

2015 SENATE APPROPRIATIONS

SB 2023

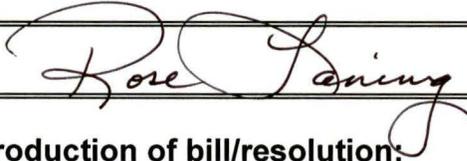
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2023
1/22/2015
Job # 22378

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for defraying the expenses of various state departments and institutions.

Minutes:

Attachments 1 - 8

Legislative Council - Brady Larson
OMB - Sheila Peterson

Chairman Holmberg called the committee to order on SB 2023. All committee members were present.

The sub-committee will be **Senators G. Lee, Holmberg and Robinson**.

ATTORNEY GENERAL

Kathy Roll, Financial Administrator, Office of Attorney General:

Testimony - Attachment 1

The first subdivision provides \$50,000 for the office to continue to reimburse prosecution witness fees and expenses for district court cases and for juvenile court cases.

Chairman Holmberg: We have been constantly helping by adding in through emergency commission meeting and deficiency appropriations. Did you request an increase in the line item?

Kathy Roll: We did not because of the higher priorities that we had to request in our budget.

SECRETARY OF STATE

Al Jaeger, Secretary of State, State of North Dakota:

Testimony - Attachment 2.

Senator G. Lee: Your request is for \$950,000 plus an additional \$400,000 to what's included in the bill?

Al Jaeger: Yes, because this is an emergency bill, it would allow us to have a headstart by several months which would be very critical in terms of our successful completion. The RFP is very complete in terms of its analysis. It's not only supposed to cover what we

currently have but what might be available in the open market. It's designed to be a very complete BPM (Business Process Modeling). That's the reason for the additional request.

Chairman Holmberg said to let the record show that the IT meeting occurred on OUR birthday. (December 10)

COMMISSION ON LEGAL COUNSEL FOR INDIGENTS

Robin Huseby, Executive Director, Legal Counsel for Indigents:

(No written attachment)

We're asking for \$700,000 for this biennium. We're funded \$12M from the general fund and \$2.5M from our special continuing appropriation. Most of this money is used for professional fees, especially out west, and that's what we will be using if for. We usually carry a reserve in our special fund of about \$1.3M but we'll be spending that too, so we will be out of money.

Robin Huseby said she will provide her written testimony to the committee.

MINOT STATE UNIVERSITY

Brian Foisy, Minot State University, Minot, ND: Attachment 3.

Their deficiency appropriation this session is related entirely to two FEMA declared disaster events in Ward County, the first being a relatively small rain and flooding event that occurred in 2010; the second being a significant flooding event of the Mouse River in 2011. We flirted with deficiency appropriation request last legislative session to the tune of about \$52,000 but the majority of the restoration work was still underway and we had not time to complete the required appeals to FEMA for time extensions and just in general appeals for the amount of money they were willing to fund for restoration work. We postponed the majority of the deficiency appropriation to this legislative session. The total request is just north of \$2M. Almost \$28,000 related to the rain event that created a small amount of damage in the basement of one single building. The other is just under \$2M was the balance between FEMA funding and total restoration expense for work related to the Mouse River flood.

Chairman Holmberg: As far as your understanding, this is the final result and you have no insurance or lawsuits in progress that would change these bottom lines?

Brian Foisy: That is correct, sir. We worked with Tammy Dolan extensively on this and her term was that we were done, done. So we will not be back for an additional request related to either the rain event or the flood event.

Senator G. Lee: Last session, was there also a deficiency appropriation for this same event?

Brian Foisy: Yes, there was a very small deficiency appropriation. It was related exclusively to the 2010 rain event. That came in two pieces - for the restoration work that was done. The piece that was completed, sufficient progress made that we could submit last legislative session was \$52,745. This is the remainder - the other \$27,000 for the second half of the restoration work. There was nothing submitted last session for the Mouse River flood restoration.

WILLISTON STATE COLLEGE

Dr. Raymond Nadolny, President of Williston State College: No written testimony.

In July of this past year, our boiler units went down necessitating the closure of the campus for several days. We replaced the boiler system for \$500,000 with a loan from the Foundation for \$300,000. July 1, we had enough cash in all of our accounts to pay for one month's payroll and bills. We had no other dollars available which is why we went to that route. One month before the completion of the boiler unit, the people installing the unit would not certify it unless the roof was replaced since it leaked. It is in its own self-contained building just housing the boiler unit. That was \$50,000 and that is why I am here is for your consideration of that deficiency.

Chairman Holmberg asked if he had testimony and he stated that he will send it to the committee.

VALLEY CITY STATE UNIVERSITY

Tisa Mason, President, Valley City State University, Valley City, ND: She thanked the committee for hearing their request. She introduced **Doug Dawes, Vice President for Business Affairs and Chief Financial Officer at VSCU** who is making the presentation. Attachment 4.

Two deficiency requests - first one is related to structural failure of an old building they had in April 2014. At that point in time, they found a building that had been basically condemned back in 1973 and never taken down. A wall buckled and it became a life safety issue at that point. We moved whatever storage and carpenter shop that we had there and engaged an engineering firm to take down the building. The total cost of the endeavor equates to \$427,000. We moved forward and working with the State Board of Higher Education and the ND University System and shared with them their concerns about the building. They had, at their disposal at the time, \$5M of deferred maintenance money that had not yet been allocated to the campuses. They were kind enough to allocate \$275,000 to VCSU off the top and then did the allocations thereafter. We're asking for the \$152,000 - the additional amount that it took to take down that building that was unforeseen. We had projects in place of the foundation of McFarland Hall. We're having significant foundation issues with that building. We were planning on utilizing much of our deferred maintenance funds to take care of the structural issues that we have with McFarland Hall so we're asking for that additional \$152,000 so we can use that to support the deferred maintenance items that we were planning on.

The second request is related to the phase 1 of Valley City permanent flood protection to secure safety for homes and for the community. The first phase impacts VCSU the most. It safeguards our state assets. The State Water Commission putting together \$12.7M related to this project. The local share is \$3.8M of the total project which is \$16.5M. We feel, after the conversation with the State Board of Higher Ed, OMB and at the suggestion of the Governor, that the citizens of Valley City should not hold and take the entire burden of this flood wall as it projects the majority of VCSUs campus. We did an analysis of property values and determined that 87.34% of the local share should really be paid by the state on behalf of Valley City State University. The request is for \$3.3M related to VCSU's share of the local share of the project - the total \$16.5M.

DEPARTMENT OF HEALTH

David Glatt, Environmental Health Section Chief, Department of Health, State of North Dakota: Attachment # 5.

Senator G. Lee: The bill says \$470,900 and you say you're asking for \$250,000?

Dave Glatt: We're asking to amend the bill to include an additional \$250,000.

Sheila Peterson: The money that is in the bill relates to the vaccine program which you'll hear from next.

Dave Glatt: This is in addition to that.

Senator Mathern: You're working with the federal government on a wide front with many issues. Then on one of these, we appropriate money to sue the federal government, aren't we really adding more opposition at some point, when you look at the bigger picture - where the federal government then becomes almost unable to listen to the state on so many issues when they have a court hearing going on, where the state is suing them. Taking out the merits of this issue, is this harmful in the end rather than being beneficial. They are a bigger entity than North Dakota and it's like biting the hand that feeds you. Do you get involved in that kind of discussion when you're making this kind of policy recommendation?

Dave Glatt: The frustration we have is that we don't jump into lawsuits willingly or without a lot of dialogue with EPA. We'd rather deal with this sitting across the table, work out our issues and be able to do that and come to a resolution that's beneficial to EPA and also the state. We do that with a lot of issues. But every once in a while, in the cases that we've identified here, where EPA either does not follow the law as its stated and as Congress wanted them to do or they're not following the science. At that point in time, there's not much other recourse that we have other than to say, we'll see you in court. We don't do this lightly. We try to avoid it at every turn, but sometimes we have no alternative but to have a third party such as the courts determine what is the best approach. On the regional haze case, the court sided with the state saying yes, the state got this right. There was some vindication there, but it does strain relationships. We try to work with them as much as possible, but sometimes you have no choice.

Molly Howell, Immunization Program Manager, North Dakota State Department of Health: Attachment 6.

The Department of Health is requesting a deficiency appropriation of \$470,900 for the immunization program to continue to supply vaccines for insured children who are vaccinated at local public health units in accordance with NDCC 23-01-39.

Senator Kilzer: Will this deficiency payment provide the vaccines till the end of the present biennium and at that time they'll be all used up?

Molly Howell: It will allow us to purchase the vaccines prior to the end of this biennium so that local public health units are able to order them. But in their refrigerators, they would still

have some of these vaccines past this biennium. This is to ensure that there is no gap where the health units don't have vaccines for the children.

Senator Kilzer: A few years ago, the feds used to provide all the vaccines, and there's been some difficulty making the conversion over to the state obligation which we have now. How much is in the Health budget that's over in House now for vaccines?

Molly Howell: In the 2015-2017 biennium, \$3.08M was in the recommended budget of the Health Dept. for vaccine purchase.

DEPARTMENT OF CORRECTIONS AND REHABILITATION

Leann Bertsch, Director, North Dakota Department of Corrections and Rehabilitation: Attachment 7.

We're asking for the amount of money to pay out the outstanding debt. They had the borrowing authority to borrow the remaining \$1.1M to complete the penitentiary expansion project.

Chairman Holmberg: So this is to pay off the loan we authorized which is due April 30 of this year? (Answer - correct.)

Senator G. Lee: You wouldn't have included this in your budget for last year?

Leann Bertsch: No, because we weren't complete with the project at that point. It was the point of contention two biennium ago, we actually wanted to carry over money in our budget because then we wouldn't have had to take out a loan. It was the subject of numerous conference committees, but the legislature decided to go the route of a loan.

ADJUTANT GENERAL

Greg Wilz, Deputy Director of Department of Emergency Services and Director of North Dakota Department of Homeland Security: Attachment 8.

Chairman Holmberg closed the hearing on SB 2023.

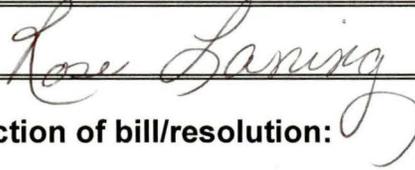
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2023
1/29/2015
Job # 22828

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing on defraying the expenses of various state departments and institutions.

Minutes:

Attachments # 1-2

Legislative Council - Chris Kadrmas
OMB - Sheila Peterson

Senator G. Lee called the sub-committee to order on SB 2023. **Senator Holmberg**, **Senator Robinson** were also present.

Senator G. Lee said they were going to start at the top of the list and gather more information. The general fund requests are at \$8.8M. Special funds of \$5M plus a couple additional requests, one from the Secretary of State.

Attorney General - (\$50,000)

Senator G. Lee: They're looking for prosecution witness fees to judicial & district court cases. They spent about \$134,000 to date. \$100,000 was appropriated and they received another \$50,000 from the emergency commission and have \$16,000 of that left. They expect to need another \$50,000 to cover the remainder of the biennium.

Senator Holmberg: No one can really judge what the prosecution fees will be.

Senator Robinson: I have no questions.

Secretary of State (\$950,000)

Al Jaeger: The Information Technology Department (ITD) reported to Internet Technology Committee in December of 2013 that our project was short of funds and that they had authority to borrow money so we could continue on. The Steering Committee, during the course of the year, put a pause on the project with the idea that they could investigate the implementation of the Central Indexing System which had been removed from the project on the rebased line and would not be done for another 3-4 years. Article IX - which is the

basis for the Central Indexing System which logs us into all of the states. The Steering Committee authorized an RFP which came in - and based on the fact that they had the borrowing authority and the full knowledge that we would be coming to the deficiency to cover the cost, we executed a contract about 2 weeks ago. All of counsel said we could proceed. That's one leg of three.

Two - The other part is for a \$400,000 addition so that we could execute an agreement with a vendor to do a Business Process Modeling (BPM). If we can get a jump on that, it will help us greatly.

Three - There are three parts to our software project. In SB 2002, that \$3M, assuming we receive the money, there will be an outside analysis of our business systems to evaluate the software that has been developed or if there are any other options out on the open market that we could utilize.

All three parts are crucial for the ultimate completion of the project.

Senator Robinson: I'm also on the SOS sub-committee and we will be meeting shortly. This is a complicated issue. We have another meeting on subcommittee on secretary of state which is chaired by Senator Carlisle. I'm OK and we can move on.

Senator Holmberg: There are two moving parts. One is the Secretary of State's sub-committee which is different people and then this sub-committee. I would suggest that Senator G. Lee and myself try to attend the next sub-committee meeting where the steering committee will be at along with the Secretary of State's office. I'd like to see it all laid out together, even though they are separate bills.

Al Jaeger: We really need all three legs and if we lose one, it jeopardizes the entire project. I want to stress how important it is.

Commission on Legal Counsel for Indigents (\$700,000)
Testimony by **Robin Huseby** - Attachment 1 - submitted 1-29-15

Senator G. Lee said they have 17 public defenders and 60 contract attorneys which handle a rapidly growing indigent population in the district courts. They've added a couple district judges around the state and asking for \$700,000 to serve those particular people.

Senator Robinson: I had a contact or two from Robin Huseby who heads that commission. She's unable to come today, but more than willing to come in.

Williston State College (\$50,000)

Senator G. Lee: Looking for \$50,000 for a boiler system replacement. They borrowed \$300,000 from the foundation and paid \$200,000 cash. The installer of the new boiler would not certify the new boiler unless the leaking roof housing the boiler was replaced.
(Phone numbers were available if the college needed to be contacted.)

Senator Holmberg: Perhaps OMB has further comments because they studied it and determined that it should be in this bill.

Shelia Peterson: Correct. We think it is a serious issue that needs to be taken care of as quickly as possible. We recommended it within the deficiency bill.

Valley State University -

Senator Robinson introduced the representatives from Valley City.

Mary Lee Nielson, City Commissioner, Valley City, ND: This deficiency payment is for permanent flood protection at Valley City State University. This phase benefits Valley City State and the valuations are 85% Valley City State and 15% city. Went to VCS and asked what can we do to offset the cost to the citizens on this part of it. It came up in the Governor's request for \$3.3M for VCSU for permanent flood protection. There's misinformation about what we're asking from the State Water Commission. If we get the deficiency payment through this bill, we will be reducing our loan from the State Water Commission. Our permanent flood protection is being paid for by sales tax and VCSU does not pay sales tax and that's why we're going this route and would appreciate your help.

Senator Holmberg asked what is the total cost of the project. (Answer - \$19M)

Senator Holmberg: How much is paid for by state tax payers?

Avis Richter, City Auditor, Valley City, ND: (Attachment 2) The cost of the first phase of the project is approx. \$20M. The state's share, set by the State Water Commission, is about \$14.8M leaving a local share of approx. \$5.1M. Of that local share, we're looking at not \$3.3M. With it being \$3.3M, the local share would be about \$1.8M-\$1.9M. That would be upon the citizens of Valley City. We have taken \$1.4M out of our electrical fund to help pay the local share. We have budgeted for 2014, just under \$100,000 from general property taxes to pay for local share, and in 2015, another \$75,000 from local property taxes and \$25,000 from a portion of sales taxes that is used for property tax relief. So with that, \$1.6M that has already been budgeted and portions paid out from the local share, we just have a small shortfall now. With the help of the state for the college it would be about \$300,000.

Senator Robinson described the flood wall and the community's hard work in putting this package together.

Senator Holmberg asked if the state is providing a flood benefit to a community, then the state property should not have to pay additional money - giving an example of the dike project in the City of Grand Forks.

Senator Robinson said there are a number of flood projects that are in communities where they're challenged to put together a financial plan to put the project forward because of their ability to pay. Any variance to any degree could risk the project from becoming a reality.

Senator G. Lee: Can you shed any light on this?

Dave Laschkewitsch, Director of Admin. Services, State Water Commission: When they came to us with the project, we approved their project with an 80% cost share. They were struggling with their finances, so we also authorized a \$3.8M loan in order for them to construct this project. With that loan and grant, they had 100% financing, although \$3.8M

of that would have been loan. That's the portion that the locals would be coming up with and the University wouldn't be paying that. If you pass this, and they would not take that \$3.8M loan, in essence they aren't double funding it, but they would be getting most of it paid for with state dollars.

Senator Holmberg: Is this common or uncommon that you would pay both sides of the project?

Dave Laschkewitsch: That is uncommon.

Mary Lee Nielson: I would go along that it is uncommon, but the whole permanent flood protection in addition to the State Water Commission, it's been made uncommon because of the addition of Devils Lake water to the Sheyenne River. The permanent flood protection will help in the spring but it will make a huge difference in the summer because we came close to having a summer flood in 2011. If those 8 inches of rain would have been spread out more, we would have had a flood. You don't have any time to build against a summer flood.

Senator Robinson: The State Water Commission went through a review of policy and it's projects like this that caused a lot of heart burn because of the complications and inability to pay.

Department of Health (\$470,900)

Senator G. Lee said this is for immunizations. The budget included \$2.5M for the vaccine purchase. More children than anticipated received the vaccines. They had additional request for \$250,000 to cover the cost of several current or pending legal actions within the US Environmental Protection Agency. Their budget for that was \$500,000, and \$518,000 has been spent already so the \$250,000 would be to cover the remainder of the biennium so their total request would be \$720,900 if we approved both of those requests.

Department of Corrections & Rehabilitation

Senator G. Lee: General funds of \$1.135M to pay off the authorized loan which will be due on 4-30-15. The sum includes \$35,547 of interest and \$1M in principal. This would complete the payment for the penitentiary expansion project. The project started in July 2011 with new cell houses being occupied in June 2013 with a total cost \$63,920,610. That's just to pay off that loan from the Bank of North Dakota.

Senator Robinson: Since we've reached capacity, aren't we going to be looking at larger deficiencies down the road to offset a growing inmate population with very few options of where to go and where to place them?

Leanne Bertsch, Director, Department of Corrections and Rehabilitations: Continuing to build is the wrong thing to do. The population of the state over the last 22 years has grown 16%. The inmate population has grown over 240%. We put forward a solution and a plan. It's comprehensive and won't go into it now because our budget will be coming after crossover, but there are lot of people that want to continue doing the same thing and expect a different result. That's the definition of insanity. Change doesn't come easy, but

building is the wrong thing to do. Coming into the 2015-17 biennium, we will once again be out of system. We will most likely be sending inmates out of state.

Senator G. Lee: With this payment, that satisfies the cost of this \$64M project?
Answer - yes

Adjutant General (\$5M)

Senator G. Lee: This is a special fund request for \$5M from the disaster relief fund to office of Adjutant General and pay loans from the Bank of North Dakota for the state's share of the presidential disasters occurring after the 2013 legislative session, 2009 flood, and disasters in 2010 and 2011.

Minot State University (\$2M)

After FEMA reimbursements to the flood in 2011, the remaining request was \$1,972,614 and also \$27,965 from the 2010 flood.

Senator G. Lee - looking back, we have Valley City and Secretary of State.
We'll need an amendment for the Health Department of the \$250,000 they requested.

Senator G. Lee closed the hearing on SB 2023.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2023
2/9/2015
Job # 23514

- Subcommittee
 Conference Committee

Committee Clerk Signature

Doris E. Peterson

Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing on defraying the expenses of various state departments and institutions.

Minutes:

Legislative Council - Chris Kadrmas
OMB - Sheila Peterson

Senator G. Lee called the sub-committee to order on SB 2023. Senator Holmberg and Senator Robinson were present.

Senator G. Lee - I made a summary sheet for you, we agreed to all of them with the exception of the Secretary of State, we agreed to all notes on SB 2023 and we had additional info. We are ok with what is there now: The \$950,000 plus the amendment would total \$1.35M

Minot State - The \$2M is their local cost share no issues in there

VCSU, Valley City Flood Protection, 2 separate projects - \$152,000 for demolition and the other \$3.3M for the university share of the flood protection project

Senator Robinson - This is unusual request because 85% of the valuation of the property we are protecting is VCSU. The community has done a lot. These dollars are critical. The whole idea is to protect the university and its assets from the next flood. That is the intent here. Our discussion with the water commission and the governor is to find a way to make this happen. The recommendation was to go thru this route. The water commission needs to have flexibility, because of extenuating circumstances, from one project to the other. The community will pay back the balance of the loan over a long period of time. The completion date for this phase, flood wall, will be this spring and summer, this first phase.

Senator Holmberg this looks like the flood wall in Grand Forks.

Dave Laschkewitsch, Director of Admin. Services, State Water Commission: We permitted the design but we don't know.

Senator Robinson I've been told that it is 3-4 feet high and the panels will slide in as needed, similar to East Grand Forks. There are a couple areas where they have to dump in clay. This will handle a 100 yr. flood

Senator G. Lee: \$3.45M total amount of the project.

Senator Holmberg: let House take a look at it.

Senator G. Lee need two amendments: one from the secretary of state for the \$400K, another for the health department for the \$250K for pending legal action 8:23

Senator Robinson the Secretary of State requires ongoing regular reports and we need to stay on track during the interim.

Sheila Peterson, OMB In their regular appropriation, there is funding to continue that project. This is just for a special review of the processes to make sure we are going down the right path.

Chris Kadrmas, Legislative Council: Want to verify the secretary of state changed that increase of \$400K?

Senator G. Lee: that supports that business analysis plan, for those projects that exceed \$500K; you've provided an amendment for the \$250K on the Health Dept. Give us amendments within the timeframe. Meeting adjourned.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2023
2/11/2015
Job # 23636

- Subcommittee
 Conference Committee

Committee Clerk Signature

Rose Lanning

Explanation or reason for introduction of bill/resolution:

Vote on Deficiency bill.

Minutes:

Chairman Holmberg called the committee to order on SB 2023

Senator G. Lee moved amendment 15.8156.01003
Senator Krebsbach seconded.

The committee discussed the amendments

Voice vote carried.

Senator Mathern said he voted no because he doesn't want to bite the hand that feeds us.

Senator Robinson moved Do Pass as Amended.

Senator Erbele seconded.

A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 0

Senator G. Lee will carry the bill on the floor.

70
2/10/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2023

Page 1, replace lines 17 and 18 with:

"Operating expenses	\$950,000
Business process modeling services	400,000
Total general fund	\$1,350,000"

Page 2, replace lines 13 and 14 with:

"Operating expenses	<u>\$720,900</u>
Total general fund	\$720,900"

Page 2, replace lines 24 through 26 with:

"Grand total general fund	\$9,459,026
Grand total special funds	<u>5,000,000</u>
Grand total all funds	\$14,459,026"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment provides \$650,000 in additional deficiency funding from the general fund, \$400,000 of which is provided to the Secretary of State for business process modeling services and \$250,000 to the State Department of Health for costs associated with current or pending legal actions with the United States Environmental Protection Agency.

Date: 2-11-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2023

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: ~~#~~ 15.8156.01003

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Lee Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

voice carried

Date: 2-11-15
 Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2023**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Robinson Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent _____

Floor Assignment Lee

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

REPORT OF STANDING COMMITTEE

SB 2023: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2023 was placed on the Sixth order on the calendar.

Page 1, replace lines 17 and 18 with:

"Operating expenses	\$950,000
Business process modeling services	400,000
Total general fund	\$1,350,000"

Page 2, replace lines 13 and 14 with:

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Total general fund	\$720,900"

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Grand total special funds	<u>5,000,000</u>
Grand total all funds	\$14,459,026"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment provides \$650,000 in additional deficiency funding from the general fund, \$400,000 of which is provided to the Secretary of State for business process modeling services and \$250,000 to the State Department of Health for costs associated with current or pending legal actions with the United States Environmental Protection Agency.

2015 HOUSE APPROPRIATIONS

SB 2023

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2023
3/16/2015
24933

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of various state Departments and institutions; and to declare an emergency

Minutes:

Attachments 1-9

Chairman Jeff Delzer

Opened the hearing.

Kathy Roll, Financial Administrator for North Dakota Attorney General

Spoke in favor of the bill; Handout #1

Chairman Jeff Delzer

Is there a requirement on the time when they send the bills in and is there a requirement on the time when you pay them?

Roll: There isn't a requirement as to when we get them in, if there is a lag of 6 or 9 months; we contact them and we also send them an email at the end of the biennium.

Chairman Jeff Delzer

Would you have to pay them before the biennium, if they come in in June?

Roll: if it is incurred in this biennium; it has to be paid in this biennium

Chairman Jeff Delzer: do you know if there's a law that says that, or what would happen if you didn't have the money and the bill was carried over? Then you would have the money after new appropriations.

Roll: that's correct, it would be right back in here

Chairman Jeff Delzer: maybe you wouldn't. They are discussing this in section as to how they handle this.

Roll: read a history on past appropriations

Chairman Jeff Delzer: In the budget before us, how much do you have in it?

Roll: \$100,000

Chairman Jeff Delzer: Why did you do that?

Roll: we looked at agents in the oil field; it's pretty much a pass through.

Chairman Jeff Delzer: but if your average is considerably more, why are you not asking for the average?

Roll: the Attorney General feels the things he has in the budget are of importance; they're a higher priority; they help more people.

Chairman Jeff Delzer: yet by law, this has to be paid

Roll: that's correct

Chairman Jeff Delzer: not the way to budget.

North Dakota Secretary of State Al Jaeger spoke on handout #2

Chairman Jeff Delzer: The 950,000; supposed to be August 1; what's your go-live date on it?

Jaeger: the project is supposed to be done in July; its progressing well; we had a bill go through to put an extender just on a case; that has passed both chambers and once project is ready for deployment; the way the law is written; I have to notify Legislative Council and there is a 90 days after I do that that the law becomes effective. That allows for electronic filing, so that's going along very well.

Chairman Jeff Delzer

When do you have to pay for the product?

Jaeger; when we have deliverables and that would be in July.

Chairman Jeff Delzer: what time in July?

Jaeger: That I don't know.

Chairman Jeff Delzer: Even if you're given this, you're going to have been given carryover authority; on this 950 because it might not be paid before the biennium is ended.

Jaeger; I guess that would be right, because we are not going to pay the funds out until the project is completed.

Chairman Jeff Delzer: You might think about it

Jaeger: there are already funds that have been expended; about ½ that's been expended already

Representative Nelson

In the second request; when you talk about the RFP for the BPM; I'm assuming the \$3.9M needed was bid out; did you choose the consultant; that had the lowest cost?

Jaeger: it was not the lowest; it was done through procurement office; a very specific scoring was done; some based on cost; the rest on expertise

Representative Nelson

Was there another applicant that could deliver; or was this the only firm?

Jaeger: We received 11 responses; the one was selected had the best score

Chairman Jeff Delzer

Where did it fall, in the middle and scored because what they could do?

Jaeger: it came in about \$380K; emphasis on expertise. We need a sound BPM

Chairman Jeff Delzer: The second is for the \$400K;

Jaeger: I've attached excerpts of the RFP; it's not the entire RFP

Representative Glassheim

The original estimate is \$3.6; now \$8M; is the rest of this paid for or will there be additional funds needed to complete it?

Jaeger: in my budget proposal that has been heard by the subcommittee; there's \$3M requested to finish the project

Robin Huesby: Executive Director on Legal counsel for Indigents spoke: handout #3

Chairman Jeff Delzer

If you knew you were running into a deficit; what have you done to try to reduce that?

Huesby: we've taken out all out of state travel; reduced some contracts where we could; we've looked at every cost saving measure we can and still run the agency.

Representative Skarphol

Sheila; closing out a biennium; and the carry forward; don't agencies have until the end of July; to close out a year and if they are going to pay costs associated with the previous biennia during July, do they need to carry forward or is there an assumption that they have that long to close out?

Sheila Peterson, OMB: we close the books on the biennium around the 22 of July; so that allows for expenses incurred in June to get paid before the biennium closes and if a bill is incurred but not paid out of the correct biennium; there will be an audit finding by the state

auditor's office; one way or the other. If they don't pay it in the right biennium there will be an audit finding.

Chairman Jeff Delzer

The bill doesn't come into until July; that will be a 15-17; instead of a 13-15?

Sheila: if those services were provided and completed anything by June 30th of 2015; need to be paid out of 13-15 biennium money.

Representative Skarphol

If the Secretary of State doesn't get it until the bill until the 21st of July; what's he supposed to do?

Sheila: if they get the bill up unto the time the biennium closes; later in the month of July; they should be applying it back to their 13-15 money.

If it doesn't come in; if they pay a 13-15 bill out of their 15-17 dollars; they get written up by the Auditor's Office.

Representative Skarphol where she doesn't get a bill until its dated June 30th, does she need to carry forward to pay that bill after the 1st of July?

Sheila: the statutes for the biennium are set up; so that the accounting system is kept open for those additional days in July to apply back; so if she gets it up to the time the accounting system closes; she should be paying it. She doesn't need carry over because that's a statutory set up already.

Representative Skarphol

Would you need to follow up and make sure what you should have been billed is billed soon enough?

Sheila: that is correct.

Huesby: And that is why June is such a big month for us.

Representative Dosch: how long has your agency been in existence?

Huesby: since 2005

Representative Dosch: Are we constitutionally mandated to everyone; or is it just residents of the state?

Huesby: we are constitutionally mandated, to provide any indigent in the state of North Dakota that needs services in district court. They don't have to be residents or citizens.

Representative Dosch

When was the constitution changed?

Huesby: I don't know the year, but it was a long time ago

Brian Foisy Vice President for Finance Minot State University: spoke; Handout #4

Chairman Jeff Delzer: have you paid any of this out of your on-going operating?

Foisy; No.

Chairman Jeff Delzer: why not?

Foisy: We have separated this entirely from all of our regular operating appropriations and held this entirely...by the time you are able to get the work done; Fema investigators

Chairman Jeff Delzer: The FEMA payments are really small compared to what it is; why is that?
Are these bills

Foisy; we had considerable disagreement with FEMA over the cost of the repairs they made on campus. The total restoration expense of \$2.2M the balance left to fund was almost \$2M. FEMA used mean construction pricing when they looked at the repairs to be done. We had a 90 day period in which to appeal with them. By the time your're actually able to get the work done; the 90 day period expired.

Chairman Jeff Delzer

Are these all bills sitting out there with contractors or are you waiting to be reimbursed?

Foisy: we have paid every one of these bills

Representative Skarphol: Why isn't this disaster relief fund?

Chairman Jeff Delzer: It could come out of there; it's supposed to be FEMA related only; these are obviously not much FEMA related. That does not necessarily fit in to what we set that funding up for.

Representative Nelson: Scope of the work; bidding differential

Foisy: there were no differences in scope vs. significant differences cost estimates; different contractors from out of state; contacted FEMA; 90 day approval; not timely

Representative Nelson

Were you successful in any FEMA appeals?

Foisy: almost 20 worksheets; successful in 4 appeals and they were all very minor.

Chairman Jeff Delzer

Are they the total amount that FEMA paid; like; you have a 2.2 on here only paid \$300,000; I think we paid 6% of that, you had the 4; is the other 4 included in your 1.972?

Foisy: it is; that includes...

Chairman Jeff Delzer

Can we get a list of all of these? Which ones they paid and which ones they didn't?

Foisy: Yes, I provided it to OMB, but I can provide that to the committee as well

Ray Nadolny, President of Williston State College, spoke; no hand out.

We had a boiler replacement, land university systems master plan list. The boiler stopped working so the college used extraordinary repair dollars to offset a lease of the new boiler. The request you have in front of you is for \$50,000. The boiler is housed in a small standalone building. Before the contractor returned to do boiler augmented the roof to be replaced; hence a request for \$50,000 for the roof replacement.

Chairman Jeff Delzer

Are you lowering your request for extraordinary repairs for next time by \$50,000?

Nadolny: not to my knowledge, but we could certainly do so.

Chairman Jeff Delzer: isn't that part of what extraordinary repairs are for?

Nadolny: Yes, the lease we took on the boiler; was an interesting lease because we do not have the dollars to purchase the new boiler; but we had to provide the heat to Stevens Hall. When we finished that, then they wouldn't turn on because of the roof replacement. That finalized the completion of that project, which is why I am here today.

Tisa Mason Valley City State University President

VCSU deficiency requests; demolition of the retired Science building and University share of Phase 1 of valley City permanent flood protection: Handout #5

Doug Daws, Vice President for Business Affairs, Valley City State University;

Spoke: Showed the condensate pipe that is needing replacement

Chairman Jeff Delzer

Have you done the demolition and paid for it?

Daws: we have done most of it and paid for it out of our deferred maintenance and extraordinary repairs money

Chairman Jeff Delzer

How much was your deferred maintenance?

Daws: we received a total amount of \$937,000 for the biennium and that includes the \$275,000 that the NDUS provided us to help support that. \$152,000 is a significant amount of our deferred maintenance and capital repair and replacement funds.

Spoke also on University Share of Permanent Flood Protection. The city of Valley City has taken this effort to include the University in this first phase.

Chairman Jeff Delzer

The yellow and orange, that's all of it?

Daws: the red, the mix that's where the actual flood wall will be; the yellow/orange mix is where dikes will be, instead of the wall itself

Representative Schmidt

The table on your handout; the water commission; then you say local share; you are asking the taxpayer to pay that \$3.7M are you not?

Daws: indeed, we are asking for taxpayer support... unintelligible...: the city itself will pay the \$475,000; their share of the local share ...we are asking for VCSU's share of the local share; because this is protecting university property more than the citizens of Valley City.

Representative Schmidt

There's \$3.3M that's really not local share; Mr. Laskewitsch can describe what this is. Some information I have; says levy related at \$13.9M; I don't know if that's the same related; there is a difference I do not understand. The other thing is the policy of the state water commission 80% loan; 20% grant and if the 80% is from the tax payers; and if the taxpayers are paying 12, 7 plus another 3.3, that's far more than 80%.

Dave Laschkewitsch: Director of Administrative Services for State Water Commission

Spoke on the eligible items; (\$12.7M) in addition; because Valley City is in special circumstances and unable to come up with their local share; the commission did authorize 3.8M in loan funding to the city of Valley City. At this point; they have not taken any of that loan money; if they take it, they reduce the amount by whatever they receive.

Chairman Jeff Delzer: The most they would have if this were approved would be \$500,000?

Laschkewitsch: That's correct

Representative Schmidt

When we looked at this, we sent emails to the chief engineer; it appears there is double dipping. The project is getting 80/20 from the State Water Commission and then there is this 3.3M in a totally different bill. As I look in the money in 2023, and you get back to 2020, this 3.3M, is that special funds; how does all this comes out in a budget so you can understand what you're reading?

Chairman Jeff Delzer

You have water commission on Thursday afternoon; hold some of these questions until you have that meeting.

Chairman Jeff Delzer

Doug: do you have the GDP of Valley City state; how much economic impact to Valley City does VCSU, have? Try to get that for us and bring it to the committee.

Representative Nelson

My question is if the policy is followed; the funding request; in this appropriation; if that was outdoor heritage; **would that be taken from the total project costs?**

Laschkewitsch come off the top of the project costs before we applied the cost share or the 80% to it.

Representative Nelson

The 12.7 that's eligible would be applied, and then the cost share would applied at that point?

Laschkewitsch: we would need to return to the commission and inform them of what has transpired here and see what their wishes would be; but yes the 33 would come off the 19M; and then apply the 80% to that.

Chairman Jeff Delzer

The reduced amount in the resources trust fund, does that make any difference to this?

Laschkewitsch: these projects have been approved in this biennium funding; it does not appear there will be a lot spent, although they could get some done by June 30th.

Chairman Jeff Delzer

In your current language that you're working under right now is you can't spend anything that wasn't appropriated without budget section approval, any extra money that comes into the resources trust we report to the budget section that is and inform them

Laschkewitsch: that is not as what I understand it to be

Chairman Jeff Delzer: Not what the bill said

Representative Silbernagel

The question about the project all of the diking appears to be on one side; is there any need for dikes on the opposite side? Or are we just protecting the university?

Dave Shelkoph City Administrator for Valley City:

Yes, the plan is to have 3 phases of permanent flood protection for Valley City. This is Phase 1. Phase 2 is the next biennium for the state water commission. One reason; is because it begins and ends in the hillside. It's a nice place to start.

Representative Schmidt

Valley City benefits from this phase of the dike; there is an economic benefit; the city also benefits from the presence of Valley City State University.

Shelkoph: additional funding has been done; buyouts have been done in Valley City. We have committed \$1.6M to this project and that's after the reduction of the 3.3M we are talking about here. There is commitment by the city for the permanent flood protection Phase 1.

Chairman Jeff Delzer

Section 4 of the current bill says: ...he read that section of the bill....

Laschkewitsch: that is correct; I thought you were asking about the reallocation of funding within our budget. Not seeking any additional authority.

Department of Health Molly Howell; Immunization Program Manager
Handout #6

Chairman Jeff Delzer

Your portion is how much?

Howell: \$470,900 is the immunization portion

Chairman Jeff Delzer

You buy month by month?

Howell: we buy for 3 months

Chairman Jeff Delzer: you are buying for the first 3 months in the biennium in June and paying for it in this biennium

Howell: that amount only includes one month

Chairman Jeff Delzer

One extra purchase, won't this mess up your quarterly or are you only doing 2 months for the first quarter

Howell: 2 months

Chairman Jeff Delzer

Have you reduced that request then accordingly?

Howell: yes

Chairman Jeff Delzer

How should we pay for something that wasn't in the bill last time?

Howell: this vaccine was recommended; that is why we included it

Chairman Jeff Delzer

Only effective biennium to biennium

Howell: your discretion

Chairman Jeff Delzer: Turn back coming out of the Department of Health?

Howell: no turn back

Dave Glatt: Environmental Health Section Chief for ND Depart of Health Handout #7

Chairman Jeff Delzer

On the second bullet; is there a timeframe on when they have to appeal?

Glatt: 60 days; either the environmental groups

Chairman Jeff Delzer

3-4 months after that, before it would hit the court?

Glatt: a lot of work that happens even before you get to the court

Chairman Jeff Delzer

How long do you pay it and how often

Glatt: monthly; the bills come broken out

Representative Nelson

In the first case that went against; is that a multi-state appeal?

Glatt: we are in consultation with those other states to see if they want to move forward

Representative Nelson

We will appeal?

Glatt: pretty good chance

Chairman Jeff Delzer: What's the cost share in conjunction with other states?

Glatt: They pay their own relating to their attorneys and we pay ours.

Chairman Jeff Delzer

Do they hire the same attorneys?

Glatt: different or separate attorneys

Chairman Jeff Delzer

If you don't use by end of biennium; it's returned?

Brenda Weise; Accounting Director of Department of Health

Any unused funding would be returned to the state general fund

Chairman Jeff Delzer

You wouldn't have any problem if we put that language in there?

Weise: no

Dave Krabbenhoft, Fiscal Director ND Department of Corrections: spoke; handout #8
Adjutant Major General Dave Sprynczynatyk: spoke; Handout #9

Chairman Jeff Delzer

Do you have any estimate for what it would be this biennium?

Sprynczynatyk: Our best estimate is its going to be in the \$4M range; it depends on what work would be completed by June 30th; we know it won't exceed \$5M.

Chairman Jeff Delzer

It would be a problem to give you the money; what would happen with if it was \$4M and we give \$5M; and you have to turn it back into the disaster relief fund?

Sprynczynatyk: we will not draw any money from the disaster relief fund other than to repay whatever loans there are at that point.

Chairman Jeff Delzer: And the authority will go away June 30th?

Sprynczynatyk: That's correct.

Chairman Jeff Delzer

Asked for further testimony; there was none; hearing closed.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2023
4/1/2015
Job #25726

- Subcommittee
 Conference Committee

Committee Clerk Signature

Kenneth M. Tolch

Explanation or reason for introduction of bill/resolution:

A bill for an act to provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

Minutes:

Attachment: #1.

Chairman Jeff Delzer Spoke about the bill; (recording may have started late.) The Secretary of State will stay the same as what came out of the Senate. Legal Council was wanting more money. Minot State, I think we've got some issues we need to discuss there. Williston State, not exactly sure what that \$50,000 is. Valley City State, that's an issue between that and the Water Commission budget. Department of Health was wanting more money. Corrections and Rehab, I'm a little surprised at that one, I guess. Adjutant General, they came in saying they want 5, but we don't know, we're going to use 5. They wouldn't say the exact number, but I think it's considerably less than 5. I have some real concerns about the Adjutant General; I think that should be a solid number. Minot, I think we should look at their different list (REFERS TO HANDOUT #1) and decide. I understand some of that was caused by equipment, things kind of beyond their control. The whole flood was beyond their control. But they did not handle the FEMA request correctly. They have paid it out of their current existing funding. I guess we should ask what they are going to do. They'll just supplement whatever they get out of the 1003, I would guess, with whatever we give them there. The Attorney General, I know they've come in a couple times, and there still is a budget section, there still is some money in the contingent line if they actually had to have it, so I personally don't think we need to do that one. The Council on Indigents. At some point we should have a discussion about coming up with a definition, and making sure that we do not just...part of the problem was once we took it away from the courts, then it went to, it's real easy for the courts to say everybody gets a public defender. And I'm not sure we have the right language to make sure that the people that get the public defenders really deserve them. We want everybody to be defended, but if they can afford their own, I think that maybe is part of their duty to defend themselves in some of these actions. What are the committee's thoughts on any of these?

Representative Streyle: I make a motion to take \$413,385.94 out of Minot State's appropriation, which would be the four items that were not FEMA reimbursed.

Chairman Delzer: Does everybody have a copy of that list? I'm not sure I do. I don't think we'll take action on this today. We'll get that so you can look at it. It's kind of hard to have a

big discussion about it until we have it. But when you say FEMA totally rejected all of it, but on the others they paid a very small portion, compared to what the university says their costs were?

Representative Streyle: Correct. The costs were nowhere near what the actual cost was. They didn't care. Then they gave them 30 days to respond to it, which is not enough time to go through the state bidding process to get quotes. So therefore, most of these were paid at the low dollar amount reimbursement, which amounted to...

Chairman Jeff Delzer: The university also went ahead with all of these without going through the proper channels of getting approval before they did a number of the repairs. Isn't that also true?

Representative Streyle: When there's holes in the ground, manhole covers, aviation pumps, they didn't have any choice. This is state ground. During the flood, building the walls saved the state tens of millions of dollars. It damaged a lot of property and parking lots and also the different relief agencies parked on state ground, which then destroyed that with the heavy equipment, as well. So they didn't have a choice but to fix these.

Chairman Jeff Delzer: Let's go back to the Attorney General. How many people think we should to increase that? Or do we have any desire to increase that? In my opinion, there will be a budget section meeting, and there is still some contingency money is the Governor's office, actually in OMB, the \$700,000. This one does give them \$50,000, and they just asked for another \$40,000 to cover themselves. Frankly, I think we should leave it alone. Secretary of state? Do we have any discussion about that? I think this deals with IT project.

Representative Monson: Our subsection took out \$950,000 from SB 2002; but I'm not sure it's the same exact money. That might be something we need to check out with Legislative Council.

Representative Streyle: The \$950,000 is to repay ITD for a loan they took out on their behalf to start the project. The \$400,000 is the business process management, where they go in and do an analysis to make sure the project is going to go correctly. With this new vendor, they cut money out of the new project, which will be a third-party vendor off the shelf, somewhat customized solution, which probably will leave them short. We'll have to deal with that in conference. This money is strictly to pay ITD back for the loan they took out.

Chairman Jeff Delzer: The \$950,000 you took out was for the new project; not for anything with this one. And the \$400,000; where did you say that one was going?

Rep. Streyle: That's to start, if we put it in their budget, they couldn't start until July. With this emergency clause, should this pass, the money would be available quicker. They could start the process and therefore implement the new system quicker. This BPM is a required process for them to do to have the proper basically eyes and project management before starting this project, which, in theory, will put them back on track and actually finish this project.

Chairman Jeff Delzer: Commission on legal council for indigents.

Representative Skarphol: If we disagree with the policy that is in place, I'm not sure we should penalize this lady for running this agency the way she has been directed up until now. And that's what this deficiency appropriation does is allow her to pay her expenses for the balance of this biennium. And I think she is working hard to accomplish what she has been mandated to do. I think we need to leave that one alone, and as a matter of fact, she came in and asked for another \$200,000 to meet her costs.

Chairman Jeff Delzer: As far as that \$200,000, part of the problem in giving these deficiency appropriations is that we are still 3 months out; If we give them everything they think they may want, there needs to be avenues to go to. What's left in the contingency line? I believe it's still somewhere in the neighborhood of \$600,000.

Tammy Dolan, OMB: Nods yes.

Representative Skarphol: What you're saying is, don't do the \$200,000, and see if she needs it in the end. What if she comes up short?

Chairman Jeff Delzer: If there's \$600,000 there, if we're talking \$40,000 and \$200,000 here, there should be plenty of money there. That's turn back dollars if it's not used. If we give it to them, if they don't use, it would be turned back as well. But it does give them full authority to spend it, if they want to. Williston state college boiler. And then Valley City State University.

Representative Schmidt: With regard to VCSU, there's two parts to the project they have listed there. The first part is \$152,000 for the demolition of the retired science building. We haven't discussed that part of it very much in committee at all, but I personally don't have a problem for picking up the cost of that demolition. That would leave \$3.3 million for the dike that protects Valley City State University. What they've done, is they've divided the project into phases. This is one of the phases. In the information that they provided to us, the water commission picks up 77.3 percent or \$12,750,000. The local share, which is 22.7 percent, is \$3,750,000, of which the state would be providing \$3.3-million. What they are seeing, that the VCSU property that is protected by this dike, is worth \$31.6-million. So they are dividing that out and saying the city percentage is 12.6 percent, which is \$474,000; VCSU is 87.3 percent for about \$3.3-million. And they're including that as their local share. So, what you have for the project on phase 1 with Valley City is they're including the \$3.3-million from the state to protect Valley City as local share. And then the state picks up the remaining part of it at 80 percent. So, the bottom line is, out of a \$16.5-million project, the state is picking up roughly almost \$16-million of the \$16.5-million. It boils down, at least to my way of thinking, is it the state's responsibility to pay 100 percent for Valley City State University, when the city itself benefits from that university, and when the city itself depends upon that dike to protect the city? And then, is it the state's responsibility to pay 80 percent of the remaining project? When we discussed this with the State Water Commission and Rep. Streytle and I did it again with Dave Lashkewitz. If we do not come forth with the \$3.3-million for the university, they're going to go ahead with the 80 percent/20 percent. Sen. Robinson tells me that Valley City cannot afford this project if we do not pick up the \$3.3-million. When we discussed it with Todd Sando, they view this as part of the local share.

We remember Rep. Nelson asked the question, with regard to State Water Commission policy, is that \$3.3-million not supposed to be subtracted out of the state's share of 12.7? And the response was, well, yeah, we should. But that's not what we're hearing from Todd Sando. They're going to classify it as local match. So it's extremely confusing as to where we sit on this \$3.3-million with respect to Valley City and the State Water Commission policy. So we've been kind of dragging our feet on this, hoping that the State Water Commission would do something with their policy with respect to this, and the latest that Rep. Streyle has gotten is that, no, you won't pay for it. It's back to an 80/20, and Sen Robinson says Valley City can't afford it. So the question is, do we wish to pick up the \$3.3-million for VCSU? Do we say go somewhere else and find your \$3.3-million? And so that's basically the question that's in front of us. I look for input and thoughts from the rest of the committee.

Chairman Jeff Delzer: Everybody got a copy of the list. I think we should look through for Minot State stuff; we should think about the Valley City stuff; we should also think about the level for Adjutant General; and then we're going to have to have a discussion about the Health Department. If there is time tomorrow, we'll maybe have some more discussion on this. We'll probably have to kick this one out before too terribly long.

Representative Schmidt: They provided us with a diagram of this dike they're looking for around the university. It's a concrete wall with bricks on the outside and sandblasted caps on it. It's the Cadillac version. If we decide to pay for something; if we decide to do the \$3.3-million, we ought to be paying on a Chevrolet, not a Cadillac, if that's what we decide to do.

Chairman Jeff Delzer: I think it also helps save parking lots for the college, but it looks like the East Grand Forks flood wall, and, as you say, it's very much the Cadillac version.

Rep. Thoreson: Government Ops will meet at 9am tomorrow. We're going to be working on 2016, the Adjutant General/Dept. of Emergency Services budget.

Rep. Pollock: HR section goes in at 8:00 to work at DHS.

Rep. Streyle: E & E will be at 10am.

Chairman Delzer closed the hearing.

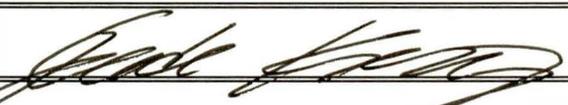
2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2023
4/7/2015
25890

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Provide an appropriation for defraying the expenses of various state departments and institutions; and to declare an emergency.

Minutes:

Chairman Jeff Delzer: I believe the way the bill sits before us is 50,000 dollars for the attorney general. Looks like it's 1.35 for the secretary of state. We have the commission on legal counsel for indigents is 700,000 dollars, Minot State is 2,579,000, Williston State is 50,000, Valley City is 3.3 million, the Department of Health is 720,000 and I think they did come in and ask for some more. 250,000 is for litigation which we may want to think about doing. Corrections and rehab is 1.1 million. The Adjutant is 5 million but he said that would be more than enough. I don't know the exact number but I think we should look at lowering that number. I think we should also have some discussions about Minot State, and Williston and the level that we want to support Valley City at. The first page, I don't see any reason to do those, because we did have some discussion on a couple of those and if they didn't need it before the end of the biennium there is 471,000 dollars in the contingency that they could come to their emergency commission and budget section and get it if they absolute had to have it and that is turn back money. I know the Secretary of State did have some discussion about whether or not their timing would be such that they could incur the cost this time but not get the bill until next biennium. I have not received any language, I know he had said in the end visiting with OMB that there was a chance that we should maybe look at the language. If we had to do it we could do it in the OMB budget if we had to. That would be another section on there.

Representative Skarphol: All that really does is increase the ending fund balance in this biennium and transfer the actual expenditure the next biennium, does it not?

Chairman Jeff Delzer: No. This one would be in case they closed the biennium it would be shut out. We would be giving it to them for this biennium but if they closed the biennium and didn't have the bill yet they would be sitting there next time without it.

Representative Skarphol: I think if I am no in correct they close the books at the end of July do they not?

Chairman Jeff Delzer: It is somewhere towards the end of July. Representative Streyle you were talking earlier that you had a list from Minot. These I understand it is a state facility I understand they fixed it right away. I feel bad that they didn't do a better job at dealing with FEMA about getting the right authorizations before they did some of the work.

Representative Streyle: Under the amounts that they allocated to FEMA they were just so grossly under the actual cost of the work and by the time we get the bids out with the state rules you are past the deadline. So unless they wanted to violate state law then they could have probably done it. The stuff that wasn't FEMA reimbursed which amounts to 413,000 dollars I would take that out and pay the rest. I make a motion we take out 413,385.94 dollars.

Representative Monson: Second

Motion made to Adopt Amendment and remove 413,385.94

Motion made by Representative Streyle.

Seconded by Representative Monson.

Voice vote.

Motion Carries.

Representative Schmidt: Part of the 3,452,000 dollars is 152,000 for the remainder of the demolition derby arts science building should be included with respect to the other 3.3 million since the state water commission says they would take it out of the loan instead of out of the grant and they classified that is local funds. I totally disagree to do the local funds and I move that we remove the 3.3 million dollars.

Representative Monson: Seconded.

Chairman Jeff Delzer: Do you have any thoughts of doing something with this on the water commission budget?

Representative Schmidt: We have not discussed it in the water commission budget at all.

Chairman Jeff Delzer: Last time when we talked about his you had some thoughts about the wall. I am wondering if we have a responsibility to do a portion of it?

Representative Schmidt: I would be will to reconsider to paying sum amount of the 3.3 million dollars but certainly not the total for a Cadillac version of a dike.

Representative Glassheim: Are we talking about a wall rather than dirt?

Chairman Jeff Delzer: From my understanding in the pictures it is the same type of wall that they are talking about that you get in East Grand Forks. It's a retaining wall made out of brick.

Representative Guggisberg: It was about 3 times more expensive to a wall instead of dirt however in certain areas of town the pressure of the dirt would have been taking out many homes. So we saved a block by spending a little more money on the wall.

Chairman Jeff Delzer: My understanding was basically the parking spots.

Representative Guggisber: Have you talked to Valley City State and if they don't get this money are they going to be able to go forward with the project or rather than removing all of this money or are they not going to be able to come up with the matching funds?

Representative Schmidt: According to Senator Robinson the city does not have any money to back 3.3 if we take it out. The way I'm thinking is the bill is going with the state water commission policy.

Representative Pollert: Is there anything anywhere?

Chairman Jeff Delzer: There is money in the water commission budget

Representative Pollert: But it hasn't been ear marked yet. So really there isn't anything as of this juncture if we amend out the 3.3.

Representative Nelson: The point that needs to be made is this is one of a number of issues that will come with the new policy of the state water commission. There is no question in my mind that the city of Valley City does not have the ability to fund the 3.3 million on a local basis. If we take all this out my feeling is they don't have a project. I think we need to put a number in there. I would suggest that we put 2.5 million dollars into it.

Representative Monson: We do have the water commission budget and we are still working on that and having amendments drafted. Rather than just pulling any number out of the air before we finish the water commission bill we could come up with a number and put it in there.

Chairman Jeff Delzer: There is one issue thought this is a deficiency appropriation that gives them the money now.

Representative Skarphol: Why do they need it now the dike hasn't been built?

Chairman Jeff Delzer: This could go to conference committee as well.

Representative Martinson: When we are talking about some things in our community a lot of their deficiency appropriations the money has not been spent yet either. We have committed it but they haven't spent it and actually sent checks out.

Representative Skarphol: I don't think they will begin the construction process until the water commission budget is done. So then again I am not sure that a deficiency appropriation is necessary.

Motion to remove 3.3 million dollars out of Valley City State University Request.

Motion made by Representative Schmidt.

Seconded by Representative Monson.

Voice vote.

Motion carries.

Chairman Jeff Delzer: Department of health is next. They are at 250,000 I think they asked for 470,000. I show that maybe that is a split of the 720,000 dollars. The Adjutant General, he was before us and said that the 5 million would be way more than they needed. They do have borrowing authority if they need it at any point in time. I think we should consider lowering that number to 4.25 or somewhere in there.

Representative Glassheim: I move that we drop it down to 4.25 special funds for the Adjutant General.

Representative Skarphol: Second.

Motion to drop the 5 million down to 4.25 million in special funds for the Adjutant General.

Motion made by Representative Glassheim.

Seconded by Representative Skarphol.

Voice vote.

Motion carries.

Representative Streyle: I move a Do Pass As Amended.

Representative Skarphol: Second.

Motion for a Do Pass As Amended.

Motion made by Representative Streyle.

Seconded by Representative Skarphol.

Total yes 15. No 6. Absent 2.

Floor assignment Representative Streyle.

SA
4/8/15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2023

Page 1, replace line 18 with:

"Business process modeling services 400,000"

Page 2, replace lines 2 and 3 with:

"2010 and 2011 flood expenditures \$1,587,193
Total general fund \$1,587,193"

Page 2, replace lines 10 and 11 with:

"Capital assets \$152,000
Total general fund \$152,000"

Page 2, replace lines 22 and 23 with:

"Operating expenses \$4,250,000
Total special funds \$4,250,000"

Page 2, replace lines 25 through 27 with:

"Grand total general fund \$5,745,640
Grand total special funds 4,250,000
Grand total all funds \$9,995,640"

"SECTION 2. ADJUTANT GENERAL - STATE DISASTER RELIEF FUND. The operating expenses line item in subdivision 9 of section 1 of this Act includes \$4,250,000 from the state disaster relief fund.

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Decreases funding from the general fund to Minot State University by \$413,386, from \$2,000,579 to \$1,587,193.
- Decreases funding from the general fund to Valley City State University by \$3,300,000, from \$3,452,000 to \$152,000, relating to removal of funding for a flood protection project.
- Decreases funding from the state disaster relief fund to the Adjutant General by \$750,000, from \$5,000,000 to \$4,250,000.
- Adds a new section to clarify that the funding provided to the Adjutant General is from the state disaster relief fund.

Date: 4/7/15
 Roll Call Vote #: 4

2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES

BILL/RESOLUTION NO. 2023

House: Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By: Streyle Seconded By: Skarphol

Representatives	Yes	No	Absent
Chairman Jeff Delzer		✓	
Vice Chairman Keith Kempenich	✓		
Representative Bellew			AB
Representative Brandenburg		✓	
Representative Boehning	✓		
Representative Dosch	✓		
Representative Kreidt	✓		
Representative Martinson	✓		
Representative Monson	✓		
Representative Nelson		✓	
Representative Pollert	✓		
Representative Sanford	✓		
Representative Schmidt	✓		
Representative Silbernagel	✓		
Representative Skarphol	✓		
Representative Streyle	✓		
Representative Thoreson		✓	
Representative Vigesaa		✓	
Representative Boe			AB
Representative Glassheim	✓		
Representative Guggisberg	✓		
Representative Hogan	✓		
Representative Holman		✓	
TOTALS	15	6	2

Floor Assignment: Streyle

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

REPORT OF STANDING COMMITTEE

SB 2023, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2023 was placed on the Sixth order on the calendar.

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Total general fund \$1,587,193"

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2015 CONFERENCE COMMITTEE

SB 2023

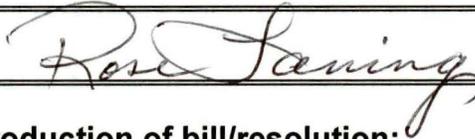
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2023
4/14/2015
Job # 26084

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for defraying the expenses of various state departments and institutions.

Minutes:

Attachment 1 - 3

Legislative Council - Adam Mathiak
OMB - Sheila Peterson

Conferees are:

Senators Lee, Holmberg and Robinson.
Representatives Skarphol, Schmidt and Glassheim.

Senator G. Lee called the conference committee to order on SB 2023 and asked the House members to explain the changes they made.

Rep. Skarphol: With regard to the changes we made in the House, we did not make a change to the Attorney General. We made a change to the Secretary of State. We removed the \$400,000 for the Business Process Modeling service. We thought that was something that warranted more discussion by this committee. We lowered the amount for Minot State University by a number that was provided to us, that in the analysis, that dollar amount was not FEMA eligible. FEMA rejected them as being FEMA eligible, so we removed that and paid the FEMA eligible projects. We would require that the locals pay the cost associated with those that were not eligible.

With regard to Valley City State, Rep. Schmidt will speak to that, but our perception of that was that it was to be the local match of \$300,000. We felt that the local community had to do something, and I assume we'll have a discussion about that.

The adjutant general is the other change. When he testified before the House, he suggested to us that he didn't need the full half million, so we reduced it by three quarters of a million thinking that was the level he recommended we be at.

Senator G. Lee: On the adjutant general, he said the \$4,250,000 was a good number for them, as opposed to the \$5M?

Rep. Skarphol: That was the impression we got in having our conversation with him.

Senator Robinson asked **Sheila Peterson, OMB** for some information on Valley City, Minot and the Indigent Defense Commission.

Sheila Peterson, OMB: handed out Appropriation Status Report (Attachment 1) for Legal Counsel for Indigents and explained it.

Because of the increase caseload they have been seeing, especially in western ND, originally in the deficiency they had requested an estimated \$700,000. We watch their spending month by month, and at the time that this bill was heard in the House, they requested an additional \$200,000 for a total of \$900,000. Just yesterday, I received the update on where their spend amount is through March and that was the sheet I handed out. Robin (Huseby) has done an analysis of approximately how much they are spending each month, how much they have left and are wondering if you would consider adding \$200,000 into the deficiency bill for the Commission on Legal Counsel for Indigents. The House talked that there would still be time from the middle to end of June for the Counsel to go to the emergency commission and ask for contingency funds. OMB's concern with that is that they should not be incurring costs when there is not a known appropriation, so waiting until the end of June could result in an audit finding that they incurred expenses for which they had no appropriation to pay. June is a larger than usual month for them as we close the biennium. They are more proactive as getting actual bills in and submitted by their contract attorneys. I bring this forward for your consideration. The amount in the bill right now is the same as in the governor's budget. However, we watch their spending very closely.

Senator G. Lee: They've got \$700,000 now and are looking for an additional \$200,000 to bring it to \$900,000 total. (Answer - Correct.)

Sheila Peterson handed out Minot State Flood Damages (Attachment 2).

I have attached the costs of the damages that were incurred by Minot State University for both the 2010 and the 2011 flood event. It is customary that non-FEMA reimbursed items be handled through a deficiency bill. This is how we have done it, whether it was UND or NDSU and now Minot is on the list. The dollar amount that was removed is actually a total of the last three items on this list. The lot L parking lot repair, sidewalks, curbs and gutters and miscellaneous projects totaling \$413,384. These damages were incurred because semi-trucks, road graders, bulldozers were driving over their parking lots, their curb and gutters. The campus stepped forward to assist the city of Minot, the Red Cross and housing people and build dikes to protect the campus itself which was successful. It just doesn't seem appropriate that Minot State has to pay these bills when they stepped forward to assist the community. Historically, non-FEMA reimbursed costs are what we pay in the deficiency bill.

Senator G. Lee: We paid it through deficiency with UND, NDSU and somebody else too?

Sheila Peterson: I know last session; Minot had a very small amount. Valley City State University has incurred damages and because they're state facilities we have always paid them through the deficiency bill then, so this would be very unusual to not reimburse Minot State for these damages.

(She handed out Valley City State University Housing buyouts - Attachment 3) To some degree, this is the same issue because Valley City State University is a state institution and although this is a little bit unique, it's not directly costs to pay for the fixing of damages. It is

instead to pay for Valley City State University's share of the mitigation program. This is an analysis of Phase 1 and Phase 2 of the mitigation plan that was developed by the City of Valley City and an engineering consultant that worked for them. You can see the total cost of the projects to date and the state's share and then what is showing as \$5.1M of local share. However, looking at the value of the property in that area where they will be putting up flood walls, 85% of the property is state property. It's Valley City State University's campus. The states' share of the mitigation project is the \$3.3M and the City of Valley City would pay the balance. I just wanted to share that information with you and would hope you consider re-instating those items that were in the governor's budget.

Senator G. Lee: Looking back at the Valley City testimony that we got from the CFO, it said phase 1 would be \$16.5M as the total cost; \$12.7M would be the water commission's share; \$500,000 for the City of Valley City and \$3.2M would be the college. This person's testimony says "Phase 1 of Valley City permanent flood protection to secure safety of homes for the community. The first phase impacts the college the most, the state water commission putting together \$12.7M related to this project. The local share is \$3.8M of the total project which is \$16.5M." They come up with the same numbers with \$3.3M in the end, but they have different totals that they're working from, it seems like.

Sheila Peterson: Off the top of my head, I am not able to explain those differences. These were the numbers we worked with as we built the executive budget. I can't quite explain why the testimony was slightly different than that.

Senator G. Lee: It says in the analysis that the property values were 87.34% being the college and the rest is the city's, so the request is for 3.3. We come up with the 3.3, but just different numbers.

Senator Robinson: We followed this closely with the Water Commission throughout the interim and at some point last fall, Valley City was of the opinion that Construction Engineering was going to be involved in the cost sharing, and that is not the case. That was about another million dollars which changed figures regarding this project. The other comment - there have been questions regarding the flood wall. There's about 4000 linear feet of this flood wall and dike. The portion that we are proposing a flood wall is the closest proximity to the campus. We're looking at about 32-36 inches high, and we are concerned about aesthetics. Where the flood wall will be, we'll be able to add panels to that section. Some ask why not put a big dirt dike through there and the concern is that it blocks the view to the rest of the community, to the river, and there's strong concern about aesthetics. About a third of the distance is flood wall, the rest will be an earthen dike. There's an area where there is a gateway to the park. Just on each side of that gateway, the wall will be higher. Other than that, we're looking at approx. three feet with the option of adding panels should the need develop with high water.

Rep. Skarphol: Senator Robinson, the difference in per foot cost between the earthen dike and the flood wall, do you have numbers?

Senator Robinson: I don't have that in front of me, but I can get that. It's in a file upstairs. That's why we're trying to limit the flood wall to the closest area to the campus. The rest will be earthen dikes.

Rep. Glasheim: Is there concern about parking areas that you couldn't have if you had earthen dike? What is the situation with the parking areas?

Senator Robinson: In the area where we will have the flood wall, there will be a gateway to allow us to park when there's not a flood issue on the other side of the dike. Right now that is parking, and we'll lose it all if we put an earthen dike up.

Rep. Skarphol: The height of the flood wall when its maximized in height? What's it going to be - 5 feet, 4 feet, 6 feet?

Senator Robinson: I've got the exact feet in inches, but there's a roughly 3 feet base with the options of putting panels in that will bring it to the five foot range. I can get the exact measurements on that.

Rep. Skarphol: Something similar was done in East Grand Forks, has that ever been tested by water?

Senator Holmberg: Yes, it has been tested. The entrance to Sorlie Bridge on both sides is protected by dikes that are a similar wall. It's a similar wall with panels that slide in, but its quite a bit higher than what they're talking about in Valley City.

Rep. Glasheim: It's over 10-12 feet with the potential of adding 3 feet up. We added 3 feet more than the Core recommended. On both sides of the opening, there are earthen dikes to the left and the right, but the panels that close it are slipped in which I assume would be the same to the parking lot. I think it was tested in 2007. There was a flood that didn't go up to its height but it did lap up against it.

Senator Holmberg: There is an opening like that into Sorlie Bridge; there's one into Riverside Park and another.

Rep. Glasheim: One south -- Lincoln Park.

Senator G. Lee: There's a wall with a gate like that at Oak Grove High School in Fargo where that one gets tested fairly frequently. They just put the gate in there.

Senator Robinson: The community has invested significant dollars in flood relief and in this project. One of the challenges we have is the ability to pay. They have a 7 1/2 % sales tax and we also have impact from Devils Lake. We are concerned in Valley City and even more so in Lisbon with summer rains when the reservoir is full of water. We get a summer rain, we will flood. There's nothing you can do once that reservoir is full. The commission allowed this package based on ability to pay and based on local commitment to date and 85% of it is state property. We thought that shouldn't be placed on the tax rolls for the citizens of Valley City. They're going to have a bill above and beyond this significantly for the next many years.

Rep. Schmidt: Is this designed for a 100 year frequency storm? Minot is being designed for a 500 year frequency storm, or at least that capability.

Senator Robinson: To the best of my knowledge, it is a 100 year protection.

Senator G. Lee: I have a question back to the Secretary of State. On the marked up version (.02001), it has the 400 business processing modeling service crossed out and then its put back in again and the same total we're arriving at. Maybe Adam can help?

Adam Mathiak: We noticed that when it came across from the senate version, there was a missing underscore to create the equal sign underneath the 400, so it was just a technical correction. It was just listed as \$950,400 in the 1.35 and it needed to have the underscore underneath the 400 so that it would show that it was an equal to 950 plus the 400. It's just a technical correction. The total is \$1.35M. If you look at the engrossed version as it came across from the Senate to the House, it was just missing that equal sign.

Senator G. Lee: We have the Minot, the Valley City and the adjutant general. Those are the differences and we've had some explanation. In the adjutant general section - they're ok with that reduction. They can handle the \$4,250,000 as opposed to the \$5M. Would the Senate kind of agree that that's ok, if we're hearing that right?

Sheila Peterson: Yes, that is correct. They don't expect to borrow more than that by June 30 so this is the repayment of the loan. They are fine with that. I confirmed that with their fiscal officer.

Senator G. Lee: So it's Valley City and Minot - any other discussion?

Senator Holmberg: Is Senator Robinson going to provide the information?

Senator Robinson: I'll get that yet today and get it to the members.

Rep. Skarphol: In our discussions, part of our heartburn about Minot was that they've already paid for it. Deficiency appropriation - they've paid for the full amount. We're willing to pay some of it back in the House, but we're not quite sure that we should have to pay all of this back. We'd all like more money, but sometimes it's just not possible.

Senator Holmberg: Would there be a chilling effect on agencies not to pay their bills if in this case, they had paid it assuming they were going to get a deficiency appropriation?

Rep. Skarphol: That can be a point of discussion.

Rep. Schmidt: We need some more discussion on Valley City, but obviously we don't have enough time.

Rep. Glassheim: Did you list the Legal Counsel of Indigents?

Senator G. Lee: We have that too. Thank you for bringing it up. We'll close the committee and re-schedule.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2023
4/17/2015
Job # 26202

Subcommittee
 Conference Committee

Committee Clerk Signature

Alice Grove for Rose Janing

Explanation or reason for introduction of bill/resolution:

A BILL for defraying the expenses of various state departments and institutions.

Minutes:

Attachment 1

Legislative Council - Adam Mathiak & Alex Cronquist
OMB - Sheila Peterson

Conferees are:

Senators Lee, Holmberg and Robinson.

Representatives Skarphol, Schmidt and Glassheim.

Information distributed to conferees:

Office of Adjutant General 2013-15 Disaster Loans - Attachment 1.

Senator G. Lee: called the conference committee to order on SB 2023. Roll Call was taken and all conferees are present.

Senator G. Lee: When we met last time, we agreed on all of the items in the bill with two exceptions. One was Minot and the other was Valley City. The difference in Minot was \$413,000 in general funds and Valley City had a \$3.3M difference. There were two projects at Valley City; one was \$152,000, the other was \$3.3M. The \$3.3M is the flood wall to be built in Valley City. In Minot, it was the FEMA projects that the University paid out of their funds and this is a reimbursement back to them for that expenditure that they had made.

Looking at Valley City, if the House would consider \$3M from the disaster relief fund to pay that and we would call that the amount of expense that we'd put toward that project plus the \$152 that we've already agreed to. So it would be an additional \$3M out of disaster relief that we would pay \$3M from.

Rep. Skarphol: Is there \$3M left in the disaster relief fund?

Alex Cronquist, Legislative Council: Yes. The unobligated balance is about \$12M.

Rep. Schmidt: One of the concerns that I have about the funding for that, it's not the amount of money. We have a dike south of Bismarck that is being built to protect MRCC. Part of that dike protects outside of that center. The outside of that center of that dike is separate from what protects MRCC. The money to build that dike that protects MRCC is coming out of the DOCR budget. That is in their budget this section. If we were to maintain that same type of logic, why wouldn't those same dollars come out of North Dakota University system for that section that protects Valley City? To me, it is logical to do that and we have discussed having it come out of disaster relief. Now I understand that we have a \$28M building that's being put at Valley City State University. If we have the \$28M for a building, is there any reason why we could not utilize North Dakota University funds to put that dike in as DOCR is using their funds to put their dike in?

Senator G. Lee: We could try to get the money from wherever we'd want. I don't know if the comparison to DOCR is a valid comparison or not. If you've looked at the heating plant at Valley City, you'd see why it needs to be replaced. There is another building that needs to be replaced because it is on the wrong side of the dike, if it's built. It's just stuff that needs to be done because of where the campus is located. Part of that is because of the contribution that Devils Lake provides to the Sheyenne River in terms of the height of that and our pumping off of that and the flood urgency that is created by that additional water. Those are projects that need to go forward, and I don't see the comparison. We need to fund things that happen, like flooding, tornadoes, the disaster fund seems a responsible place to be taking the funding from.

Rep. Schmidt: The boiler is not the issue. The \$150 some to destroy the building is not an issue. Where the dike is placed is not an issue. And we discussed that it wouldn't be out of the water resources trust fund or the water development fund which I think is a good thing because if we start setting precedence for starting to pay for flood control of state properties out of those funds, those are funds that we use for rural & municipal water systems.

Senator G. Lee: We do use the Resources trust fund for flood protection.

Rep. Skarphol: Some of us don't have a real appreciation for what we'd heard about 9:00. We've been in negotiations on a different issue that this affects because what we were talking about with regard to the oil funding formula, we thought we had some semblance of a deal. The changes that are being considered this morning affect that. The more money we spend out of those silos, the bigger effect it has on what's been agreed to. I'm more than a little frustrated over that whole deal. I like to deal with people who are up-front and honest and if we were going to deal that issue we should have dealt with it a long time ago in this session. I'm not sure that we're going to decide anything here with regard to this particular expenditure.

Senator G. Lee: That is what we are suggesting for that particular item. The other one was Minot, the \$413,386 of general funds. We think that should be paid. The University has put themselves out there by paying off that bill. They are coming back to us to be reimbursed for what they have done. If we decide to go down this road of not doing this, why would the university go ahead and pay them in terms of putting the contractor on the

hook? Why would the contractor even want to do it? If we don't pay the university back it's setting a bad precedence for us.

Rep. Skarphol: My perspective is I think the universities should have spent more time seeking the advice of disaster folks in this state so they would have been assured that what they were doing was the right thing to do. The \$400,000 is the result of the fact that they knew more about the situation than they understood. I don't think that you can get me to agree to that \$400,000.

Rep. Schmidt: One last item on Valley City. The brochure indicated that Phase 1 water commission was paying 77.3% and the local share was 22.7% which was \$3,750,000. Of that \$3,750,000, the state would be paying \$3.3M plus the 1. I had discussions with the State Water Commission as to why they consider that local share and I would take exception to the fact that the \$3.3M because it comes from the state is local share. I understand the discussion on the other side so I understand the position. I just don't agree with it.

Rep. Skarphol: I don't necessarily disagree with Rep. Schmidt. Consistency is important from the State Water Commission as well. Obviously we are going to have to sit down and have some discussions with the folks on our side and decide whether or not they want to go to the disaster relief fund to do something for Valley City.

Senator G. Lee: In terms of Rep. Schmidt's comments on the dollars for Valley City, my understanding was the project here is \$16.5M. Sixty percent was the cost share from the State Water Commission. The other 20% they added was for mitigation of the Devils Lake water that is now coming down there because of the pumping that we do out of that lake effecting Valley City. They gave them a 20% mitigation factor so that put it to 80% of that \$16.5M which was about \$3.8. The city was going to do \$500,000 of that as their share. The rest was felt to be state asset so that is where the \$3.3 came from.

Rep. Schmidt: When we discussed that in committee, that was not what was presented. On January 21st I got an email from the State Water Commission and when I asked if this money was going to be used for local share, the response was that we are actually not sure what the plan is for additional state funds, if they are for phase 1 since the State Water Commission already approved 80% grant and the remaining 20% loan. At that time there was no his breakdown of those dollars. Later I got an email that had some breakdown and it is different than what you just explained

Senator Robinson: We were advised by the water commission, because of the ability to pay, to pursue the deficiency. We worked on that project. Keep in mind, this is the 1st phase of 3 phases. The challenge ahead is to come up with the dollars to get the job done. It was an ability to pay the Devils Lake impact. The community has put forth significant investment in flood control already to the point that resources aren't there anymore. We've got a 7.5% sales tax. We have transferred from our municipal water system to the point we can't go back there anymore. We aren't trying to do anything under the table. Because 85% of property protected is state property, we thought this was the way to go. That's why the water commission and the governor said to pursue this deficiency.

Rep. Schmidt: The last sentence in this email, and it was on Wednesday, was we just heard about SB2023 on Monday.

Senator Robinson: The deficiency was pursued at the water commission request through OMB. That is the impetus where we were coming from.

Rep. Glassheim: What about the legal Indigents commission?

Rep. Skarphol: We have that issue in and the Adjutant General is back. We will discuss that at the next meeting.

Senator G. Lee: We have indigent defense fund and Minot and Williston yet. We'll look at rescheduling on Monday

Office of Adjutant General 2013-15 Disaster Loans - Attachment 1.

\$12M unobligated

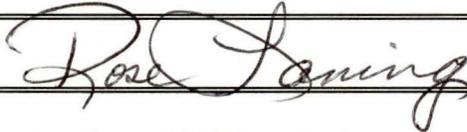
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2023
4/20/2015
Job # 26253

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for defraying the expenses of various state departments and institutions.

Minutes:

Legislative Council - Adam Mathiak
OMB - Sheila Peterson

Conferees are:

Senators Lee, Holmberg and Robinson.

Representatives Skarphol, Schmidt and Glassheim (Rep. Boe substituting).

Senator G. Lee called the conference committee to order on SB 2023 and said there are 4 items left: the Commission on Indigent Defense, the Adjutant General, Minot University and Valley City University. The last time we met, we proposed on Valley City, to take \$3M from the disaster relief fund and call that good and we ask that Minot be paid from the general funds to reimburse them.

Rep. Skarphol: With regard to Minot, I was fairly explicit in what I said the House position is on that one. And with regard to Valley City, there are still some pending issues out there on that one, but I am willing to talk about the other two today.

Senator G. Lee: It terms of Minot, I'm a little surprised that we aren't willing to pay them back when they went out in good faith to pay back the contractors that they had obligated themselves to. It goes against my way of logical thinking that we wouldn't want to pay them back when they in good faith extended themselves to do that.

Rep. Skarphol: On the House side, it goes against logical thinking for them not to utilize the expertise that is available in other places in the state government for advice. We feel they did not do that with regard to consulting with the Dept, of Emergency Services as to how to deal with FEMA. The error was in how to deal with FEMA. They should have some responsibility for their lack of actions, otherwise we're going to continue to have that type of attitude develop or continue. On that one we're pretty firm.

Senator G. Lee: Valley City - You said there are still things in play?

Rep. Skarphol: There are still balls in the air on Valley City that need to get resolved before we can resolve this one.

Senator G. Lee: Indigent Defense --

Rep. Skarphol: I believe Ms. Huseby has done an outstanding job of running that entity and I'm going to **move that we take the \$200,000 out of the contingency fund** that is available for the emergency commission in this biennia because there is money remaining in that contingency fund.

Senator Holmberg: If we do nothing, this would be an appropriation from next biennium's contingency fund. This money goes back now at the end of this biennium and there is \$462,000. I think that sounds like a very good compromise. The money is there and if we were not in session, the emergency commission would look very favorably upon doing that anyway. **I second the motion.**

Senator G. Lee: We have a motion and a second on taking \$200,000 from the contingency fund of this biennium from the emergency fund for defraying the expense of the Commission on Legal Counsel for Indigents. Any discussion?

**Roll call was taken.
Motion passed 6-0.**

Senator G. Lee: The adjutant general - they are asking that they have their \$750,000 restored that was removed from the \$5M that came out of the Senate. The House had removed \$750,000. (asked the general to come to the podium)

Maj. Gen. David Sprynczynatyk, North Dakota Adjutant General: We are asking for the restoration of the \$750,000 bringing the total deficiency appropriation to \$5M from the disaster relief fund. The whole purpose of the deficiency appropriation is to pay back the loans and expenses that we have been incurred for matching federal disaster relief funds. Our best estimate is that we will likely incur \$4.9 M of loan disbursement between now and the time that the budget section meets. Part of law requires us to also get the approval of the budget section in order to access the money in the disaster relief fund so we're asking the \$750,000 be put back in. We only draw out what we need to pay back the loans that we've drawn from the Bank of North Dakota. Whatever we don't use will stay in the disaster relief fund.

Senator Holmberg: Could you present a scenario, assuming that at the end of the day you're going to need the \$4.9M. If we leave you at \$4.25M, what will you do between now and the budget section meeting? What would you do?

Maj. Gen. David Sprynczynatyk: We would carry over the loan to the 2017 legislature and seek a deficiency appropriation then to pay back that difference.

Rep. Skarphol: It wasn't that we just took \$750,000 just for the fun of it, but at the time the general was in front of us, he projected that \$4.25M was what he needed and we just left it at that. We didn't give him the excess. I don't believe we have an issue with doing this.

Senator G. Lee: For our committee's understanding, that at your estimation, there was \$4.2M in that presentation?

Maj. Gen. David Sprynczynatyk: Right now our best estimate is that we're going to need approximately \$4.9M. It's a moving target. Every month, every week, the bills come in, and as they come in, we pay out based on the drawdown of the loan. At this point, we do feel that it's going to be closer to the \$4.9M than the \$4.2M. That's what we're asking - if it can be restored to the \$5M. We'll only use what we need and pay back the loan disbursements that we've received and at this point, we feel it's about \$4.9M

Senator G. Lee: Just a question on FEMA in Minot - should they have done something differently, in your mind? Do you work with those state agencies in regard to FEMA and securing what they need?

Maj. Gen. David Sprynczynatyk: Whenever we're requested by an agency, whether its at the state level or a political subdivision, we'll try to work with them. What's unfortunate in the situation with Minot, is that there were some projects that were undertaken for which there was no project worksheet. It wasn't an eligible project for FEMA reimbursement and from my understanding, there were some folks in Minot that thought it would be. We could have told them right away that there is no eligible project here because there was no worksheet worked up.

Senator G. Lee: Any thoughts on the adjutant general after what we heard?

Rep. Skarphol moved to restore the \$750,000 dollars to the adjutant general's budget.

Senator Holmberg seconded.

**A Roll Call vote was taken. Yea: 6 Nay: 0 Absent: 0
Motion carried.**

Senator G. Lee: We'll meet again at the call of the chair.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2023
4/22/2015
Job # 26359

Subcommittee
 Conference Committee

Committee Clerk Signature

Emmery Brothers for Rose Lanning

Explanation or reason for introduction of bill/resolution:

A BILL for defraying the expenses of various state departments and institutions.

Minutes:

Attachments:

Legislative Council - Adam Mathiak
OMB - Sheila Peterson

Conferees are:

Senators Lee, Holmberg and Robinson.

Representatives Skarphol, Schmidt and Glassheim.

Senator G. Lee: The committee has given funds to:

Indigent defense - \$200,000

Adjutant general - restore \$750,000

The committee has yet to make determinations on Minot & Valley City.

Representative Skarphol moved to give \$3M to Valley City State University.

Senator Holmberg seconded the motion.

A Roll Call vote was taken. Yea: 6; Nay: 0; Absent: 0.

Representative Skarphol: I think I have pretty well stated the House's position on that. If we endorse the bad habits, that is not a good signal. We can't continue to do this, we have an entity in state government that works with FEMA and when other state entity may be dealing with FEMA, they need to be talking to that entity.

Senator Holmberg: Do we have any legislation that directs these state entities to coordinate for state disasters?

Representative Skarphol: Not to my knowledge is there legislation or direction, but you would think that government should dictate that you would use the resources that are available elsewhere in government to the extent you can.

Senator G. Lee: I think we talked last time that this wouldn't be the first time. There has been precedent in UND and other locations where the state (he gave the example of Governor Hoeven) has made sure some of the flooding efforts were paid when they were not covered by FEMA. In some ways it's a bad precedent because it doesn't make a good statement.

Representative Skarphol: We need to change the policy of endorsing that practice and say that this is not going to be tolerated any longer.

Senator Holmberg directed the question to Sheila Peterson, OMB: Are the directions and history of FEMA so clear that everyone knows what's on or off the table or are there some Gray areas? I know in Grand Forks they fought for years with FEMA about what was reimbursable and what was not. I don't know how clear their directives are.

Sheila Peterson, OMB: The directives from FEMA say that the entity where the damage occurred must go to the full extent that they can in terms of going after insurance companies and any other payer first. For example, when UND flooded, they were required by FEMA to go after insurance companies for the damage. But FEMA clearly said upfront that we don't reimburse legal fees. Another type of expense that I know UND was aware of and that would not be reimbursed by FEMA were cameras going down into the water in sewer systems to see what damage there was. FEMA told them upfront that it is not reimbursable and not an allowable cost. Yet I think the state and UND felt it was very important to do that along with the governor at the time indicating that those employees paid with federal funds and would be paid for the weeks they could not work even though the federal government and federal grants would not pay someone for time they didn't work. Those were some of the examples I can think of where the need was not reimbursable, but needed to be incurred.

Representative Glassheim: Can someone tell me about the kinds of things that Minot did that were not reimbursable?

Senator G. Lee: Referred to a piece of testimony.

Senator Holmberg: From the standpoint of putting yourself in their shoes, what would a reasonable person do in this situation? Would you go to buy a pump to empty your basement even when you knew you wouldn't get reimbursed for that?

Representative Skarphol: My impression of the things we were not reimbursed for was help by FEMA to be carelessness: that they damaged a road and parking lot that they shouldn't have used. When these type of events begin to happen, the effected parties need to contact the experts in state government.

Senator G. Lee: Is there any middle ground here for reimbursement?

Senator Robinson: The one thing I'd say is when you have a flood with the magnitude of Minot or Grand Forks, you probably make decisions you wouldn't make if you weren't under so much pressure and stress. If an amount would be approved, would we be sending a

message that this is a concern and next time around, we need more of an effort to be more vigilant with these types of things? I'm just bringing that up for consideration, we might accomplish the same thing by providing some funding.

Representative Schmidt: Under this scenario, having dealt with FEMA on other issues, FEMA's guidelines are broad and well-documented. But in those cases when they don't pick up the costs and they are not covered, who decides that the state of ND is going to pick up the costs that they incurred.

Senator G. Lee: In UND's case, the governor said it was going to happen, correct?

Sheila Peterson: That is correct. The state agencies as part of budget process, submit to us their requests for deficiency and through the Governor's budget process, we make the decision of whether or not it would be recommended or not in the Governor's budget.

Representative Schmidt: In cases of emergency, who do you call to ask permission to spend?

Senator Robinson: We've had floods in Valley City that were devastating, but certainly not the extent of Grand Forks or Minot. I know our officials made some decisions that the public wasn't very happy with but I can assure you that some of those decisions might not have been well thought out. I do know Minot was in touch with Grand Forks and UND officials on some of the processes and so on and UND was very helpful because even through that. Sometimes there are situations where people are under so much pressure and they have to act.

Representative Schmidt: We had the same scenario for Bismarck and Mandan, but before we did any of that, we made sure we went through the proper channels before we spent money and it was pretty well defined as to who you call and when. So you ensured that you had applied for FEMA even if it is in the midst of the emergency. The way I understand it, apparently the effort was not made to do that.

Representative Skarphol: That is my interpretation as well. In the interest of moving along, I'll compromise but we leave \$200,000 unpaid.

Senator G. Lee: **From my point of view**, I think we can stay here a long time and there may be fault on either side. I feel bad that we're not willing to go the full route when they paid in good faith. But in order to settle this, I would be willing to take the amount mentioned.

Representative Skarphol moved to pay Minot State University's flood bill and leave \$200,000 unpaid (put in \$213,384).

Representative Schmidt seconded the motion.

A Roll Call vote was taken. Yea: 5; Nay: 1; Absent: 0.

The House recesses from House amendments and further amends with coming amendment.

*4/23/15
JMR*

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2023

That the House recede from its amendments as printed on page 1321 of the Senate Journal and page 1469 of the House Journal and that Engrossed Senate Bill No. 2023 be amended as follows:

Page 1, line 2, after the semicolon insert "to provide for a transfer; to provide an exemption;"

Page 1, replace line 18 with:

"Business process modeling services 400,000"

Page 2, replace lines 2 and 3 with:

"2010 and 2011 flood expenditures \$1,800,579
Total general fund \$1,800,579"

Page 2, replace lines 10 and 11 with:

"Capital assets \$3,152,000
Total all funds \$3,152,000
Total special funds 3,000,000
Total general fund \$152,000"

Page 2, replace lines 25 through 27 with:

"Grand total general fund \$5,959,026
Grand total special funds 8,000,000
Grand total all funds \$14,159,026"

SECTION 2. ADJUTANT GENERAL - VALLEY STATE UNIVERSITY - STATE DISASTER RELIEF FUND. The operating expenses line item in subdivision 9 of section 1 of this Act includes \$5,000,000 from the state disaster relief fund. The capital assets line item in subdivision 6 of section 1 of this Act includes \$3,000,000 from the state disaster relief fund.

SECTION 3. EXEMPTION - TRANSFER - EMERGENCY COMMISSION CONTINGENCY FUND TO COMMISSION ON LEGAL COUNSEL FOR INDIGENTS. Notwithstanding the provisions of section 54-16-04 and 54-16-09, which require emergency commission and budget section approval, the office of management and budget shall transfer spending authority of \$200,000 from the state contingencies appropriation in the emergency commission contingency fund line item in section 1 of chapter 15 of the 2013 Session Laws to the commission on legal counsel for indigents for the period beginning with the effective date of this Act and ending June 30, 2015."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

2012

- Decreases funding from the general fund to Minot State University by \$200,000, from \$2,000,579 to \$1,800,579. The Senate provided \$2,000,579, and the House provided \$1,587,193.
- Decreases funding to Valley City State University by \$300,000, from \$3,452,000 to \$3,152,000. Of the \$3,152,000, \$3 million is from the state disaster relief fund and \$152,000 is from the general fund. The Senate provided \$3,452,000 from the general fund, and the House provided \$152,000 from the general fund.
- Provides \$5 million from the state disaster relief fund to the Adjutant General, which is the same as the Senate version. The House version decreased the funding by \$750,000, from \$5,000,000 to \$4,250,000.
- Adds a new section to clarify that the funding provided to the Adjutant General and Valley City State University is from the state disaster relief fund.
- Adds a new section to provide a transfer of \$200,000 from the Emergency Commission contingency fund line item in the Office of Management and Budget's 2013-15 biennium appropriation to the Commission on Legal Counsel for Indigents.

Date: _____
 Roll Call Vote #: _____

**2015 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. **SB 2023** as (re) engrossed

attendance

Senate Appropriations Committee

- Action Taken**
- SENATE accede to House Amendments**
 - SENATE accede to House Amendments and further amend**
 - HOUSE recede from House amendments**
 - HOUSE recede from House amendments and amend as follows**

 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: _____ Seconded by: _____

Senators				Yes	No		Representatives				Yes	No
	4/14	4/17	4/20					4/14	4/17	4/20		
Lee	X	X	X				Skarphol	X	X	X		
Holmberg	X	X	X				Schmidt	X	X	X		
Robinson	X	X	X				Glassheim	X	X	A		
							Boe			X		
Total Senate Vote							Total Rep. Vote					

Vote Count Yes: _____ No: _____ Absent: _____

Senate Carrier _____ House Carrier _____

A
 LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. **SB 2023** as (re) engrossed

Senate "Enter committee name" Committee

- Action Taken**
- SENATE accede to House Amendments**
 - SENATE accede to House Amendments and further amend**
 - HOUSE recede from House amendments**
 - HOUSE recede from House amendments and amend as follows**

 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

A Motion made to take \$200,000 out of contingency fund for the Commission on Indigent Defense

Motion Made by: Rep. Skarphol Seconded by: Senator Holmberg

Senators				Yes	No	Representatives				Yes	No
Lee				X		Skarphol				X	
Holmberg				X		Schmidt				X	
Robinson				X		Boe				X	
Total Senate Vote				3		Total Rep. Vote				3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2015 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. **SB 2023** as (re) engrossed

Senate "Enter committee name" **Committee**

- Action Taken**
- SENATE accede to House Amendments**
 - SENATE accede to House Amendments and further amend**
 - HOUSE recede from House amendments**
 - HOUSE recede from House amendments and amend as follows**

 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

A Motion made to restore the \$750,000 to the Adjutant General's budget.

Motion Made by: Rep. Skarphol Seconded by: Senator Holmberg

Senators				Yes	No	Representatives				Yes	No
Lee				X		Skarphol				X	
Holmberg				X		Schmidt				X	
Robinson				X		Boe				X	
Total Senate Vote				3		Total Rep. Vote				3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. **SB 2023** as (re) engrossed

Senate Appropriations Committee

- Action Taken**
- SENATE accede to House Amendments**
 - SENATE accede to House Amendments and further amend**
 - HOUSE recede from House amendments**
 - HOUSE recede from House amendments and amend as follows**

 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

 A Motion made to give Valley City State University \$3M.

Motion Made by: Rep. Skarphol Seconded by: Senator Holmberg

Senators	4/22		Yes	No	Representatives	4/22		Yes	No
Lee	X		X		Skarphol	X		X	
Holmberg	X		X		Schmidt	X		X	
Robinson	X		X		Glassheim	X		X	
Total Senate Vote			3		Total Rep. Vote			3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2015 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. **SB 2023** as (re) engrossed

Senate Appropriations Committee

- Action Taken**
- SENATE accede to House Amendments**
 - SENATE accede to House Amendments and further amend**
 - HOUSE recede from House amendments**
 - HOUSE recede from House amendments and amend as follows**

 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

A Motion to pay Minot State University's flood bill and leave \$200,000 unpaid (put in \$213,384).

Motion Made by: Rep. Skarphol Seconded by: Rep. Schmidt

Senators				Yes	No	Representatives				Yes	No
Lee				X		Skarphol				X	
Holmberg				X		Schmidt				X	
Robinson				X		Glassheim					X
Total Senate Vote				3	0	Total Rep. Vote				2	1

Vote Count Yes: 5 No: 1 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4-22-15
 Roll Call Vote #: 3

**2015 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. 2023 as (re) engrossed

Senate Appropriations Committee

- Action Taken SENATE accede to House Amendments
 SENATE accede to House Amendments and further amend
 HOUSE recede from House amendments
 HOUSE recede from House amendments and amend as follows
 Unable to agree, recommends that the committee be discharged and a new committee be appointed

unanimously agreed

Motion Made by: _____ Seconded by: _____

Senators				Yes	No	Representatives				Yes	No
<i>Lee</i>				X		<i>SKarphol</i>				X	
<i>Holmberg</i>				X		<i>Schmidt</i>				X	
<i>Robinson</i>				X		<i>Glassheim</i>				X	
Total Senate Vote						Total Rep. Vote					

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Lee House Carrier SKarphol

LC Number 15.8156 . 02002 of amendment

LC Number 15.8156 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2023, as engrossed: Your conference committee (Sens. G. Lee, Holmberg, Robinson and Reps. Skarphol, Schmidt, Glassheim) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1321, adopt amendments as follows, and place SB 2023 on the Seventh order:

That the House recede from its amendments as printed on page 1321 of the Senate Journal and page 1469 of the House Journal and that Engrossed Senate Bill No. 2023 be amended as follows:

Page 1, line 2, after the semicolon insert "to provide for a transfer; to provide an exemption;"

Page 1, replace line 18 with:

"Business process modeling services 400,000"

Page 2, replace lines 2 and 3 with:

"2010 and 2011 flood expenditures \$1,800,579
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Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Decreases funding from the general fund to Minot State University by \$200,000, from \$2,000,579 to \$1,800,579. The Senate provided \$2,000,579, and the House provided \$1,587,193.

- Decreases funding to Valley City State University by \$300,000, from \$3,452,000 to \$3,152,000. Of the \$3,152,000, \$3 million is from the state disaster relief fund and \$152,000 is from the general fund. The Senate provided \$3,452,000 from the general fund, and the House provided \$152,000 from the general fund.
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Engrossed SB 2023 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

SB 2023

SB 2023
1-22-15
#1

2015 SENATE BILL 2023 – DEFICIENCY APPROPRIATION

SENATE APPROPRIATIONS COMMITTEE

OFFICE OF ATTORNEY GENERAL – PROSECUTION WITNESS FEES

KATHY ROLL, FINANCIAL ADMINISTRATOR, OFFICE OF ATTORNEY GENERAL

NDCC Sections 27-20-49 (2) and 31-01-16 require this office to reimburse prosecution witness fees and expenses to district court criminal cases and juvenile court cases. In November 2014, this office requested \$50,000 from the Emergency Commission because the \$100,000 appropriated for the 2013-15 biennium was completely spent.

As of December 2014, the office has reimbursed prosecution witness fees of about \$134,000, with \$16,000 for reimbursements for the six months remaining in this biennium. It appears the additional \$50,000 included in this deficiency appropriation will be sufficient to reimburse prosecution witness fees for this biennium assuming there is no increase in the number and costs of district court criminal and juvenile court cases.

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos



SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

January 14, 2015

PHONE (701) 328-2900

FAX (701) 328-2992

E-MAIL sos@nd.gov

SB 2023
1-22-15
#2

TO: Sen. Holmberg, Chairman, and Members of the Senate Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: SB 2023 – Appropriation for Defraying Expenses – January 1 to June 30, 2015

The agency requests the funds of \$950,000 in subdivision 2, lines 16 through 18. The need for the funds is documented in the December 10, 2013, minutes of the Information Technology Committee (attached) and the December 11, 2014, minutes for the Budget Section (attached). This funding will allow the agency to complete the Central Indexing (UCC) phase of its software platform, which has a statutory deadline of August 1, 2015.

The agency also requests an additional \$400,000 to award a contract for Business Process Modeling Services (BPM). In the meetings held in December 2013, it was recommended, that for large software projects, a business analysis be first conducted prior to issuing a Request for Proposals (RFP) (supporting documents attached). It was stated in the report to the Information Technology Committee that the original plan for the \$3,500,000 authorized by 2011 Legislative Assembly was underestimated as to the complexity of the software needs of the Secretary of State.

In agreeing with the need for a BPM, the project's Steering Committee issued a RFP on December 4, 2014 (attached are excerpts from the 38 page RFP). The BPM is considered a critical component for the continued development and completion of the agency's software platform.

The evaluation of the eleven proposals received from the RFP is almost complete. By being able to begin the BMP now, it will allow the steering committee to move forward in a timely manner with the recommendations contained in that BMP for utilizing the funding of \$3,050,000 for the software platform being requested in SB 2002.

2.1

Highway Patrol - Electronic Permitting Project

Ms. Carrie Oswald, Information Technology Manager, Highway Patrol, presented information ([Appendix L](#)) regarding a project closeout report for an electronic permitting project. She said the project met or exceeded all of the objectives and was 29 percent under budget. She said the system was implemented in June 2013, and within four months of operation, 95 percent of all permits were obtained online. She said some of the lessons learned included using a request for information, having the vendor onsite for implementation, and providing more internal training to help users understand the software.

In response to a question from Representative Weisz regarding the purpose of a request for information, Ms. Oswald said the request for information may have provided the project managers with information about industry standards and best practices to help them make better decisions.

Secretary of State - Data Processing System Project

Mr. Alvin A. Jaeger, Secretary of State, presented information ([Appendix M](#)) regarding the status of the agency's data processing system project. He said the project began in 2010 and is currently behind schedule and in need of additional funding. He said the three contributing factors to the current situation include a small staff with minimal information technology expertise, the complexity of the agency's responsibilities, and the rapid economic growth in the past few years. He said the project is essential and involves transferring over 300,000 records from the mainframe to a new system.

Mr. Ressler presented information ([Appendix N](#)) regarding the status of the Secretary of State's data processing system project. He said the Information Technology Department anticipates borrowing between \$850,000 and \$950,000 pursuant to North Dakota Century Code Section 54-59-05(4) to continue the project through the biennium. He said additional funding for the project will be requested from the 2015 Legislative Assembly. He said the original project plan did not include certain costs such as training costs, and the plan underestimated the complexity of some of the components. He said the Information Technology Department may implement business analysis when planning multiyear, multimillion dollar projects and may take extra time to plan the project before starting development. He said a business analysis may provide better cost and time estimates for future projects.

Senator Robinson said it appears the lessons learned from this project include the effects of rapidly changing technology and price changes, the timing delay between budgeting and development, the lack of understanding between agencies, and the limited resources of the Information Technology Department.

In response to a question from Representative Weisz, Mr. Ressler said the original estimated cost of the project was approximately \$4 million, and the revised estimated cost of the project may be approximately \$8 million.

HIGHER EDUCATION TECHNOLOGY INITIATIVES

Dr. Lisa Feldner, Vice Chancellor, Information Technology and Institutional Research, North Dakota University System, presented information ([Appendix O](#)) regarding higher education information technology projects and the status of the consolidation of the University System's information technology services. She said the new information technology office and data center building was dedicated on November 22, 2013. She said the North Dakota University System System Information Technology Services was renamed the North Dakota University System Core Technology Services. She said 101 technology staff are located in the new building.

In response to a question from Representative Streyle, Dr. Feldner said three campuses currently have their own email exchange servers, which are in the process of being consolidated.

Dr. Feldner said the use of lecture capture software on a systemwide basis has increased significantly. She said new multiple-license software contracts will create cost-savings for all campuses. She said a top priority for future projects is better project management on a systemwide basis.

Mr. Murray G. Sagsveen, Chief of Staff and Director of Legal Services, North Dakota University System, presented information ([Appendix P](#)) regarding an overview of the University System's policies and procedures relating to open records and email accounts. He said the State Board of Higher Education and the University System has not adopted a separate policy to implement open records laws. He said the University System relies on current open records laws, the Attorney General's *Open Records Manual*, and Attorney General opinions.

In response to a question from Representative Streyle regarding the consolidation of attorneys, Mr. Sagsveen said the functions and the responsibilities of the attorneys have been consolidated to serve the University System as a whole, but the attorneys will not be consolidated into one location.

In response to a question from Representative Streyle regarding the potential use of the Research Enterprise and Commercialization (REAC) 1 buildings, Ms. Brekke said the REAC 1 building is a highly specialized building. She said some federal grants associated with the building also limit the use of the space.

It was moved by Senator Holmberg, seconded by Senator Mathern, and carried on a roll call vote that the Budget Section approve the University of North Dakota request pursuant to Section 15-10-12.1 to provide spending authorization of \$15,500,000 from private donations or grants for a collaborative energy center project. Representatives Boe, Dosch, Grande, Guggisberg, Holman, Martinson, Mock, Nelson, Onstad, Sanford, Thoreson, and Williams and Senators Bowman, Carlisle, Erbele, Grindberg, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, Robinson, Schneider, and Wardner voted "aye." Representatives Pollert, Brandenburg, Delzer, Devlin, Kreidt, Streyle, Vigesaa, and Wieland and Senator Wanzek voted "nay."

DEPARTMENT OF TRANSPORTATION - AIRCRAFT PURCHASE

Mr. Grant Levi, Director, Department of Transportation, presented information (Appendix S) regarding a request for Budget Section approval related to an aircraft purchase. He said the 2013 Legislative Assembly provided \$4.5 million for aircraft replacement costs and required Budget Section approval if the cost exceeds \$4 million. He said the Department of Transportation purchased a 1998 KingAir for \$2,737,000 as a replacement for a 1997 Piper Cheyenne aircraft. He said the cost of purchasing the second replacement aircraft, a 2010 Cessna Caravan, is \$1,725,000 after trading in a 1975 Cessna Skymaster. He said the total cost for both planes is \$4,462,000.

In response to a question from Senator Bowman, Mr. Levi said he would provide information on the operating cost per hour and the cost of insurance for the new aircraft.

It was moved by Representative Streyle, seconded by Senator Carlisle, and carried on a roll call vote that the Budget Section approve the Department of Transportation request to spend in excess of \$4 million pursuant to Section 5 of 2013 House Bill No. 1033 to purchase an aircraft. Representatives Pollert, Boe, Brandenburg, Delzer, Devlin, Dosch, Grande, Guggisberg, Holman, Kempenich, Kreidt, Martinson, Mock, Nelson, Onstad, Sanford, Streyle, Thoreson, Vigesaa, and Wieland, and Senators Bowman, Carlisle, Erbele, Grindberg, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, Robinson, Schneider, Wanzek, and Wardner voted "aye." No negative votes were cast.

INFORMATION TECHNOLOGY DEPARTMENT - STUDY RESULTS AND BORROWING AUTHORITY

Mr. Mike Ressler, Chief Information Officer, Information Technology Department, presented information (Appendix T) regarding the results of a study of all state agencies' information technology desktop support and regarding the status of the Information Technology Department's authority to borrow funds. He said the results of the study include the recommendation for a hybrid model, in which 32 smaller agencies would receive desktop support from the department and 16 larger agencies would provide their own desktop support.

Mr. Ressler said the Secretary of State's data processing system project is behind schedule, and the appropriation for the project is not sufficient. He said the Information Technology Department has authority to borrow funds for information technology equipment, software, or services pursuant to Section 54-59-05(4). He said Budget Section approval is required if the department borrows more than \$1 million. He said the department anticipates borrowing between \$850,000 and \$950,000 for the project. He said the original estimated project cost was approximately \$3.6 million. He said the preliminary revised estimate for the total cost of the project is approximately \$8 million.

In response to a question from Representative Delzer, Mr. Ressler said in the future, the Information Technology Department may use business analysis when planning large information technology projects to provide better estimates for project timelines and project costs.

LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD REPORT

Representative Kempenich, Chairman, Legacy and Budget Stabilization Fund Advisory Board, presented a status report (Appendix U) regarding the investment of funds in the legacy fund and budget stabilization fund pursuant to Section 21-10-11. He said the assets of the legacy fund had been held in 100 percent fixed income type investments. He said the advisory board revised the investment policy and recommended the following asset allocation mix for the legacy fund:

- Broad US Equity 30 percent;
- Broad International Equity 20 percent;
- Fixed Income 35 percent;



Business Analysis

- The practice of enabling change in an organizational context, by defining needs and recommending solutions that deliver value to stakeholders.
- Disciplined approach for introducing and managing change to organizations.
 - it is a structured way of recognizing, formalizing and implementing change
- Used to identify and articulate the need for change in how organizations work, and to facilitate that change.



Process

- Complete prior to budget request / cost estimating / RFP
- Business Analysis used to document
 - Business requirements
 - Business processes
 - Business needs, issues, and goals
 - Business process improvements
- Stakeholders better understand the business processes



Benefits

- Validate / verify that business needs are met to ensure agencies get what they need, not just what they want
- Better understanding of an agency business to assist in strategic planning
- Identifying business changes / improvements within a state agency
- Ensuring changes to the business are implemented effectively and efficiently
- Better process for identifying and managing business requirements
- Improve accuracy of budget estimate and schedule

**STATE OF NORTH DAKOTA
NORTH DAKOTA SECRETARY OF STATE
600 E. BOULEVARD AVENUE, DEPT. 108
BISMARCK, ND 58505-0500**

Request For Proposal (RFP)

RFP Title: Business Process Modeling Services

RFP Number: 110.7-14-057

Date of Issue: December 4, 2014

Purpose of RFP: Soliciting proposal for a consultant to direct, facilitate, develop and document business process models for the ND Secretary of State as well as document core business requirements for a future system, and analyze requirements and other information to provide strategic recommendations regarding a build vs. buy decision point.

Offerors are not required to return this form.

Procurement Officer: Angie Scherbenske

TABLE OF CONTENTS

SECTION ONE - INTRODUCTION AND INSTRUCTIONS

- 1.01 Purpose of the RFP
- 1.02 Contact Person, Telephone, Fax Numbers and E-mail
- 1.03 RFP Schedule
- 1.04 Proposal Submission
- 1.05 Assistance to Offerors with a Disability
- 1.06 Deadline for Receipt of Questions and Objections
- 1.07 Approved Vendor Registration Requirements
- 1.08 Pre-proposal Conference
- 1.09 Amendments to the RFP
- 1.10 News Releases
- 1.11 Notice Provided
- 1.12 Letter of Interest

SECTION TWO - BACKGROUND INFORMATION

- 2.01 Background Information
- 2.02 Budget

SECTION THREE – SCOPE OF WORK

- 3.01 Scope of Work and Deliverables
- 3.02 Contract Schedule
- 3.03 Project Management Requirements

SECTION FOUR - GENERAL CONTRACT INFORMATION

- 4.01 Standard Contract Provisions
- 4.02 Proposal as a Part of the Contract
- 4.03 Additional Terms and Conditions
- 4.04 Supplemental Terms and Conditions
- 4.05 Contract Approval
- 4.06 Contract Changes – Unanticipated Amendments
- 4.07 Taxes and Taxpayer Tax Identification

SECTION FIVE - EVALUATION CRITERIA AND CONTRACTOR SELECTION

- 5.01 Plan for Accomplishing the Scope of Work
- 5.02 Experience and Qualifications
- 5.03 Contract Cost

SECTION SIX - PROPOSAL FORMAT AND CONTENT

- 6.01 Proposal Format
- 6.02 Technical Proposal Content
- 6.03 Cost Proposal

SECTION SEVEN - STANDARD PROPOSAL INFORMATION

- 7.01 Authorized Signature
- 7.02 State Not Responsible for Preparation Costs
- 7.03 Conflict of Interest
- 7.04 Offer Held Firm
- 7.05 Amendments to Proposals and Withdrawal of Proposals
- 7.06 Alternate Proposals
- 7.07 Subcontractors
- 7.08 Joint Ventures
- 7.09 Disclosure of Proposal Contents and Compliance with North Dakota Open Records Laws
- 7.10 Evaluation of Proposals
- 7.11 Right of Rejection
- 7.12 Clarification of Offers
- 7.13 Discussion and Best and Final Offers

- 7.14 Preference Laws
- 7.15 Contract Negotiation
- 7.16 Failure to Negotiate
- 7.17 Notice of Intent to Award – Offeror Notification of Selection
- 7.18 Protest and Appeal

Attachments

- 1. Contract
- 2. Proposal Evaluation Worksheet
- 3. Cost Proposal Format
- 4. Secretary of State Work and Services
- 5. Organizational Chart

SECTION ONE - INTRODUCTION AND INSTRUCTIONS

1.01 Purpose of the RFP

The State of North Dakota, acting through its North Dakota Secretary of State (STATE) is soliciting proposals for a consultant to direct, facilitate, develop and document business process models for the ND Secretary of State as well as document core business requirements for a future system, and analyze requirements and other information to provide strategic recommendations regarding a build vs. buy decision point..

SECTION TWO - BACKGROUND INFORMATION

2.01 Background Information

The mission of STATE is to:

- Serve the people of the State of North Dakota and its guests;
- Execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code;
- Collect and preserve the records of the State as defined by the law;
- Act as an ambassador for the State of North Dakota, its people, and its way of life.

This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

Currently, STATE registers all businesses for operation in the state; licenses all contractors, professional employer organizations, and combative sports; registers all home inspectors, professional fundraisers, charitable organizations, and lobbyists; and commissions all notaries public. To accomplish this work, many paper documents are filed along with the associated payments. Due to the state's significant growth, STATE is unable to stay up-to-date on processing documents. The current system utilized to process this work is an AS/400 system that was constructed between 1988 and 1992.

To solve the business needs, STATE needs to update processes and the current system utilized to accommodate work demands. STATE intends to replace the AS/400 with a system that will meet STATE requirements and provide greater online functionality for the public

The STATE consists of approximately 30 employees, please reference Attachment 5, organization chart.

2.02 Budget

Budget has not been determined.

SECTION THREE - SCOPE OF WORK

3.01 Scope of Work and Deliverables

STATE is soliciting business process modeling and business analysis services to be provided by a qualified consultant with technical expertise in business process modeling and other business analysis, research and business strategy disciplines. The contractor will direct, facilitate, develop and document business process models of the STATE, as well as document core business requirements for a future system, and analyze requirements and other information to provide strategic recommendations regarding a build vs. buy decision point.

The business process models must be developed and documented for both the current state and future state processes to provide a consistent graphical representation of business processes that facilitate a common understanding and means of communicating our business. STATE anticipates using the future state process models to aid in determining how to replace current systems.

The current state of processes are to be documented to the level of detail necessary to provide full transparency and clarity of the process flow, so that process owners and process analysts can clearly understand the current process flow in order to effectively judge the efficiencies of the current flow and identify opportunities for process improvement.

The future state of the processes are to be documented to the level of detail necessary to provide sufficient information for a prospective vendor, staff member, or project member to understand the business targets for a new application and to identify potential opportunities for process improvement. STATE anticipates using these future state process models to aid in determining how to replace current systems, and within any future replacement projects.

In addition to the development of business process models, a secondary objective is to identify potential business process improvements that STATE can evaluate for implementation prior to replacement of the system.

Once current and future states are understood, it is then required to document the core business requirements for a new business system. The need for these requirements are twofold: Firstly, the requirements are needed to gain an understanding of the minimum feature set needed to support the business, and secondly, the requirements are needed in order to serve as a baseline for comparison of feature sets between a custom-developed in-house application and any of a number of Commercial Off the Shelf (COTS) Systems.

Having developed business modeling and requirements information, the vendor is expected to provide research and analysis to determine the most feasible, business-appropriate solution – to continue development of the in-house application, or to pursue a COTS solution. Please note, the successful contractor for this RFP will not be able to bid on any future solicitations that are part of any software solution that may result from this RFP.

The business process models and requirements analyses are to be developed using standard process modeling and business analysis tools, methods and formats.

The contractor shall provide at a minimum, the following deliverables:

1. Project plan/schedule
2. Current STATE business process models
3. Business process improvements
4. Future STATE business process models
5. Core requirements for systems to support the STATE business
6. Goal Alignment (Interview Staff, etc.)
7. Requirements research and analysis
 - a. Create requirements based off of business process models
 - b. Develop a methodology and criteria to rate existing partially developed in-house application, built by our State ITD, against commercially available systems

- c. Apply the criteria / findings to develop a strategic recommendation. Determine if it is best to continue developing the in-house system or is it best to procure a COTS system(s) (or other recommendation as may be discovered)
8. Final report

Additional detail regarding the work performed and services provided by STATE is identified in Attachment 4 Secretary of State Work and Services.

3.02 Contract Schedule

Time is critical in project completion. STATE anticipates working with the CONTRACTOR to complete the project in as short of a period of time as is feasible.

The approximate contract schedule is as follows:

Contract Start: On the Effective Date agreed upon by the parties within the contract

Kick off meeting: Within 1 week from contract's Effective Date

Contract End Date: No more than 6 months after contract's Effective Date

3.03 Project Management Requirements

STATE's project manager will direct and manage the project on a day-to-day basis and will have the primary responsibility for management of the project. The contractor project manager will report to STATE's project manager within the project's governance structure. The contractor will provide information to the STATE's project manager for the creation of an integrated project management plan.

The integrated project management plan will consist of the following:

1. Governance
2. Management plans to control scope, schedule, cost and quality
3. Integrated change control process
4. Human resource management plan
5. Communication management plan
6. Risk management plan
7. Issue management plan
8. Action Item management plan
9. Procurement management plan
10. Detailed Project Schedule

During the execution of the project, the contractor shall be responsible for providing information required for status reporting and other monitoring and controlling activities.

ATTACHMENT 4 – SECRETARY OF STATE WORK AND SERVICES

1. Mail opening and sorting
2. Intake of payments and documents
3. Distribution of documents to respective work units
 - a. Business Registration
 - b. Business Information/Reporting
 - c. Licensing
 - d. Accounting/Notary
4. Scanning
 - a. Image management
 - b. Redaction
5. Workflow for processing documents:
 - a. Business Registration
 - 1) More than 50 record types
 - 2) Multiple document types for each record type (not less than 3 and not more than 30 documents per record type)
 - b. Business Information/Reporting
 - 1) Approximately 35 record types
 - a) Annual reports
 - b) Agent changes/resignations
 - c) Reinstatements
 - d) Commercial registered agent registrations
 - 2) Information services
 - a) Information for records
 - b) Copies (plain and certified)
 - c) Certifications
 - d) Service of process
 - c. Licensing
 - 1) Approximately 7 record types
 - 2) Approximately 6 document types accepted per record type
 - d. Oaths of office
 - e. Official acts
 - f. Public documents (Century Code, Administrative Code, Journals, Blue Book, etc.)
 - 1) Maintain inventory
 - 2) Maintain subscribers
 - g. Combative sports (MMA and boxing) – 15-20 document types accepted
 - h. Notary
 - 1) 1 record type
 - 2) Approximately 2 services
 - 3) Approximately 5 document types accepted
 - i. Pending documents for additional requirements
 - j. Recall process of pending documents
 - k. Name availability
6. Subscriptions of data within the system databases sold to customers
7. Accounting
 - a. Payment batches
 - b. Reconcile and close individual batches
 - c. Daily deposit report
 - d. Payment types
 - 1) Cash
 - 2) Check
 - 3) Cashier's check

- 4) Money Order
- 5) Foreign funds
- 6) ACH payments
- 7) IDB payments
- 8) Credit card payment processes
- e. Refunds
- f. Write-offs
- g. Receipts/invoices
- h. Balancing service fee with the payment received
- i. Interface with PeopleSoft
- j. Balancing credit card payments with credit card portal
- 8. Reporting
 - a. Records statistics
 - b. Document statistics (processed and unprocessed)
 - c. User management reports
 - d. Accounting reports
 - e. Ad hoc queries
- 9. Records management/purge
- 10. Correspondence
 - a. Create, save, retrieve and purge
 - b. Print mailing labels
 - c. Create and edit templates
 - d. Create merge fields
- 11. Indexing records (ID system)
- 12. Complaints
- 13. Merge records
- 14. Search
 - a. Records
 - b. Accounting records
 - c. Documents
- 15. Automated processes (approximately 95), including:
 - a. Expiration notices
 - b. Renewal notices
 - c. Termination notices
 - d. Aged accounts
 - e. Daily refunds
- 16. Notifications to staff regarding records
 - a. Flagging record ID
 - b. Record reference code
 - c. Differentiation between record statuses (i.e. color indicator for inactive records)
- 17. User security roles
- 18. Maintaining system tables and labels
- 19. Data conversion to new system

Legislative Priorities

SB 2023
1-22-15
#3

Capital Project (new construction) — CTE Building \$8,000,000

- Project was prioritized and approved by the ND State Board of Higher Education; ranked #5 in the System based on program/accreditation priorities. These Board recommendations address strategic or corrective program needs. While these projects may reduce deferred maintenance or consider life safety elements, the primary purpose of these projects is to advance the mission of the institutions.
- Proposed facility includes 19,000 sf in new construction, and would be located on the north end of the MiSU campus. The project is a multi-purpose facility which includes space for a variety of programs, in addition to administrative and support areas.
- Because of MiSU's affiliation with Dakota College at Bottineau (DCB being a branch campus of MiSU), the two institutions are in a unique position to meet Career and Technical Education and workforce training needs in Ward County (where no such facility currently exists). DCB is prepared to offer programs in areas such as health information, paramedic technology, medical assisting, information technology, information management, business, caregiver services, and land management.
- The other two-year colleges in North Dakota would also be invited to offer in-demand one- and two-year CTE programs in this new facility.
- With Minot's growth coupled with the City's close proximity to the Bakken and many of the current industry needs, it is an important responsibility of higher education to provide these educational opportunities in this region of the state. The population growth, changing economy, and changing industry demands in this part of North Dakota necessitate such a facility in Minot, and MiSU is strategically positioned to help fulfill these needs with the addition of this new CTE facility on the MiSU campus.

Deficiency Appropriation — 2010 rain event and 2011 flood \$2,000,579

- Rain event in 2010 caused overland flooding, resulting in damage to roads, landscaping, and parking lots on campus. Total restoration expense was \$31,067. After FEMA reimbursements and state match, the remaining request is \$27,965.
- Mouse River flood in 2011 inundated the river valley in Minot. A clay dike along the entire southern border of campus protected buildings from all but minor water damage. However, damage to infrastructure systems (parking lots, sidewalks, access roads, curb/gutter, storm sewers, sanitary sewers, and utility tunnels) was significant. Total restoration expense was \$2,220,959. After FEMA reimbursements, the remaining request is \$1,972,614.

3.1





SB 2023
1-22-15
4
\$152,000

VCSU DEFICIENCY REQUESTS

- | | |
|--|--------------------|
| 1. Demolition of Retired Science Building | \$152,000 |
| 2. University Share of Phase 1 of Valley City Permanent Flood Protection | \$3,300,000 |
| TOTAL | \$3,452,000 |

1. Demolition of Retired Science Building

\$152,000 (remainder of \$427,000 total cost, previously had received \$275,000 from NDUS deferred maintenance funding)

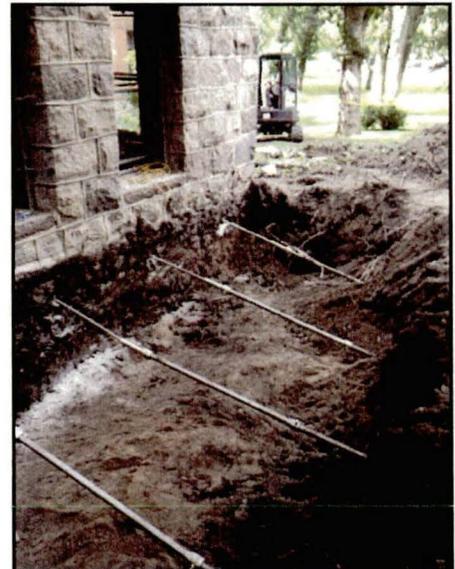
VCSU contracted for demolition and reclamation of the Retired Science Building and anticipates the costs detailed at right once the project is completed.

The work will correct issues by eliminating building collapse, creating a barrier for the hill.

VCSU needs to retain its remaining NDUS deferred maintenance funds to do foundation repair and stabilization for McFarland Hall, its signature "Old Main" administration and classroom building.

	Estimates	
Engineering	\$ 20,000	
Relocation of Services	40,000	a/
Asbestos Abatment	55,500	
Clear Building for Demolition	10,000	
Demolition	248,000	
Paving (plus %15 for overhead)	20,000	
Electrical (plus %15 for overhead)	6,000	
City Utilities and Steam Line	7,500	b/
Contingency	20,000	
Total	\$ 427,000	

a/ Expended \$31,000 through August 2014
b/ Estimate provided by City of Valley City



McFarland Hall Foundation Issues
VCSU Deferred Maintenance Priority

H.1

2. University Share of Phase 1 of Valley City Permanent Flood Protection

\$3,300,000 (VCSU share of \$3,750,000 total cost)

VCSU has had a longstanding positive relationship with the community in which the institution resides. The city provides the following services to VCSU:

- street cleaning and snow removal
- utilities to campus buildings
- solid-waste removal
- security and related training

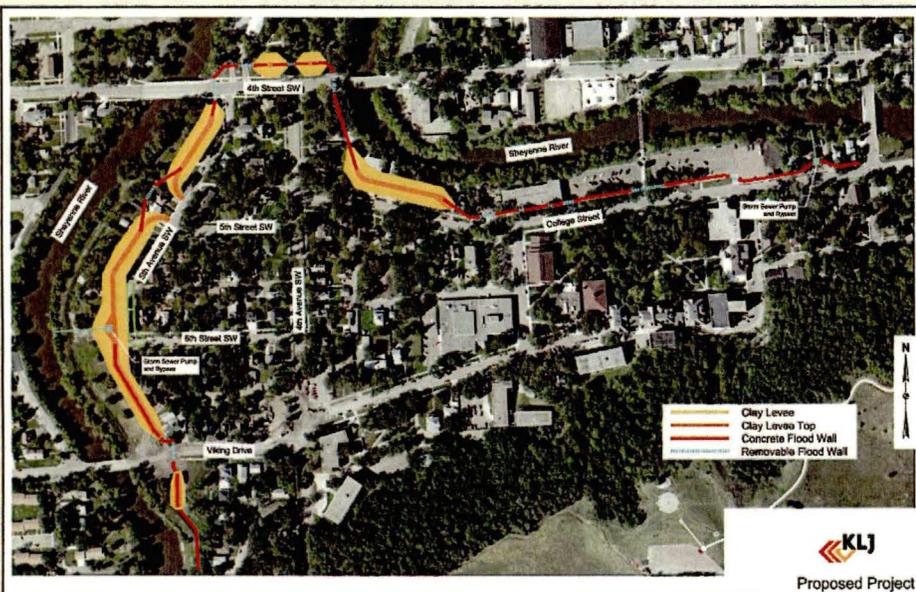
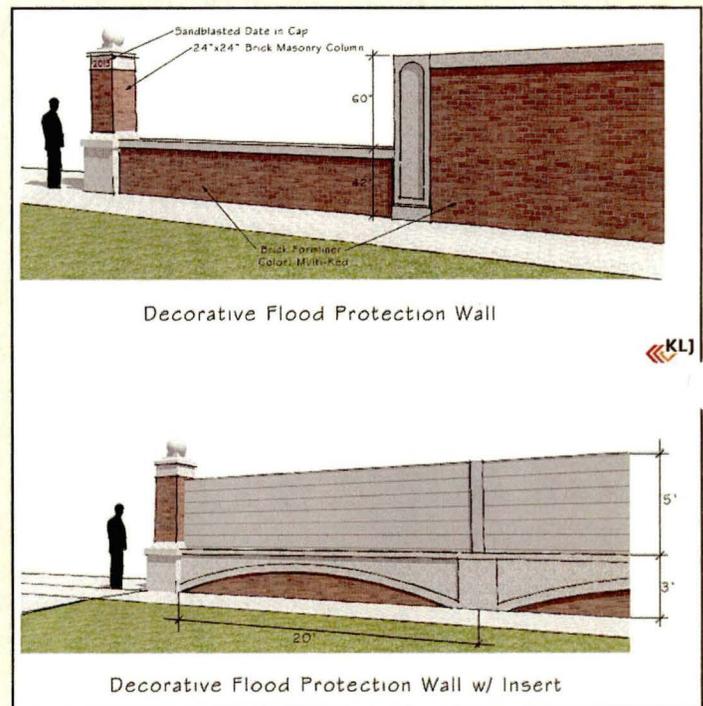
Additionally, both the community and VCSU understand the interdependence one has on the other and the need for both parties to work in a collaborative manner to move both

the city and the institution forward. VCSU appreciates the fact that Valley City has taken on the herculean task of permanent flood protection, especially prioritizing VCSU in Phase 1 of the project.

Due to our long history of partnering with our neighbors in the community, VCSU should pay for its share of Phase 1 of permanent flood protection. The citizens of Valley City and surrounding area should not bear the entire burden of this phase since VCSU receives the majority of the benefit.

Water Commission - 77.3%		\$	12,750,000
Local Share - 22.7%			3,750,000
Phase 1 Project Costs		\$	16,500,000
2014 City Assessed Property Values	\$	4,000,000	
VCSU State Fire & Tornado Replacement Values *			
Graichen Gym	\$	3,000,000	
Vangstad Auditorium		4,700,000	
Student Union		7,900,000	
Allen Memorial Library		12,000,000	
Total VCSU Replacement Cost		27,600,000	
Total Value of Property Protected	\$	31,600,000	
City percentage	12.66%		474,684
VCSU percentage	87.34%		3,275,316
Local Share		\$	3,750,000

* Values represent values determined by State Fire & Tornado; actual replacement costs would be substantially more to bring space to current code and academic space standards.



VCSU
 Valley City State University
 101 College St SW
 Valley City, ND 58072
 800-532-8641 www.vcsu.edu

4.2

SB 2023
1-22-15
5

Testimony
Senate Bill 2023
Senate Appropriations Committee
January 22, 2015; 10:30 a.m.
North Dakota Department of Health

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is David Glatt, Environmental Health Section Chief for the North Dakota Department of Health. We are responsible for the implementation of the vast majority of environmental protection programs in the state, including programs delegated to the state through agreements with the U.S. Environmental Protection Agency. I am here today to provide testimony in support of Senate Bill 2023.

The Department of Health is requesting a deficiency appropriation of \$250,000 to cover the cost of several current or pending legal actions with the U.S. Environmental Protection Agency. The FY 2013-2015 appropriation for special legal activities is \$500,000. At present the Department has spent approximately \$518,000. Although it is difficult to predict the timing of anticipated court decisions or roll out of final federal agency rules, the Department expects to continue to either take a lead role or partner with other states in at least three major actions in the coming months. They include challenges to federal actions in the following areas:

- Federal 1-Hour SO₂ Rule: The state is asking the court to compel the U.S. EPA to make a final determination on the compliance status of the state of North Dakota as defined in the rule. EPA had up to two years to make the determination but is now asking to delay the action for several years while they evaluate the new rules or procedures to determine the state's status. The delay in the determination can harm the state as we move to permit new sources.
- Regional Haze Program: The state of North Dakota has prevailed in a federal court decision that sided with the state regarding how best to control NOx emissions at specific coal fired power plants. The state is currently awaiting a decision by the Region 8 U.S. EPA as to how they will proceed with the program after the court decision. We anticipate the need to participate in a court action to either defend or challenge the final decision by the EPA, which we anticipate will be released in February 2015.

- Clean Power Plan: The U.S. EPA has proposed rules that would regulate how CO₂ emissions are regulated or how energy is produced in each state. There is concern that the final rules will exceed the authority of the federal government by directing energy policy in each state, thereby usurping state authority. We anticipate that because each state will be assigned a specific compliance goal, each state who opposes the final determination will need to initiate a lawsuit against the EPA. The intent of the lawsuit will be to protect state authority to make decisions on how to implement federal laws and rules.

This concludes my testimony. I am happy to answer any questions you may have.

**Testimony
Senate Bill 2023
Senate Appropriations Committee
January 22, 2015; 10:30 a.m.
North Dakota Department of Health**

SB 2023
1-22-15
#6

Good morning Chairman Holmberg and members of the Senate Appropriations Committee. My name is Molly Howell, and I am the Immunization Program Manager for the North Dakota Department of Health. I am here today to provide testimony in support of Senate Bill 2023.

The Department of Health is requesting a deficiency appropriation of \$470,900 for the Immunization Program in order to continue to supply vaccines for insured children who receive vaccinations at local public health units (LPHU), in accordance with North Dakota Century Code 23-01-39. Children who are uninsured, underinsured, American Indian, or Medicaid-eligible receive vaccines purchased through the federal Vaccines for Children Program.

The Department of Health's budget for the 2013 – 2015 biennium included \$2.5 million for vaccines provided at LPHUs. The department experienced a deficiency in funding because more children than anticipated actually received vaccines, vaccine costs have increased, and a new vaccine, which was not accounted for in the prior budget, will become available in April 2015. More children than estimated received influenza, meningitis, and human papillomavirus (HPV) vaccines and a new HPV vaccine that covers nine types instead of four types of HPV will be available in April 2015.

Additionally, the Centers for Disease Control and Prevention (CDC) recently changed the requirements on ordering and replenishing vaccines, requiring the department to purchase the July 2015 supply of vaccines before June 30, 2015.

For the 2015 – 2017 biennium, the Department of Health's recommended budget includes \$3.08 million for vaccines provided at LPHUs. This includes an increase of \$576,853 for the reasons explained above, along with five percent inflation per year to account for vaccine price increases and increased demand for vaccines.

This concludes my testimony. I am happy to answer any questions you may have.

Senate Appropriations
Senator Ray Holmberg, Chairman

SB 2023
1-22-15
7

January 22, 2014

Senate Bill 2023

North Dakota Department of Corrections and Rehabilitation

- Payment of outstanding State Penitentiary building project loan and related interest.
 - Sixty-second Legislative Assembly – HB1015:

SECTION 3. BORROWING AUTHORITY - BANK OF NORTH DAKOTA - APPROPRIATION. The department of corrections and rehabilitation may borrow the sum of \$1,100,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated to the department of corrections and rehabilitation for the purpose of defraying the expenses of the penitentiary expansion project, for the period beginning July 1, 2011, and ending June 30, 2013.

Loan Date: 06-06-2013
Maturity: 06-30-2015
Principal: \$1,100,000
Initial Interest Rate: 1.750%

- Loan payoff – April 30, 2015
 - Principal - \$1,100,000
 - Interest - \$35,547
- State Penitentiary building project
 - Total appropriation - \$64,000,000
 - Substantial completion – April 2013
 - New cell houses occupied – June 2013
 - Total actual expenditures - \$63,920,610
 - Contract retainage payable - \$25,000 (City Air Mechanical, Inc.)
 - Total unexpended appropriation - \$79,390
- See attached promissory note and loan payoff statement

7.1

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,100,000.00	06-06-2013	06-30-2015			2500259000	2003	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: North Dakota Dept. of Corrections and Rehabilitation 3100 Railroad Avenue Bismarck, ND 58501	Lender: The State of North Dakota, doing business as The Bank of North Dakota 1200 Memorial Highway PO Box 5509 Bismarck, ND 58506-5509 (701) 328-5600
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Principal Amount: \$1,100,000.00 Initial Rate: 1.750% Date of Note: June 6, 2013

PROMISE TO PAY. North Dakota Dept. of Corrections and Rehabilitation ("Borrower") promises to pay to The State of North Dakota, doing business as The Bank of North Dakota ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million One Hundred Thousand & 00/100 Dollars (\$1,100,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on June 30, 2015. Unless otherwise agreed or required by applicable law, payments will be applied to any interest first; then to principal; then to unpaid fees; then to any unpaid collection costs and then to late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the 30 day LIBOR rate per the Federal Home Loan Bank of Des Moines. (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each first day of the month. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 0.194% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 1.750% per annum. NOTICE: Under no circumstances will the interest rate on this Note be less than 1.750% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Bank of North Dakota, 1200 Memorial Highway, Bismarck, ND 58504-5509.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 2.000% of the unpaid portion of the regularly scheduled payment or \$15.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of North Dakota without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of North Dakota.

COLLATERAL. This loan is unsecured.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested either orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Bank of North Dakota, 1200 Memorial Highway, Bismarck, ND 58504-5509.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

7.2

PROMISSORY NOTE
(Continued)

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

NORTH DAKOTA DEPT. OF CORRECTIONS AND REHABILITATION

By: *Dave Krabbenhoft*
Dave Krabbenhoft, Director of Administration of
North Dakota Dept. of Corrections and Rehabilitation

73

BANK OF NORTH DAKOTA
1200 MEMORIAL HWY
BISMARCK, ND 58504

ND DEPT OF CORRECTIONS & REHAB
3100 RAILROAD AVE
PO BOX 1898
BISMARCK ND 58501

Loan Payoff Statement

Loan Payoff for:	Loan Number:	125025900001
ND DEPT OF CORRECTIONS & REHAB	Date Quoted:	Jul 29, 2014
3100 RAILROAD AVE	Payoff Good To:	Apr 30, 2015
PO BOX 1898	Method:	1/0
BISMARCK ND 58501		

Collateral: UNSECURED

Principal:	\$1,100,000.00
Interest To Apr 30, 2015:	\$35,546.57
Net Amount Due:	\$1,135,546.57

Additional Information

One Day's Interest: \$52.74

7.4

**TESTIMONY OF
GREG WILZ
DEPUTY DIRECTOR, ND EMERGENCY SERVICES
BEFORE THE
SENATE APPROPRIATIONS COMMITTEE
JANUARY 22, 2015
SENATE BILL 2023**

SB 2023
1-22-15
#8

Mr. Chairman and Members of the Committee, I am Greg Wilz, the Deputy Director of the Department of Emergency Services and Director of the North Dakota Department of Homeland Security.

Senate Bill 2023 appropriates \$5.0 million from the State Disaster Relief Fund (DRF) to the Office of Adjutant General to repay loans from the Bank of North Dakota (BND) for the State's share of presidential disasters occurring after the 2013 legislative session. It also includes the state share for older disasters beginning with the 2009 flood, three disasters from 2010 and two from 2011. The budgeted state cost share for the older disasters exceeded the projected biennial cost. The cost shares did not increase only the timing of the expenditures changed to the current biennium instead of the 2015-17 biennium.

North Dakota Century Code 37-17.1-23 authorizes BND loans in the absence of legislative appropriation of the State DRF.

As noted below, we have nine BND loans totaling approximately \$7.2 million. Timing of the expenditures is difficult depending upon completion of large projects for disaster recovery and mitigation. We do not believe our loan repayment will be beyond \$5.0 million.

<u>DISASTER</u>	<u>TOTAL DISASTER COST ESTIMATE</u>	<u>PRIOR STATE COST EXPENDITURES</u>	<u>EMERGENCY COMMISSION/ LOAN DATE</u>	<u>LOAN #</u>	<u>LOAN/DEFICIENCY AMOUNT</u>	<u>LOAN DRAWS AS OF 12/12/14</u>
DR4118 - SOUTHERN RED RIVER FLOODING (APRIL & MAY 2013)	\$ 9,200,000.00	\$ -	APRIL 2013	125025301001	\$ 60,000.00	\$ 60,000.00
			MAY 2013	125025302001	\$ 775,000.00	\$ 526,966.65
			NOVEMBER 2013	125025306001	\$ 450,980.00	\$ -
			TOTAL		\$ 1,285,980.00	
DR4128 - NORTHERN RED RIVER FLOODING (MAY & JUNE 2013)	\$ 13,800,000.00	\$ -	JULY 2013	125025303001	\$ 914,375.00	\$ 635,450.01
			NOVEMBER 2013	125025305001	\$ 702,000.00	\$ -
			TOTAL		\$ 1,616,375.00	
DR4154 - WINTER STORM OCT 4-5, 2013	\$ 8,400,000.00	\$ -	NOVEMBER 2013	125025304001	\$ 1,009,375.00	\$ 29,833.38
DR4190 - SUMMER FLOODING JUNE 2014	\$ 2,900,000.00	\$ -	OCTOBER 2014	125025307001	\$ 227,000.00	\$ 215,419.03
			NOVEMBER 2014	125025309001	\$ 243,000.00	\$ -
			TOTAL		\$ 470,000.00	
2009 THRU 2011 DISASTERS	\$ 488,558,694.00	\$ 52,287,861.00	NOVEMBER 2014	125025308001	\$ 2,800,000.00	\$ -
2015 DEFICIENCY AMOUNT					\$ 7,181,730.00	\$ 1,467,669.07

1-8-1

/

SB 2023 Subcommittee

1-29-15

#1

**SENATE BILL 2023 DEFICIENCY APPROPRIATION
COMMISSION ON LEGAL COUNSEL FOR INDIGENTS**

Subcommittee January 29th, 2015, 2:00 p.m.

Our agency's base budget for this biennium was \$11,923,410. We further had authority to spend \$2,497,866 out of our special fund, which is a continuing appropriation and consists of fees collected by Clerks of Courts from defendants. This latter continuing appropriation is split, by statute, with the court improvement fund. Those are our only sources of funding. We currently have 17 public defenders and approximately 60 attorney contractors representing indigents in state district court.

As the biennium progressed we became concerned that the amount of money allocated would not sustain us throughout the biennium. As of December, 2014, we had 19% of our budget left but 25% of the biennium left. We shared our concerns repeatedly with our commission. The primary reason was that the caseload in the state, primarily in the west, was rising at a faster rate than what we anticipated. Statewide we handle approximately 12,000 cases a year. From FY11 our statewide cases have increased 27%. That does not tell the tale in the western judicial districts. For instance in the Northwest Judicial District, since FY2011, case #'s have increased 128%. The legislature also granted the Northwest Judicial District two additional Judges which greatly impacted our increase in cases. More law enforcement means more cases, as well.

The particular hot spot for us right now is Watford City. We used to deliver legal services in Watford City by having the Williston Public Defender go there twice a month. Those days are long gone. First of all, the Williston Public Defender doesn't have time, and secondly, Watford City has a full time judge and

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2/Huseby/SB 2023

a full time case load for a public defender. I will illustrate just how Watford City has grown in the criminal justice area. A few years back McKenzie County had a part time State's Attorney. They now have a full time State's Attorney, two assistants, and are hiring a para-legal. Our governing commission authorized us to open a Watford City Public Defender office, which we have done, and have one temporary full time attorney and one temporary full time administrative assistant.

As we enter the last quarter of the biennium, it is clear we will have a deficiency at the end. How much we do not know, but we asked for a \$700,000 appropriation. Where is all our money going? More cases mean more attorneys and more money. We have had to let several new contracts in the west (Dickinson, Watford City, Williston) to make sure that defendants have prompt and competent representation. I am not exempting the South Central Judicial District from this growth spurt. We have had to add several contracts there, as well, to combat the rise in numbers. In December, 2014, we spent \$712,000. Of that monthly expenditure, \$371,578.42 was for "Fees Professional Services"; in other words, lawyer fees and case related expenses. They have increased significantly and will increase as more cases are assigned to attorneys.

We are trying to stabilize an otherwise rather chaotic situation out west, however, the news for us is not real promising in terms of being able to do that in the next year or two. The Chief Justice indicated he was asking for more Judges in the west, and explicitly excluded Williston as a location. Watford City is building a new courthouse. Will another Judge be added in Watford City? How many new BCI officers is the Attorney General asking for in the west? How many local deputies and police officers are being added to area agencies? These are all issues

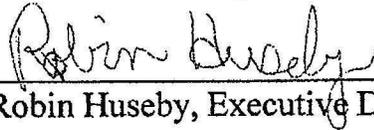
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3/Huseby/SB 2023

which have a direct affect on our bottom dollar.

Lastly, I would like to address our special fund. We collect around \$2,000,000 a biennium. We had authority this biennium to spend \$2,500,000. We would still have a reserve in that fund of approximable \$1,300,000. However, it looks as if we will be spending that reserve, as well.

Dated this 23rd day of January, 2013



Robin Huseby, Executive Director

P.O. Box 149

Valley City, ND 58072

rhuseby@nd.gov

701 845-8632

SB 2023
1-29-15

**Housing Buyouts Phase I & II and Construction in University #2
District**

January 26, 2015

	Project Cost	State Share	Local Share
2011-2012 Buyouts (75% SWC/25% Local)	\$ 3,290,406.00	\$ 2,467,804.00	\$ 822,602.00
2013-2014 Buyouts (75% SWC/25% Local)	\$ 1,805,382.74	\$ 1,354,037.06	\$ 451,345.68
Buyouts - additional & Pending SWC approval (75%SWC/25%Local)	\$ 425,103.00	\$ 318,827.25	\$ 106,275.75
Prelim & Design Engineering (85% SWC/15% Local)	\$ 597,500.00	\$ 507,875.00	\$ 89,625.00
Construction Engineering (0% SWC/100% Local)	\$ 1,154,208.71	\$ -	\$ 1,154,208.71
City Attorney Fees for Construction Phase - (0%SWC/100%Local)	\$ 30,000.00	\$ -	\$ 30,000.00
Construction & Contingency (80% SWC/20% Local)	\$ 12,696,295.81	\$ 10,157,036.65	\$ 2,539,259.16
Total Project Cost for Phase I	\$ 19,998,896.26	\$ 14,805,579.96	\$ 5,193,316.30

Total Local Share \$ 5,193,316.30

Less: Senate Bill 2023 (VCSU) \$ ^{3/}(3,400,000.00)

#3.3M

2015

City of Valley City Share-Balance \$ 1,793,316.30

Valley City's Financing to Date:

2012 Electric Fund Trf \$ 1,000,000.00

2014 Electric Fund Trf \$ 400,000.00

2014 Budgeted General Fund Trf \$ 95,059.62

2015 Budgeted Trf General Fund \$ 75,000.00

2015 Budgeted Prop tax relief Fund \$ 25,000.00

Total Local Financing To Date: \$ 1,595,059.62

Local Shortfall: \$ 198,256.68

Future Requests for Balance of Permanent Flood Protection Project:

2015-2017 Funding Request \$ 30,000,000.00 \$ 24,000,000.00 \$ 6,000,000.00

2017-2019 Funding Request \$ 30,000,000.00 \$ 24,000,000.00 \$ 6,000,000.00

Estimated Financing Needs for Permanent Flood Protection: \$ 12,198,256.68

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3/16/15
House Approp
SB 2023
#1

2015 ENGROSSED SENATE BILL 2023 – DEFICIENCY APPROPRIATION

HOUSE APPROPRIATIONS COMMITTEE

OFFICE OF ATTORNEY GENERAL – PROSECUTION WITNESS FEES

KATHY ROLL, FINANCIAL ADMINISTRATOR, OFFICE OF ATTORNEY GENERAL

NDCC Sections 27-20-49(2) and 31-01-16 require this office to reimburse prosecution witness fees and expenses to district court criminal cases and juvenile court cases. In November 2014, this office requested \$50,000 from the Emergency Commission because the \$100,000 appropriated for the 2013-15 biennium was completely spent.

As of February 24, 2015, the office has reimbursed prosecution witness fees of about \$150,000, the amount of the original appropriation and the \$50,000 provided by the Emergency Commission. The number and amount of requested reimbursements for these costs have significantly exceeded the appropriated amounts. **It appears the additional \$50,000 included in this deficiency appropriation needs to be increased to \$90,000 to reimburse prosecution witness fees for the remainder of this biennium assuming there is no increase in the number and costs of district court criminal and juvenile court cases.**

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos



SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

March 16, 2015

3/16/15
House Approp
SB 2023
#2
PHONE (701) 328-2900
FAX (701) 328-2992
E-MAIL sos@nd.gov

TO: Rep. Delzer, Chairman, and Members of the House Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: SB 2023 – Appropriation for Defraying Expenses – January 1 to June 30, 2015

Section 1, Subdivision 2, Line 17: The amount of \$950,000 is documented in the December 10, 2013 minutes of the Information Technology Committee (attached) and the December 11, 2013, minutes for the Budget Section (attached). The funding allows the agency to complete the Central Indexing (UCC) phase of its software platform, which has a statutory deadline of August 1, 2015.

Section 1, Subdivision 2, Line 18: The amount of \$400,000 will allow the agency to award a contract for Business Process Modeling Services (BPM). In the meetings held in December 2013 (the same meetings as referenced above), it was recommended that for large software projects a business analysis be first conducted prior to issuing a Request for Proposals (RFP) (supporting documents attached). It was stated in the report to the Information Technology Committee that the original plan for the \$3,500,000 authorized by 2011 Legislative Assembly was underestimated as to the complexity of the software needs of the Secretary of State.

In agreeing with the need for a BPM, the project's Executive Steering Committee issued a RFP on December 4, 2014 (attached are excerpts from the 38 page RFP). The BPM is considered a critical component for the continued development and completion of the agency's software platform.

Eleven proposals were received in response to the RFP. A vendor has been selected subject to the approval of the funding. The same consultant recently successfully conducted a BPM for WSI and DOT.

By being able to begin the BPM immediately upon approval of SB 2023, the analysis will be completed sooner. This analysis will then provide the basis for the decisions necessary to complete the agency's software project as quickly and efficiently as possible.

Highway Patrol - Electronic Permitting Project

Ms. Carrie Oswald, Information Technology Manager, Highway Patrol, presented information ([Appendix L](#)) regarding a project closeout report for an electronic permitting project. She said the project met or exceeded all of the objectives and was 29 percent under budget. She said the system was implemented in June 2013, and within four months of operation, 95 percent of all permits were obtained online. She said some of the lessons learned included using a request for information, having the vendor onsite for implementation, and providing more internal training to help users understand the software.

In response to a question from Representative Weisz regarding the purpose of a request for information, Ms. Oswald said the request for information may have provided the project managers with information about industry standards and best practices to help them make better decisions.

Secretary of State - Data Processing System Project

Mr. Alvin A. Jaeger, Secretary of State, presented information ([Appendix M](#)) regarding the status of the agency's data processing system project. He said the project began in 2010 and is currently behind schedule and in need of additional funding. He said the three contributing factors to the current situation include a small staff with minimal information technology expertise, the complexity of the agency's responsibilities, and the rapid economic growth in the past few years. He said the project is essential and involves transferring over 300,000 records from the mainframe to a new system.

Mr. Ressler presented information ([Appendix N](#)) regarding the status of the Secretary of State's data processing system project. He said the Information Technology Department anticipates borrowing between \$850,000 and \$950,000 pursuant to North Dakota Century Code Section 54-59-05(4) to continue the project through the biennium. He said additional funding for the project will be requested from the 2015 Legislative Assembly. He said the original project plan did not include certain costs such as training costs, and the plan underestimated the complexity of some of the components. He said the Information Technology Department may implement business analysis when planning multiyear, multimillion dollar projects and may take extra time to plan the project before starting development. He said a business analysis may provide better cost and time estimates for future projects.

Senator Robinson said it appears the lessons learned from this project include the effects of rapidly changing technology and price changes, the timing delay between budgeting and development, the lack of understanding between agencies, and the limited resources of the Information Technology Department.

In response to a question from Representative Weisz, Mr. Ressler said the original estimated cost of the project was approximately \$4 million, and the revised estimated cost of the project may be approximately \$8 million.

HIGHER EDUCATION TECHNOLOGY INITIATIVES

Dr. Lisa Feldner, Vice Chancellor, Information Technology and Institutional Research, North Dakota University System, presented information ([Appendix O](#)) regarding higher education information technology projects and the status of the consolidation of the University System's information technology services. She said the new information technology office and data center building was dedicated on November 22, 2013. She said the North Dakota University System System Information Technology Services was renamed the North Dakota University System Core Technology Services. She said 101 technology staff are located in the new building.

In response to a question from Representative Streyle, Dr. Feldner said three campuses currently have their own email exchange servers, which are in the process of being consolidated.

Dr. Feldner said the use of lecture capture software on a systemwide basis has increased significantly. She said new multiple-license software contracts will create cost-savings for all campuses. She said a top priority for future projects is better project management on a systemwide basis.

Mr. Murray G. Sagsveen, Chief of Staff and Director of Legal Services, North Dakota University System, presented information ([Appendix P](#)) regarding an overview of the University System's policies and procedures relating to open records and email accounts. He said the State Board of Higher Education and the University System has not adopted a separate policy to implement open records laws. He said the University System relies on current open records laws, the Attorney General's *Open Records Manual*, and Attorney General opinions.

In response to a question from Representative Streyle regarding the consolidation of attorneys, Mr. Sagsveen said the functions and the responsibilities of the attorneys have been consolidated to serve the University System as a whole, but the attorneys will not be consolidated into one location.

In response to a question from Representative Streyle regarding the potential use of the Research Enterprise and Commercialization (REAC) 1 buildings, Ms. Brekke said the REAC 1 building is a highly specialized building. She said some federal grants associated with the building also limit the use of the space.

It was moved by Senator Holmberg, seconded by Senator Mathern, and carried on a roll call vote that the Budget Section approve the University of North Dakota request pursuant to Section 15-10-12.1 to provide spending authorization of \$15,500,000 from private donations or grants for a collaborative energy center project. Representatives Boe, Dosch, Grande, Guggisberg, Holman, Martinson, Mock, Nelson, Onstad, Sanford, Thoreson, and Williams and Senators Bowman, Carlisle, Erbele, Grindberg, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, Robinson, Schneider, and Wardner voted "aye." Representatives Pollert, Brandenburg, Delzer, Devlin, Kreidt, Streyle, Vigesaa, and Wieland and Senator Wanzek voted "nay."

DEPARTMENT OF TRANSPORTATION - AIRCRAFT PURCHASE

Mr. Grant Levi, Director, Department of Transportation, presented information (Appendix S) regarding a request for Budget Section approval related to an aircraft purchase. He said the 2013 Legislative Assembly provided \$4.5 million for aircraft replacement costs and required Budget Section approval if the cost exceeds \$4 million. He said the Department of Transportation purchased a 1998 KingAir for \$2,737,000 as a replacement for a 1997 Piper Cheyenne aircraft. He said the cost of purchasing the second replacement aircraft, a 2010 Cessna Caravan, is \$1,725,000 after trading in a 1975 Cessna Skymaster. He said the total cost for both planes is \$4,462,000.

In response to a question from Senator Bowman, Mr. Levi said he would provide information on the operating cost per hour and the cost of insurance for the new aircraft.

It was moved by Representative Streyle, seconded by Senator Carlisle, and carried on a roll call vote that the Budget Section approve the Department of Transportation request to spend in excess of \$4 million pursuant to Section 5 of 2013 House Bill No. 1033 to purchase an aircraft. Representatives Pollert, Boe, Brandenburg, Delzer, Devlin, Dosch, Grande, Guggisberg, Holman, Kempenich, Kreidt, Martinson, Mock, Nelson, Onstad, Sanford, Streyle, Thoreson, Vigesaa, and Wieland, and Senators Bowman, Carlisle, Erbele, Grindberg, Heckaman, Holmberg, Kilzer, Klein, Krebsbach, Lee, Mathern, Robinson, Schneider, Wanzek, and Wardner voted "aye." No negative votes were cast.

INFORMATION TECHNOLOGY DEPARTMENT - STUDY RESULTS AND BORROWING AUTHORITY

Mr. Mike Ressler, Chief Information Officer, Information Technology Department, presented information (Appendix T) regarding the results of a study of all state agencies' information technology desktop support and regarding the status of the Information Technology Department's authority to borrow funds. He said the results of the study include the recommendation for a hybrid model, in which 32 smaller agencies would receive desktop support from the department and 16 larger agencies would provide their own desktop support.

Mr. Ressler said the Secretary of State's data processing system project is behind schedule, and the appropriation for the project is not sufficient. He said the Information Technology Department has authority to borrow funds for information technology equipment, software, or services pursuant to Section 54-59-05(4). He said Budget Section approval is required if the department borrows more than \$1 million. He said the department anticipates borrowing between \$850,000 and \$950,000 for the project. He said the original estimated project cost was approximately \$3.6 million. He said the preliminary revised estimate for the total cost of the project is approximately \$8 million.

In response to a question from Representative Delzer, Mr. Ressler said in the future, the Information Technology Department may use business analysis when planning large information technology projects to provide better estimates for project timelines and project costs.

LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD REPORT

Representative Kempenich, Chairman, Legacy and Budget Stabilization Fund Advisory Board, presented a status report (Appendix U) regarding the investment of funds in the legacy fund and budget stabilization fund pursuant to Section 21-10-11. He said the assets of the legacy fund had been held in 100 percent fixed income type investments. He said the advisory board revised the investment policy and recommended the following asset allocation mix for the legacy fund:

- Broad US Equity 30 percent;
- Broad International Equity 20 percent;
- Fixed Income 35 percent;



Business Analysis

- The practice of enabling change in an organizational context, by defining needs and recommending solutions that deliver value to stakeholders.
- Disciplined approach for introducing and managing change to organizations.
 - it is a structured way of recognizing, formalizing and implementing change
- Used to identify and articulate the need for change in how organizations work, and to facilitate that change.



Process

- Complete prior to budget request / cost estimating / RFP
- Business Analysis used to document
 - Business requirements
 - Business processes
 - Business needs, issues, and goals
 - Business process improvements
- Stakeholders better understand the business processes



Benefits

- Validate / verify that business needs are met to ensure agencies get what they need, not just what they want
- Better understanding of an agency business to assist in strategic planning
- Identifying business changes / improvements within a state agency
- Ensuring changes to the business are implemented effectively and efficiently
- Better process for identifying and managing business requirements
- Improve accuracy of budget estimate and schedule

**STATE OF NORTH DAKOTA
NORTH DAKOTA SECRETARY OF STATE
600 E. BOULEVARD AVENUE, DEPT. 108
BISMARCK, ND 58505-0500**

Request For Proposal (RFP)

RFP Title: Business Process Modeling Services

RFP Number: 110.7-14-057

Date of Issue: December 4, 2014

Purpose of RFP: Soliciting proposal for a consultant to direct, facilitate, develop and document business process models for the ND Secretary of State as well as document core business requirements for a future system, and analyze requirements and other information to provide strategic recommendations regarding a build vs. buy decision point.

Offerors are not required to return this form.

Procurement Officer: Angie Scherbenske

TABLE OF CONTENTS

SECTION ONE - INTRODUCTION AND INSTRUCTIONS

- 1.01 Purpose of the RFP
- 1.02 Contact Person, Telephone, Fax Numbers and E-mail
- 1.03 RFP Schedule
- 1.04 Proposal Submission
- 1.05 Assistance to Offerors with a Disability
- 1.06 Deadline for Receipt of Questions and Objections
- 1.07 Approved Vendor Registration Requirements
- 1.08 Pre-proposal Conference
- 1.09 Amendments to the RFP
- 1.10 News Releases
- 1.11 Notice Provided
- 1.12 Letter of Interest

SECTION TWO - BACKGROUND INFORMATION

- 2.01 Background Information
- 2.02 Budget

SECTION THREE – SCOPE OF WORK

- 3.01 Scope of Work and Deliverables
- 3.02 Contract Schedule
- 3.03 Project Management Requirements

SECTION FOUR - GENERAL CONTRACT INFORMATION

- 4.01 Standard Contract Provisions
- 4.02 Proposal as a Part of the Contract
- 4.03 Additional Terms and Conditions
- 4.04 Supplemental Terms and Conditions
- 4.05 Contract Approval
- 4.06 Contract Changes – Unanticipated Amendments
- 4.07 Taxes and Taxpayer Tax Identification

SECTION FIVE - EVALUATION CRITERIA AND CONTRACTOR SELECTION

- 5.01 Plan for Accomplishing the Scope of Work
- 5.02 Experience and Qualifications
- 5.03 Contract Cost

SECTION SIX - PROPOSAL FORMAT AND CONTENT

- 6.01 Proposal Format
- 6.02 Technical Proposal Content
- 6.03 Cost Proposal

SECTION SEVEN - STANDARD PROPOSAL INFORMATION

- 7.01 Authorized Signature
- 7.02 State Not Responsible for Preparation Costs
- 7.03 Conflict of Interest
- 7.04 Offer Held Firm
- 7.05 Amendments to Proposals and Withdrawal of Proposals
- 7.06 Alternate Proposals
- 7.07 Subcontractors
- 7.08 Joint Ventures
- 7.09 Disclosure of Proposal Contents and Compliance with North Dakota Open Records Laws
- 7.10 Evaluation of Proposals
- 7.11 Right of Rejection
- 7.12 Clarification of Offers
- 7.13 Discussion and Best and Final Offers

- 7.14 Preference Laws
- 7.15 Contract Negotiation
- 7.16 Failure to Negotiate
- 7.17 Notice of Intent to Award – Offeror Notification of Selection
- 7.18 Protest and Appeal

Attachments

1. Contract
2. Proposal Evaluation Worksheet
3. Cost Proposal Format
4. Secretary of State Work and Services
5. Organizational Chart

SECTION ONE - INTRODUCTION AND INSTRUCTIONS

1.01 Purpose of the RFP

The State of North Dakota, acting through its North Dakota Secretary of State (STATE) is soliciting proposals for a consultant to direct, facilitate, develop and document business process models for the ND Secretary of State as well as document core business requirements for a future system, and analyze requirements and other information to provide strategic recommendations regarding a build vs. buy decision point..

SECTION TWO - BACKGROUND INFORMATION

2.01 Background Information

The mission of STATE is to:

- Serve the people of the State of North Dakota and its guests;
- Execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code;
- Collect and preserve the records of the State as defined by the law;
- Act as an ambassador for the State of North Dakota, its people, and its way of life.

This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

Currently, STATE registers all businesses for operation in the state; licenses all contractors, professional employer organizations, and combative sports; registers all home inspectors, professional fundraisers, charitable organizations, and lobbyists; and commissions all notaries public. To accomplish this work, many paper documents are filed along with the associated payments. Due to the state's significant growth, STATE is unable to stay up-to-date on processing documents. The current system utilized to process this work is an AS/400 system that was constructed between 1988 and 1992.

To solve the business needs, STATE needs to update processes and the current system utilized to accommodate work demands. STATE intends to replace the AS/400 with a system that will meet STATE requirements and provide greater online functionality for the public

The STATE consists of approximately 30 employees, please reference Attachment 5, organization chart.

2.02 Budget

Budget has not been determined.

SECTION THREE - SCOPE OF WORK

3.01 Scope of Work and Deliverables

STATE is soliciting business process modeling and business analysis services to be provided by a qualified consultant with technical expertise in business process modeling and other business analysis, research and business strategy disciplines. The contractor will direct, facilitate, develop and document business process models of the STATE, as well as document core business requirements for a future system, and analyze requirements and other information to provide strategic recommendations regarding a build vs. buy decision point.

The business process models must be developed and documented for both the current state and future state processes to provide a consistent graphical representation of business processes that facilitate a common understanding and means of communicating our business. STATE anticipates using the future state process models to aid in determining how to replace current systems.

The current state of processes are to be documented to the level of detail necessary to provide full transparency and clarity of the process flow, so that process owners and process analysts can clearly understand the current process flow in order to effectively judge the efficiencies of the current flow and identify opportunities for process improvement.

The future state of the processes are to be documented to the level of detail necessary to provide sufficient information for a prospective vendor, staff member, or project member to understand the business targets for a new application and to identify potential opportunities for process improvement. STATE anticipates using these future state process models to aid in determining how to replace current systems, and within any future replacement projects.

In addition to the development of business process models, a secondary objective is to identify potential business process improvements that STATE can evaluate for implementation prior to replacement of the system.

Once current and future states are understood, it is then required to document the core business requirements for a new business system. The need for these requirements are twofold: Firstly, the requirements are needed to gain an understanding of the minimum feature set needed to support the business, and secondly, the requirements are needed in order to serve as a baseline for comparison of feature sets between a custom-developed in-house application and any of a number of Commercial Off the Shelf (COTS) Systems.

Having developed business modeling and requirements information, the vendor is expected to provide research and analysis to determine the most feasible, business-appropriate solution – to continue development of the in-house application, or to pursue a COTS solution. Please note, the successful contractor for this RFP will not be able to bid on any future solicitations that are part of any software solution that may result from this RFP.

The business process models and requirements analyses are to be developed using standard process modeling and business analysis tools, methods and formats.

The contractor shall provide at a minimum, the following deliverables:

1. Project plan/schedule
2. Current STATE business process models
3. Business process improvements
4. Future STATE business process models
5. Core requirements for systems to support the STATE business
6. Goal Alignment (Interview Staff, etc.)
7. Requirements research and analysis
 - a. Create requirements based off of business process models
 - b. Develop a methodology and criteria to rate existing partially developed in-house application, built by our State ITD, against commercially available systems

- c. Apply the criteria / findings to develop a strategic recommendation. Determine if it is best to continue developing the in-house system or is it best to procure a COTS system(s) (or other recommendation as may be discovered)
8. Final report

Additional detail regarding the work performed and services provided by STATE is identified in Attachment 4 Secretary of State Work and Services.

3.02 Contract Schedule

Time is critical in project completion. STATE anticipates working with the CONTRACTOR to complete the project in as short of a period of time as is feasible.

The approximate contract schedule is as follows:

Contract Start: On the Effective Date agreed upon by the parties within the contract

Kick off meeting: Within 1 week from contract's Effective Date

Contract End Date: No more than 6 months after contract's Effective Date

3.03 Project Management Requirements

STATE's project manager will direct and manage the project on a day-to-day basis and will have the primary responsibility for management of the project. The contractor project manager will report to STATE's project manager within the project's governance structure. The contractor will provide information to the STATE's project manager for the creation of an integrated project management plan.

The integrated project management plan will consist of the following:

1. Governance
2. Management plans to control scope, schedule, cost and quality
3. Integrated change control process
4. Human resource management plan
5. Communication management plan
6. Risk management plan
7. Issue management plan
8. Action Item management plan
9. Procurement management plan
10. Detailed Project Schedule

During the execution of the project, the contractor shall be responsible for providing information required for status reporting and other monitoring and controlling activities.

ATTACHMENT 4 – SECRETARY OF STATE WORK AND SERVICES

1. Mail opening and sorting
2. Intake of payments and documents
3. Distribution of documents to respective work units
 - a. Business Registration
 - b. Business Information/Reporting
 - c. Licensing
 - d. Accounting/Notary
4. Scanning
 - a. Image management
 - b. Redaction
5. Workflow for processing documents:
 - a. Business Registration
 - 1) More than 50 record types
 - 2) Multiple document types for each record type (not less than 3 and not more than 30 documents per record type)
 - b. Business Information/Reporting
 - 1) Approximately 35 record types
 - a) Annual reports
 - b) Agent changes/resignations
 - c) Reinstatements
 - d) Commercial registered agent registrations
 - 2) Information services
 - a) Information for records
 - b) Copies (plain and certified)
 - c) Certifications
 - d) Service of process
 - c. Licensing
 - 1) Approximately 7 record types
 - 2) Approximately 6 document types accepted per record type
 - d. Oaths of office
 - e. Official acts
 - f. Public documents (Century Code, Administrative Code, Journals, Blue Book, etc.)
 - 1) Maintain inventory
 - 2) Maintain subscribers
 - g. Combative sports (MMA and boxing) – 15-20 document types accepted
 - h. Notary
 - 1) 1 record type
 - 2) Approximately 2 services
 - 3) Approximately 5 document types accepted
 - i. Pending documents for additional requirements
 - j. Recall process of pending documents
 - k. Name availability
6. Subscriptions of data within the system databases sold to customers
7. Accounting
 - a. Payment batches
 - b. Reconcile and close individual batches
 - c. Daily deposit report
 - d. Payment types
 - 1) Cash
 - 2) Check
 - 3) Cashier's check

- 4) Money Order
- 5) Foreign funds
- 6) ACH payments
- 7) IDB payments
- 8) Credit card payment processes
- e. Refunds
- f. Write-offs
- g. Receipts/invoices
- h. Balancing service fee with the payment received
- i. Interface with PeopleSoft
- j. Balancing credit card payments with credit card portal
8. Reporting
 - a. Records statistics
 - b. Document statistics (processed and unprocessed)
 - c. User management reports
 - d. Accounting reports
 - e. Ad hoc queries
9. Records management/purge
10. Correspondence
 - a. Create, save, retrieve and purge
 - b. Print mailing labels
 - c. Create and edit templates
 - d. Create merge fields
11. Indexing records (ID system)
12. Complaints
13. Merge records
14. Search
 - a. Records
 - b. Accounting records
 - c. Documents
15. Automated processes (approximately 95), including:
 - a. Expiration notices
 - b. Renewal notices
 - c. Termination notices
 - d. Aged accounts
 - e. Daily refunds
16. Notifications to staff regarding records
 - a. Flagging record ID
 - b. Record reference code
 - c. Differentiation between record statuses (i.e. color indicator for inactive records)
17. User security roles
18. Maintaining system tables and labels
19. Data conversion to new system

DEFICIENCY APPROPRIATION SB 2023
HOUSE APPROPRIATIONS, MONDAY, MARCH 16th, 2:30 p.m.

3/14/15
House Approps,
SB 2023
#3

Good morning Mr. Chairman and committee members. My name is Robin Huseby, and I am Executive Director of the Commission on Legal Counsel for Indigents. We are an executive branch agency in charge of delivering legal services in state district court criminal and juvenile cases to persons who are deemed to be indigent. In 2014, we provided counsel in approximately 12,300 cases.

Our 2013-2015 Appropriation was \$14,421,276, which consisted of \$11,923,410 of general fund dollars, and authority to spend \$2,497,866 from our special fund, which consists of monies collected by clerks of courts from defendants. We usually bring in about \$1,900,000 per biennium from that fund.

We will be deficit spending this biennium. We had asked for a deficiency appropriation of \$700,000, however, we offer an amendment, a copy of which is attached to some written comments, to increase that amount to \$900,000. Let me explain why. As the monthly financials come in, it is clear we are cutting it very close assuming we get \$700,000. I would rather ask for more now that be caught short in June.

As of the end of February, with 17% of the biennium remaining, we had 8% of our budget remaining. We will be spending all of the general fund and special fund revenues, and spending our reserves in that special fund. The reserve is projected to be approximately \$1,300,000. We had \$1,190,979 left at the end of February. Adding that amount with the reserve amount, as well as the \$700,000 deficiency appropriation, we would have \$3,190,979 available for the next four months left in the biennium. We spent \$766,835 in February, and assuming we have that type of spending for March, April and May, that would leave us with \$880,979 for June. June is the last month of the biennium and can be very expensive with end of the biennium bills coming in. Also, we never know when we can get walloped with high bills on major cases that are out with conflict contractors. For those reasons we are asking this committee to amend the requested

2-Huseby/Commission on Legal Counsel for Indigents

amount to \$900,000. If we don't use it, it will be turned back.

I would like to address why we have a deficiency. This biennium we have been faced with severe challenges associated with case load increases, primarily in the west. We have been so deluged with the growing case load that we actually opened a Watford City public defender office earlier this year. With a new courthouse, new Judge (and possibly another one), more law enforcement and 3-4 full time prosecutors, the case load in McKenzie County alone is too much for contractors to handle. The same scenario exists in Williston and Dickinson; increased case load and increased resources.

We have gone from having 40 contractors a few years ago to having 62. We have greatly increased the number of providers in this judicial district, the south central, as well as out west.

We knew fairly early on in the biennium that there was going to be a problem with our appropriations and have kept our commission and OMB informed of the ongoing situation.

If you need more detailed financial information, do not hesitate to contact either me or Deputy Director Jean Delaney at 701 845-8632.

Thank you for your consideration.

Robin Huseby
Executive Director
Commission on Legal Counsel for Indigents
P.O. Box 149
Valley City, ND 58072
rhuseby@nd.gov
jedelaney@nd.gov
701 845-8632

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL 2023

Page 1, line 22, replace "700,000" with "900,000"

Page 1, line 23, replace "700,000" with "900,000"

Page 2, line 25, replace "9,459,026" with "9,659,026"

Page 1, line 27, replace "14,459,026" with "14,659,026"

Renumber accordingly

HOUSE APPROPRIATIONS – SB2023 HEARING
MINOT STATE UNIVERSITY
MARCH 16, 2015

3/16/15
Howe Approved
SB 2023
#4

DEFICIENCY APPROPRIATION – 2010 RAIN EVENT AND 2011 FLOOD – \$2,000,579

- Rain event in 2010 caused overland flooding, resulting in damage to access roads, landscaping, and basement areas inside Old Main. Total restoration expense was \$31,067. After FEMA reimbursements and state match, the remaining request is \$27,965.
- Mouse River flood in 2011 inundated the river valley in Minot. A clay dike along the entire southern border of campus protected buildings from all but minor water damage. However, damage to infrastructure systems (parking lots, sidewalks, access roads, curb/gutter, storm sewers, sanitary sewers, utility tunnels, exterior lighting systems, and landscaping) was significant. Total restoration expense was \$2,220,959. After FEMA reimbursements, the remaining request is \$1,972,614.
- While portions of this request were originally submitted during the 13-15 legislative session, OMB requested that MiSU withdraw the action until FEMA appeals could be filed and considered. With all such processes now complete, this request represents the final step in closing out the campus restoration effort. There will be no additional budget requests associated with these disaster declarations.

3/16/15
 Phase 1
 SB 2023
 #5

VCSU DEFICIENCY REQUESTS

1. Demolition of Retired Science Building	\$152,000
2. University Share of Phase 1 of Valley City Permanent Flood Protection	\$3,300,000
TOTAL	\$3,452,000

1. Demolition of Retired Science Building

\$152,000 (remainder of \$427,000 total cost, previously had received \$275,000 from NDUS deferred maintenance funding)

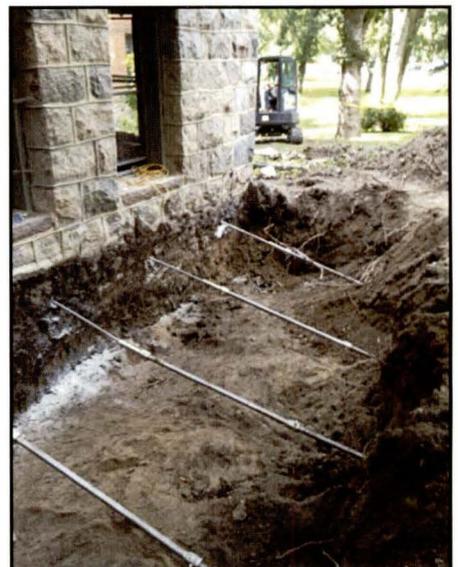
VCSU contracted for demolition and reclamation of the Retired Science Building and anticipates the costs detailed at right once the project is completed.

The work will correct issues by eliminating building collapse, creating a barrier for the hill.

VCSU needs to retain its remaining NDUS deferred maintenance funds to do foundation repair and stabilization for McFarland Hall, its signature "Old Main" administration and classroom building.

	Estimates	
Engineering	\$ 20,000	
Relocation of Services	40,000	a/
Asbestos Abatement	55,500	
Clear Building for Demolition	10,000	
Demolition	248,000	
Paving (plus %15 for overhead)	20,000	
Electrical (plus %15 for overhead)	6,000	
City Utilities and Steam Line	7,500	b/
Contingency	20,000	
Total	\$ 427,000	

a/ Expended \$31,000 through August 2014
 b/ Estimate provided by City of Valley City



McFarland Hall Foundation Issues
VCSU Deferred Maintenance Priority

2. University Share of Phase 1 of Valley City Permanent Flood Protection

\$3,300,000 (VCSU share of \$3,750,000 total cost)

VCSU has had a longstanding positive relationship with the community in which the institution resides. The city provides the following services to VCSU:

- street cleaning and snow removal
- utilities to campus buildings
- solid-waste removal
- security and related training

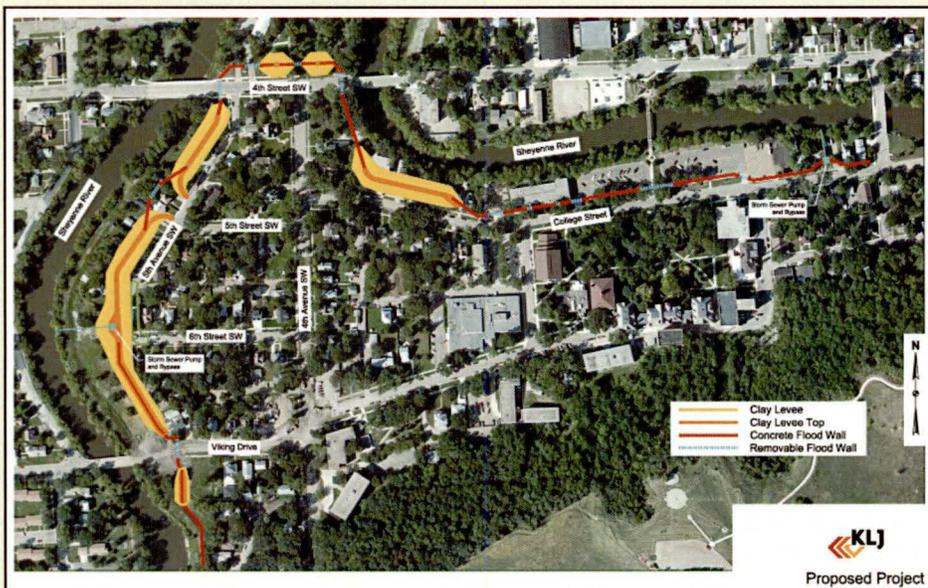
Additionally, both the community and VCSU understand the interdependence one has on the other and the need for both parties to work in a collaborative manner to move both

the city and the institution forward. VCSU appreciates the fact that Valley City has taken on the herculean task of permanent flood protection, especially prioritizing VCSU in Phase 1 of the project.

Due to our long history of partnering with our neighbors in the community, VCSU should pay for its share of Phase 1 of permanent flood protection. The citizens of Valley City and surrounding area should not bear the entire burden of this phase since VCSU receives the majority of the benefit.

Valley City Permanent Flood Protection Calculations			
Water Commission - 77.3%			\$ 12,750,000
Local Share - 22.7%			3,750,000
Phase 1 Project Costs			<u>\$ 16,500,000</u>
2014 City Assessed Property Values	\$ 4,000,000		
VCSU State Fire & Tornado Replacement Values *			
Graichen Gym	\$ 3,000,000		
Vangstad Auditorium	4,700,000		
Student Union	7,900,000		
Allen Memorial Library	12,000,000		
Total VCSU Replacement Cost	27,600,000		
Total Value of Property Protected	\$ 31,600,000		
City percentage	12.66%	474,684	
VCSU percentage	87.34%	3,275,316	
Local Share		<u>\$ 3,750,000</u>	

* Values represent values determined by State Fire & Tornado; actual replacement costs would be substantially more to bring space to current code and academic space standards.



VCSU
 Valley City State University
 101 College St SW
 Valley City, ND 58072
 800-532-8641 www.vcsu.edu

3/16/15
House Approps
SB 2023
#6

Testimony
Senate Bill 2023
House Appropriations Committee
March 16, 2015; 2:45 p.m.
North Dakota Department of Health

Good afternoon, Chairman Delzer and members of the House Appropriations Committee. My name is Molly Howell, and I am the Immunization Program Manager for the North Dakota Department of Health. I am here today to provide testimony in support of Senate Bill 2023.

The Department of Health is requesting a deficiency appropriation of \$470,900 for the Immunization Program in order to continue to supply vaccines for insured children who receive vaccinations at local public health units (LPHU), in accordance with North Dakota Century Code 23-01-39. Children who are uninsured, underinsured, American Indian, or Medicaid-eligible receive vaccines purchased through the federal Vaccines for Children Program.

The Department of Health's budget for the 2013 – 2015 biennium included \$2.5 million for vaccines provided at LPHUs. The department experienced a deficiency in funding because more children than anticipated actually received vaccines, vaccine costs have increased, and a new vaccine, which was not accounted for in the prior budget, will become available in April 2015. More children than estimated received influenza, meningitis, and human papillomavirus (HPV) vaccines and a new HPV vaccine that covers nine types instead of four types of HPV will be available in April 2015.

Additionally, the Centers for Disease Control and Prevention (CDC) recently changed the requirements on ordering and replenishing vaccines, requiring the department to purchase the July 2015 supply of vaccines before June 30, 2015.

For the 2015 – 2017 biennium, the Department of Health's recommended budget includes \$3.08 million for vaccines provided at LPHUs. This includes an increase of \$576,853 for the reasons explained above, along with five percent inflation per year to account for vaccine price increases and increased demand for vaccines. The Department of Health's budget passed the House with this increase in funding for vaccines.

This concludes my testimony. I am happy to answer any questions you may have.

3/16/15
House Appropriations
SB 2023
#7

**Testimony
Senate Bill 2023
House Appropriations Committee
March 16, 2015; 2:45 p.m.
North Dakota Department of Health**

Good afternoon, Chairman Delzer and members of the House Appropriations Committee. My name is David Glatt, Environmental Health Section Chief for the North Dakota Department of Health. We are responsible for the implementation of the vast majority of environmental protection programs in the state, including programs delegated to the state through agreements with the U.S. Environmental Protection Agency. I am here today to provide testimony in support of Senate Bill 2023.

The Department of Health is requesting a deficiency appropriation of \$250,000 to cover the cost of several current or pending legal actions with the U.S. Environmental Protection Agency. The FY 2013-2015 appropriation for special legal activities is \$500,000. At present the Department has spent approximately \$530,000. Although it is difficult to predict the timing of anticipated court decisions or roll out of final federal agency rules, the Department expects to continue to either take a lead role or partner with other states in at least three major actions in the coming months. They include challenges to federal actions in the following areas:

- Federal 1-Hour SO₂ Rule: The state is asking the court to compel the U.S. EPA to make a final determination on the compliance status of the state of North Dakota as defined in the rule. EPA had up to two years to make the determination but is now asking to delay the action for several years while they evaluate the new rules or procedures to determine the state's status. The delay in the determination can harm the state as we move to permit new sources.
- Regional Haze Program: The state of North Dakota has prevailed in a federal court decision that sided with the state regarding how best to control NO_x emissions at specific coal fired power plants. We anticipate the need to participate in a court action to defend the final decision by the EPA, which was released in February 2015.
- Clean Power Plan: The U.S. EPA has proposed rules that would regulate how CO₂ emissions are regulated or how energy is produced

in each state. There is concern that the final rules will exceed the authority of the federal government by directing energy policy in each state, thereby usurping state authority. We anticipate that because each state will be assigned a specific compliance goal, each state who opposes the final determination will need to initiate a lawsuit against the EPA. The intent of the lawsuit will be to protect state authority to make decisions on how to implement federal laws and rules.

This concludes my testimony. I am happy to answer any questions you may have.

3/16/15
House Appropri
SB 2023
#8

House Appropriations
Representative Jeff Delzer, Chairman

March 16, 2015

Senate Bill 2023

North Dakota Department of Corrections and Rehabilitation

- Payment of outstanding State Penitentiary building project loan and related interest.
 - Sixty-second Legislative Assembly – HB1015:

SECTION 3. BORROWING AUTHORITY - BANK OF NORTH DAKOTA - APPROPRIATION. The department of corrections and rehabilitation may borrow the sum of \$1,100,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated to the department of corrections and rehabilitation for the purpose of defraying the expenses of the penitentiary expansion project, for the period beginning July 1, 2011, and ending June 30, 2013.

Loan Date: 06-06-2013
Maturity: 06-30-2015
Principal: \$1,100,000
Initial Interest Rate: 1.750%

- Loan payoff – April 30, 2015
 - Principal - \$1,100,000
 - Interest - \$35,547
- State Penitentiary building project
 - Total appropriation - \$64,000,000
 - Substantial completion – April 2013
 - New cell houses occupied – June 2013
 - Total actual expenditures - \$63,920,610
 - Contract retainage payable - \$25,000 (City Air Mechanical, Inc.)
 - Total unexpended appropriation - \$79,390
- See attached promissory note and loan payoff statement

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,100,000.00	06-06-2013	06-30-2015			2500259000	2003	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing ***** has been omitted due to text length limitations.							

Borrower:	North Dakota Dept. of Corrections and Rehabilitation 3100 Railroad Avenue Bismarck, ND 58501	Lender:	The State of North Dakota, doing business as The Bank of North Dakota 1200 Memorial Highway PO Box 5509 Bismarck, ND 58506-5509 (701) 328-5600
------------------	--	----------------	--

Principal Amount: \$1,100,000.00 Initial Rate: 1.750% Date of Note: June 6, 2013

PROMISE TO PAY. North Dakota Dept. of Corrections and Rehabilitation ("Borrower") promises to pay to The State of North Dakota, doing business as The Bank of North Dakota ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million One Hundred Thousand & 00/100 Dollars (\$1,100,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on June 30, 2015. Unless otherwise agreed or required by applicable law, payments will be applied to any interest first; then to principal; then to unpaid fees; then to any unpaid collection costs and then to late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the 30 day LIBOR rate per the Federal Home Loan Bank of Des Moines. (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each first day of the month. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 0.194% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 1.750% per annum. NOTICE: Under no circumstances will the interest rate on this Note be less than 1.750% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Bank of North Dakota, 1200 Memorial Highway, Bismarck, ND 58504-5509.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 2.000% of the unpaid portion of the regularly scheduled payment or \$15.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of North Dakota without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of North Dakota.

COLLATERAL. This loan is unsecured.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested either orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Bank of North Dakota, 1200 Memorial Highway, Bismarck, ND 58504-5509.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PROMISSORY NOTE
(Continued)

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

NORTH DAKOTA DEPT. OF CORRECTIONS AND REHABILITATION

By: *Dave Krabbenhoft*
Dave Krabbenhoft, Director of Administration of
North Dakota Dept. of Corrections and Rehabilitation

BANK OF NORTH DAKOTA
1200 MEMORIAL HWY
BISMARCK, ND 58504

ND DEPT OF CORRECTIONS & REHAB
3100 RAILROAD AVE
PO BOX 1898
BISMARCK ND 58501

Loan Payoff Statement

Loan Payoff for:	Loan Number:	125025900001
ND DEPT OF CORRECTIONS & REHAB	Date Quoted:	Jul 29, 2014
3100 RAILROAD AVE	Payoff Good To:	Apr 30, 2015
PO BOX 1898	Method:	1/0
BISMARCK ND 58501		

Collateral:UNSECURED

Principal:	\$1,100,000.00
Interest To Apr 30, 2015:	<u>\$35,546.57</u>
Net Amount Due:	\$1,135,546.57

Additional Information

One Day's Interest: \$52.74

3/16/15
House Approps
SB 2023
#9

TESTIMONY ON SENATE BILL 2023

**MG DAVID SPRYNCZYNATYK
THE ADJUTANT GENERAL
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
MARCH 16, 2015**

Mr. Chairman and Members of the Committee, I am MG David Sprynczynatyk, The Adjutant General and Director of the Department of Emergency Services.

Senate Bill 2023 appropriates \$5.0 million from the State Disaster Relief Fund (DRF) to the Office of Adjutant General to repay loans from the Bank of North Dakota (BND) for the State's share of presidentially declared disasters. In the absence of legislative appropriation from the State DRF, North Dakota Century Code 37-17.1-23 authorizes BND loans if approved by the Emergency Commission.

Currently, we have nine BND loans totaling approximately \$7.2 million. These loans were for presidentially declared disasters that occurred after the 2013 legislative session and for the state share for older disasters beginning with the 2009 flood, three disasters from 2010 and two from 2011. The budgeted state cost share for the older disasters exceeded the projected biennial cost. The overall state cost share did not increase, only the timing of the expenditures during the current biennium instead of the 2015-17 biennium. Timing of the expenditures is difficult to forecast, depending upon completion of large projects for disaster recovery and mitigation.

The loan repayment necessary this biennium will not exceed the \$5.0 million requested.

<u>DISASTER</u>	<u>TOTAL DISASTER COST ESTIMATE</u>	<u>EMERGENCY COMMISSION/ LOAN DATE</u>	<u>LOAN AMOUNT</u>
SOUTHERN RED RIVER FLOODING (APRIL & MAY 2013)	\$ 9,200,000.00	APRIL 2013	\$ 60,000.00
		MAY 2013	\$ 775,000.00
		NOVEMBER 2013	<u>\$ 450,980.00</u>
			\$ 1,285,980.00
NORTHERN RED RIVER FLOODING (MAY & JUNE 2013)	\$ 13,800,000.00	JULY 2013	\$ 914,375.00
		NOVEMBER 2013	<u>\$ 702,000.00</u>
			\$ 1,616,375.00
WINTER STORM OCT 4-5, 2013	\$ 8,400,000.00	NOVEMBER 2013	\$ 1,009,375.00
SUMMER FLOODING JUNE 2014	\$ 2,900,000.00	OCTOBER 2014	\$ 227,000.00
		NOVEMBER 2014	<u>\$ 243,000.00</u>
			\$ 470,000.00
2009 THRU 2011 DISASTERS	\$ 488,558,694.00	NOVEMBER 2014	\$ 2,800,000.00

Loan Total	\$ 7,181,730.00
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Handout #1
SB 2023
4/1/15
Chris Kadman

Project Worksheet	Project or Fund	Project Description	Total Expenses	FEMA Reimb	Previous Def Approp	Def Approp	State Match	FEMA Ineligible
PW-1090/1194	10500	2010 Rain Event - Old Main Bldg and Loop Road	31,066.66	2,326.54	775.51	27,964.61	-	27,964.61
PW-1972	10553	2011 Flood Event - Parking Lot F	7,448.00	6,744.58	-	703.42	703.42	-
PW-2176	10555	2011 Flood Event - Lot B Lura Manor	25,856.00	4,938.12	-	20,917.88	548.68	20,369.20
PW-2190	10556	2011 Flood Event - Lot M Campus Heights	241,675.71	57,075.12	-	184,600.59	6,341.68	178,258.91
PW-2940	10557	2011 Flood Event - Upper Access Road	288,627.38	89,887.50	-	198,739.88	9,987.50	188,752.38
PW-2128	10558	2011 Flood Event - Lot D Cook Hall	369,004.80	13,421.16	-	355,583.64	1,491.24	354,092.40
PW-2945	10559	2011 Flood Event - Hillside Borrow Pit	283,052.31	35,361.90	-	247,690.41	3,929.10	243,761.31
PW-3104	10561	2011 Flood Event - Manhole	15,589.88	3,600.00	-	11,989.88	400.00	11,589.88
PW-3102	10562	2011 Flood Event - Crane Hall Cement, Brick Wall, & Carpet	2,809.07	1,615.50	-	1,193.57	179.50	1,014.07
PW-3101	10563	2011 Flood Event - Stadium/Dome Lot	407,935.55	10,975.20	-	396,960.35	1,219.47	395,740.88
PW-2942	10564	2011 Flood Event - Road North of Allen Field	123,042.54	-	-	123,042.54	-	123,042.54
PW-3076	10560	2011 Flood Event - Irrigation Pump	42,531.63	24,725.65	-	17,805.98	2,747.29	15,058.69
PW-n/a	10565	2011 Flood Event - Lot L Parking Lot Repair	168,488.11	-	-	168,488.11	-	168,488.11
PW-n/a	10566	2011 Flood Event - Sidewalks, Curbs, & Gutters	100,020.32	-	-	100,020.32	-	100,020.32
PW-n/a	24100	2011 Flood Event - Miscellaneous Projects	144,877.51	-	-	144,877.51	-	144,877.51
TOTALS			2,252,025.47	250,671.27	775.51	2,000,578.69	27,547.88	1,973,030.81

FOOTNOTES

(1) State match was 25% in 2010 and 10% in 2011 (percentages set by FEMA)

(2) Shaded columns are included only to explain the makeup of the deficiency appropriation amounts

SB 2023 #1
4-14-15

Run Date: Apr 13, 2015
4310AA

APPROPRIATION STATUS REPORT

For the Month Ending Mar 2015
Percent of Biennium Remaining 12%

	Original Appropriation	Current Appropriation	Expenditures	Remaining Appropriation	Encumbrances	% Remaining
Expenditures by Line Item						
18812 Accrued Leave Payments	116,872.00	116,872.00	27,330.66	89,541.34	0.00	77%
18870 Legal Counsel for Indigents	14,304,404.00	14,304,404.00	13,965,395.25	339,008.75	0.00	2%
Total Expenditures	14,421,276.00	14,421,276.00	13,992,725.91	428,550.09	0.00	3%
Expenditures by Funding Source						
General Funds	11,923,410.00	11,923,410.00	11,592,852.80	330,557.20	0.00	3%
Special Funds	2,497,866.00	2,497,866.00	2,399,873.11	97,992.89	0.00	4%
Total Expenditures by Source	14,421,276.00	14,421,276.00	13,992,725.91	428,550.09	0.00	3%

We spent \$762,429 in March, 2015. We have three months left of the biennium. Here are what funds we have available.

We have \$428,550.00 appropriated funds left; that is a combination of general fund money and from our special fund. We anticipate having approximately \$1,300,000 from our special fund reserve. We are hoping to have \$700,000 in a deficiency appropriation. The total we project to have available is \$2,428,550. That equates to \$809,516 a month for 3 months.

What concerns me greatly is June. As it's the end of the biennium, expenditures are always significantly higher than the other months. That is why the \$200,000 we asked for in an amendment is critical for us to get through June. Even predicting we spent \$770,000 in April, and \$775,000 in May, that will give us \$883,550 for June, and I don't believe that will be enough.

Robin Huseby, Executive Director
rhuseby@nd.gov
 701 845-8632

6.1

Total by District

Account	(Multiple Items)											Grand Total
	Sum of Amount	Year	Period2	Period								
		2014	2015									
		July	August	September	Oct-Feb					March		
Dept3					October	November	December	January	February			
East Central		1,466,169.19	116,333.67	123,136.39	120,277.16	128,203.20	118,351.86	112,497.13	113,532.05	118,148.38	127,959.97	2,544,609.00
NorthEast		425,349.15	38,352.00	38,995.44	37,214.87	37,770.10	38,448.02	37,220.54	38,311.55	45,272.29	39,881.40	776,815.36
NECentral		691,800.96	54,488.66	60,997.24	57,445.86	55,993.35	62,294.03	69,720.08	52,727.97	85,599.76	62,925.21	1,253,993.12
Minot		733,199.59	63,969.03	60,039.30	63,848.13	65,625.91	65,680.21	65,120.41	71,104.25	66,291.57	74,569.78	1,329,448.18
Williston		914,785.59	77,596.17	76,915.26	81,703.20	85,562.62	91,994.28	92,259.18	116,940.46	93,816.28	90,598.83	1,722,171.87
South Central		1,670,308.81	142,749.44	141,910.92	155,910.59	148,138.45	149,974.21	156,006.03	153,935.38	160,339.62	176,154.22	3,055,427.67
SouthEast		421,325.09	37,689.40	40,945.80	38,785.75	36,567.12	56,750.93	43,805.23	48,169.88	44,202.44	40,597.50	808,839.14
Southwest		483,922.24	41,506.94	40,048.11	42,747.11	39,933.95	46,720.87	54,278.32	50,722.71	41,873.27	51,637.44	893,390.96
Valley City		552,562.52	40,656.73	43,301.91	44,155.22	49,138.78	59,862.18	45,126.63	44,122.80	50,983.53	51,042.21	980,952.51
Appellate		162,305.40	12,044.07	12,117.50	15,014.88	14,964.71	18,096.22	16,070.93	20,222.27	23,450.26	17,857.14	312,143.38
Minor Adj		141,595.66	13,038.92	12,921.97	13,065.35	13,205.87	13,233.64	14,297.10	13,175.41	13,065.71	13,187.89	260,787.52
	4230	713.32										713.32
	4440					18.95	307.11	6,187.05	7,074.39	23,792.53	16,017.45	53,397.48
	1200					36.40						36.40
Grand Total		7,664,037.52	638,425.03	651,329.84	670,168.12	675,159.41	721,713.56	712,588.63	730,039.12	766,835.64	762,429.04	13,992,725.91

1.2

Minot State Flood Damages

SB 2023
4-14-15

#2

Project Worksheet	Project or Fund	Project Description	Total Expenses	FEMA Reimb	Previous Def Approp	Def Approp	State Match	FEMA Ineligible
PW-1090/1194	10500	2010 Rain Event - Old Main Bldg and Loop Road	31,066.66	2,326.54	775.51	27,964.61	-	27,964.61
PW-1972	10553	2011 Flood Event - Parking Lot F	7,448.00	6,744.58	-	703.42	703.42	-
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PW-2942	10564	2011 Flood Event - Road North of Allen Field	123,042.54	-	-	123,042.54	-	123,042.54
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PW-n/a	10565	2011 Flood Event - Lot L Parking Lot Repair	168,488.11	-	-	168,488.11	-	168,488.11
PW-n/a	10566	2011 Flood Event - Sidewalks, Curbs, & Gutters	100,020.32	-	-	100,020.32	-	100,020.32
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FOOTNOTES

(1) State match was 25% in 2010 and 10% in 2011 (percentages set by FEMA)

(2) Shaded columns are included only to explain the makeup of the deficiency appropriation amounts

2.1

OFFICE OF ADJUTANT GENERAL
 2013 - 15 DISASTER LOANS
 SB 2023

SB 2023
 4-17-15

#1

<u>DISASTER</u>	<u>LOAN DATE</u>	<u>LOAN/DEFICIENCY AMOUNT</u>	<u>LOAN ENCUMBRANCE AS OF 4/16/15</u>	<u>ESTIMATED ADDITIONAL EXPENDITURES 4/17/15 - 6/30/15</u>	<u>ESTIMATED TOTAL DEFICIENCY AS OF 6/30/2015</u>
DR4118 - SOUTHERN RED RIVER FLOODING (APRIL & MAY 2013)	APRIL 2013	\$ 60,000.00	\$ 60,000.00	\$ -	\$ 60,000.00
	MAY 2013	\$ 775,000.00	\$ 749,389.00	\$ 25,611.00	\$ 775,000.00
	NOVEMBER 2013	\$ <u>450,980.00</u>	\$ -	\$ 10,000.00	\$ 10,000.00
		\$ 1,285,980.00			
DR4128 - NORTHERN RED RIVER FLOODING (MAY & JUNE 2013)	JULY 2013	\$ 914,375.00	\$ 643,605.00	\$ 270,770.00	\$ 914,375.00
	NOVEMBER 2013	\$ <u>702,000.00</u>	\$ -	\$ 12,249.00	\$ 12,249.00
		\$ 1,616,375.00			
DR4154 - WINTER STORM OCT 4-5, 2013	NOVEMBER 2013	\$ 1,009,375.00	\$ 29,833.00	\$ 81,117.00	\$ 110,950.00
DR4190 - SUMMER FLOODING JUNE 201	OCTOBER 2014	\$ 227,000.00	\$ 215,419.00	\$ 11,581.00	\$ 227,000.00
DR4190 - SUMMER FLOODING JUNE 201	NOVEMBER 2014	\$ 243,000.00	\$ -	\$ 73,000.00	\$ 73,000.00
2009 THRU 2011 DISASTERS	NOVEMBER 2014	\$ <u>2,800,000.00</u>	\$ <u>136,769.00</u>	\$ <u>2,600,000.00</u>	\$ <u>2,736,769.00</u>
		^{1/}			
	TOTALS	\$ 7,181,730.00	\$ 1,835,015.00	\$ 3,084,328.00	\$ 4,919,343.00
			ESTIMATED INTEREST PAYABLE AS OF 6/30/2015		\$ 60,000.00

ESTIMATED TOTAL DEFICIENCY 6/30/2015 \$ 4,979,343.00

1/ Only a portion of the loan amount will be drawn by June 30th 2015.

1.1