000 per 20' container or approximately 10% of sales. By enabling an intermodal site in North Dakota and one with the obvious advantages of Minot, you will present manufacturers with lower freight rates that will enhance their viability and encourage others to do business in North Dakota.

I urge a do pass for House Bill 1207

Thank You

  
Gary Price

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10/2/03  
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**North Dakota  
Dry Pea  
& Lentil  
Association**

4007 State Street  
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Phone: (701) 222-0128  
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E-mail: [nddpla@btigate.com](mailto:nddpla@btigate.com)

**Testimony of Paul Thomas  
North Dakota Dry Pea and Lentil Association  
House Bill 1207  
Senate Industry, Business and Labor Committee  
Roosevelt Park Room  
March 19, 2003**

Chairman Mutch, members of the Senate Industry, Business and Labor committee, for the record my name is Paul Thomas and I am representing the North Dakota Dry Pea and Lentil Association. The North Dakota Dry Pea and Lentil Association represents pea, lentil and chickpea growers and processors throughout North Dakota. I am here to testify in favor of HB 1207, which would allow for the creation of local port authorities within North Dakota.

North Dakota is the nation's leading producer of dry peas, and close in leading the nation in lentil and chickpea production. Acres of pulse crops in North Dakota are continually climbing and have provided positive economic returns to producers. Processing facilities specializing in both domestic and foreign food grade markets have developed along with the growth of acreage. These pulse-processing plants are located in Minot, Ray, Crosby, Crary, Bowman, Richardton and Fargo North Dakota. Pulse crops from North Dakota have been exported into International Food Markets through government food aid or directly to International pulse buyers.

Most International pulse markets and food aid markets require and accept cleaned product in bagged quantities. Seven North Dakota companies are all currently participating in value added processing by cleaning and bagging product to specifications that meet end users requirements. A majority of all food grade pulse crops processed in North Dakota must be loaded into containers to be shipped to the end customer. These containers are hauled out of our state to the nearest container loading facility in Canada, Minneapolis, MN or Bozeman, MT.

According to Greg Johnson, owner of Premier Pulses International in Minot, ND, by not having container loading capabilities in North Dakota it has cost North Dakota producers as much as 1 to 1.5 cents per pound of product. This represents a \$15-\$25 per acre loss to North Dakota pulse producers.

Creation of a Port Authority in North Dakota to develop an inter-modal facility will have a positive economic impact in North Dakota. North Dakota agriculture has made tremendous strides in identity preserving and value added agriculture products. As the value added industry continues to grow so does the need for containerized loading capabilities.

Chairman Mutch and committee members, I urge a do pass on HB 1207. I would be happy to answer any questions you may have.

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*Paul Thomas*  
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**Testimony on HB 1207**

**By**

**L. John MacMartin, President (407)**

**Minot Area Chamber of Commerce**

Chairman Mutch and members of the Senate Industry, Business and Labor Committee my name is John MacMartin and I am the president of the Minot Area Chamber of Commerce. I appear before you today to speak in support of HB 1207. You have already heard from a number of advocates of HB 1207. I intend to recap some of the points that were made and I will attempt to answer questions that were stated or implied.

Why might be the biggest question? Why are we before you with this bill? There are two primary reasons why the Minot area is interested in an intermodal site and HB 1207. Over the last several years, representatives of foreign governments have traveled to North Dakota and to the Minot area. They have expressed great interest in many of the specialty crops that are currently grown or ones that could be grown. Along with the interest in those crops, is the requirement for identity preservation. As folks locally looked into ways to achieve identity preservation, sealed containers became the option and sealed containers led us to ports and in turn to intermodal sites. Also, a number of firms have contacted our community to see if North Dakota and Minot were a place to relocate a business. One of the questions asked was our proximity to an intermodal site; MADC has indicated that they have never heard back from any of those firms after they learn that Dilworth MN, Butte MT and Canada are the closest intermodal locations. Finally, there are the existing private firms in North Dakota for which an intermodal site could make their product inputs as well as finished product easier and cheaper to receive from and deliver to the national and international markets. So the first reason for our interest is customer demand. The second reason is that an intermodal site will serve an area much larger than just Minot or Ward County. HB 1207 provides the necessary enabling

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*Donna G. Ballerath*  
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legislation for units of government to work together to establish a port authority, to issue bonds and, if necessary, to provide a means to repay those bonds.

Why Not Minot? That is the question that we asked ourselves. Ward County financed a "Phase One" study to look into what exactly were a port authority and an intermodal transfer site. Then the Upper Great Plains Transportation Institute conducted a study for all of North Dakota. That study is entitled: "North Dakota Strategic Freight Analysis, The Role of Intermodal Container Transportation in North Dakota" (UGPTI Departmental Publication No. 149 and 150). That study identified four criteria to look at when evaluating a location for an intermodal site. Those criteria include: accessorial services - this would include train assembly, train servicing, refueling, crew changes, etc; competition between the two class one railroads in North Dakota; a location for an intermodal line; and a location on the National Highway System. Minot clearly meets all of those criteria and many of the speakers before me have touched very well on those points. In fact, the Upper Great Plains Institute points out and I quote "Minot is the only location in North Dakota where two Class I railroads interchange freight cars and where two competing railroad intermodal lines intersect." Let me just reemphasize one of those and that is the accessorial services. What this really means is that the railroads have reasons to stop in Minot.

Why is this important you ask? Well to get the answer you need to look no further than across North Dakota. There are many abandoned rail lines and many grain elevators that are no longer used because they no rail lines leading to them. We believe that the build it (Intermodal site) and they (railroads) will come is simply not valid. The facts to support this are in the Upper Great Plains Institute Study where it is noted that in 1970 there were over 1500 intermodal sites and in 1998 there were less than 370. Sounds remarkably like what our State has experienced with grain elevators. The railroads have to want to stop, to have the yards to make up a train, to refuel and to change crews otherwise the train just keeps on rolling that is

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its efficiency and those very elements are the strengths with which Minot will use as we negotiate with the railroads. Also of key importance is the presence of two class one railroads. Our Governor, the Legislature and our Congressional Delegation have all looked for ways to relieve the North Dakota shipper from being captive to a single railroad for freight rates. The presence of two railroads will ensure competition as well as access to different ocean ports.

The Upper Great Plains Institute also identified six key steps to developing an intermodal facility in North Dakota.

1. Pursue state enabling legislation allowing for creation of a port authority for communities and regions - bonding authority and power to levy funds.
2. State legislation allowing joint state/local funding cooperation for non-highway components - start-up grants from state or federal sources, low interest loans.
3. Local community support of creation of diversified shipping/business model.
4. Commitments and cooperative efforts - rail carriers for rates and service, amongst political subdivisions and from shippers and third party providers.
5. Specific site analysis - business plan and engineering plan.
6. Outreach program to educate shippers.

Minot is on the path following these six keys and that is why we are here today.

Chairman Mutch and member of the Senate Industry, Business and Labor Committee I'd be happy to try to answer any of your questions.

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TESTIMONY  
OF  
Greg Johnson  
Premier Pulses International, Inc.  
House Bill 1207  
Senate Industry Business & Labor Committee  
Roosevelt Room  
March 19, 03

Chairman Mutch and Members of the Senate Industry Business & Labor Committee. As the record should state my name is Greg Johnson. I am owner/operator of Premier Pulses in Minot, ND. Passage of HB 1207 is vital to developing industry, enhancing and enabling current industry to be more viable. With this comes economic development that is ever so needed in our state. Establishing a Port Authority enables more options available for the entrepreneur.

We have the railroad scenario, as explained by Mr. Leigh, with the inspection points and fuel stops being established which ever so much help dictate intermodal criteria. Many say that our weather is our major DRAW BACK to economic development. I am sorry but I believe transportation in North Dakota is the number 1 DRAWBACK.

Put the railroad in perspective and then one needs to get the industry to the railroad the shortest, safest, most economical way we can. Obviously boats and barges do not have a place for this freight avenue due to ND being landlocked. If we limit ourselves one rail entity to an intermodal we again are at their mercy. We already pay more than neighboring states and the cars go right by our door.

So begins the road network of shipping and receiving intermodal freight. This network needs to be able to safely accommodate truck traffic 365 days a year, 24 hours a day. A oneway or single highway to the facility is not the answer. A number of highways are however. With these highway is also the ability to transport without restrictions implying reduced weights. The highways will have to typically have to accommodate 78,000 pounds at a minimum. Many of the secondary roads in ND are restricted 25% of the year. This becomes a major factor for an industry in a remote area to deliver 25% of the time.

At Premier Pulses we work daily with the railroad. It is a constant struggle keeping routing right and transloading freight at other facilities. With two rail lines available it would eliminate many of these costly headaches.

Another freight carrier that I feel is greatly overlooked is whatever air service is available. I recently recall a military purchase of 200 plus Bobcats. This would be a tremendous boost for a company such as theirs to deliver to an Military Base load the machinery to be

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deployed. Huge savings to the tax payer and a little more profit to the company. This is turn should lead to a better paying job to employees and a more sustainable future for ND companies. Just one example of many why a transportation network of accessibility is critical.

The last part of this testimony comes from a question that is often heard when I visit with a member of the legislature. What can I do to help NORTH DAKOTA? Is there a better way to help that is not going to cost the Legislature any money?

Chairman Mutch and fellow committee members, I urge a passage on HB 1207. It is a plus for North Dakota. I will entertain any questions at this time,

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Deanna Baller  
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10/2/03  
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To Chairman Senator Mutch and other Members of the Senate IBL Committee:

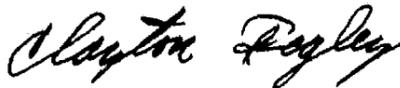
My name is Clayton Fegley, from Berthold, ND. I am here in support of the enabling legislation of HB 1207. I believe that this bill will start the process of added infrastructure, that will enhance our State in continuing a modern business climate.

Intermodal transportation of freight is becoming the best way to move Products across the country and around the world. I had the opportunity to talk to an individual about container shipments, He was from BNSF and told me the growth of container shipment is even faster than they anticipated. They put an intermodal site in Illinois making the site big enough for what they thought would last for ten years. It is at full capacity in two years.

He also told me they have the capability to unload a container off a ship in Los Angeles and have it delivered to the customer in Baltimore in 55 hours. That type of service will make the areas that are able to have that service, attract or expand their business.

I urge a do pass on HB 1207.

Sincerely,



Clayton Fegley  
Berthold, ND  
Member, Minot Mayor's Intermodal Task Force

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