

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HEALTH CARE

Wednesday, July 26, 2006

International Peace Garden, Dunseith, North Dakota
State Fair Association, Minot, North Dakota

Senator Aaron Krauter, Chairman, called the meeting to order at 9:30 a.m. at the International Peace Garden.

Members present: Senators Aaron Krauter, Richard L. Brown, Ralph L. Kilzer, Judy Lee, Tim Mathern, Carolyn Nelson; Representatives William R. Devlin, Gary Kreidt, Shirley Meyer, Vonnie Pietsch, Todd Porter, Louise Potter, Clara Sue Price, Robin Weisz, Alon C. Wieland

Members absent: Senators John M. Andrist, Russell T. Thane; Representative Lee Kaldor

Others present: David O'Connell, State Senator, Lansford

Tracy Boe, State Representative, Mylo

Merle Boucher, State Representative, Rolette

Ron Carlisle, State Representative, Bismarck

See attached appendix for additional persons present.

It was moved by Senator Mathern, seconded by Senator Brown, and carried on a voice vote that the minutes of the June 12, 2006, meeting be approved as distributed.

INTERNATIONAL PEACE GARDEN BUDGET TOUR

Chairman Krauter called on Mr. Steven Locke, Chief Executive Officer/Development Director, International Peace Garden, who welcomed the committee to the International Peace Garden. A copy of the information presented is on file in the Legislative Council office. Mr. Locke said the International Peace Garden was established in 1932 and consists of 2,339.3 acres of property. He said approximately 150,000 people visit the International Peace Garden each year.

Mr. Locke said there are 184 buildings and 11 structures located on International Peace Garden property, many of which are historic in nature. For decades, he said, maintenance projects have been deferred at the International Peace Garden due to the lack of necessary funding. He said the Legislative Assembly appropriated \$602,854 from the general fund to the International Peace Garden for the 2005-07 biennium, which is an increase of \$250,000 from the 2003-05 biennium appropriation of \$352,854. He said the 2005-07 biennium appropriation includes a one-time appropriation of \$250,000 for planning efforts relating to the construction of a conflict resolution center.

Mr. Locke said the International Peace Garden does not have sufficient funding for operating and maintenance costs. He said the International Peace Garden can only offer minimum wages and cannot maintain a consistent workforce because of the competitive job marketplace. He said the International Peace Garden will submit a request for an additional appropriation of \$1,317,000 from the 2007 Legislative Assembly, of which \$384,000 is for salaries and operating costs and \$933,000 for needed repairs to existing infrastructure.

Mr. Locke said the Canadian national and provincial governments have offered to provide a grant of \$3.7 million (Canadian) to redevelop the International Peace Garden formal gardens and build a new year-round interpretive center. He said the interpretive center will feature a conservatory, interpretive tools to present the horticultural and historical significance of the area, an area for rotating exhibits from museums, a community center, and a restaurant and gift shop. He said the grant is conditional upon the International Peace Garden obtaining matching funds. He said the International Peace Garden will request a \$3 million appropriation from the 2007 Legislative Assembly, which is the approximate equivalent of \$3.7 million (Canadian), to be used as matching funds for the Canadian grant. He said the Canadian grant will be withdrawn in 2009 if necessary United States matching funds have not been received.

In response to a question from Senator Mathern, Mr. Locke said private funding may be used as matching funds for the Canadian grant; however, private grants are difficult to obtain.

In response to a question from Senator Krauter, Mr. Locke said the International Peace Garden has not prioritized the repairs and maintenance project needs.

In response to a question from Senator Krauter, Mr. Locke said the International Peace Garden has reduced employees and operating expenditures due to limited available funding.

In response to a question from Representative Wieland, Mr. Locke said he believes a majority of the buildings at the International Peace Garden were constructed with funding from the Canadian and United States governments. Senator Lee said many of the buildings were constructed with funding from citizen organizations. Mr. Locke said these citizen organizations have declining membership and limited

financial resources to repair and maintain these buildings.

In response to a question from Representative Carlisle, the legislative budget analyst and auditor said an appropriation to the International Peace Garden for the 2007-09 biennium can be designated specifically for repairs and maintenance projects.

Senator Krauter said it is important for the International Peace Garden to communicate to the Office of Management and Budget and the Governor's office the need to include necessary funding for repairs and maintenance in the executive budget recommendation. He said it is easier for the funding to be approved by the Legislative Assembly when it is also included in the executive budget recommendation.

Senator Nelson said repairs and maintenance expenditures are also necessary to provide the proper conditions for preservation of equipment, such as musical instruments at the International Music Camp.

In response to a question from Representative Wieland, Mr. Locke said that he was selected in 2005 to be the chief executive officer/development director of the International Peace Garden. He said it is a one-year funded position to provide overall oversight and to put into place a fundraising effort to eventually bring to reality the International Peace and Conflict Resolution Center. He said this project is divided into three phases. He said Phase 1 is the formal garden restoration and the building of a year-round interpretive center. He said Phases 2 and 3 of the project will include a conflict resolution center and hotel. Mr. Locke said his salary is being paid from the \$250,000 of funding provided by the Legislative Assembly. According to information presented by representatives of the International Peace Garden to the 2005 Legislative Assembly, one-time funding of \$250,000 was requested for use in furthering the ongoing project of the International Peace and Conflict Resolution Center.

Senator Krauter said the International Peace Garden should contact the North Dakota Insurance Department regarding whether coverage is available from the North Dakota Insurance Reserve Fund or the state fire and tornado fund for wind damage incurred to buildings at the International Peace Garden. He said the International Peace Garden should contact the Game and Fish Department regarding possible solutions for controlling the deer population and the related damage caused by the deer to the gardens.

Representative Price asked Mr. Locke to provide the 2007 Legislative Assembly with a prioritized summary of necessary repair and maintenance projects and a map identifying the location of the buildings and structures on International Peace Garden property in need of repairs and maintenance.

Chairman Krauter called on Mr. Joe Alme, Camp Director, International Music Camp, who commented on the International Music Camp. He said this is the 51st season of the International Music Camp. He said approximately 113,000 students have attended the

International Music Camp during the 51 years of operation.

Mr. Alme said the 2005 Legislative Assembly appropriated \$350,000 from the permanent oil tax trust fund to the Parks and Recreation Department for the purpose of providing a one-time grant to the International Music Camp to assist with the construction cost of the International Arts Center to be located at the International Music Camp. He said construction of the International Arts Center is scheduled to start in August 2006. He said the International Music Camp will be responsible for repairs and maintenance costs of this building.

Chairman Krauter called on Mr. George Phillips, Head Coach, Legion Athletic Camp, who commented on the Legion Athletic Camp. Mr. Phillips said the Legion Athletic Camp annually hosts approximately 1,500 staff and students.

The committee conducted tours of the main office building, formal gardens, International Music Camp, the Quentin Burdick Center for Performing Arts, the Civilian Conservation Corps lodge, Legion Athletic Camp, and Peace Towers. The committee recessed for lunch at 11:45 a.m. After lunch, which was provided by the International Peace Garden, the committee traveled to Minot.

STATE FAIR ASSOCIATION BUDGET TOUR

The committee reconvened at the State Fair at 3:00 p.m. Chairman Krauter called on Mr. Bob Wagoner, General Manager, State Fair Association, who welcomed the committee to the State Fair. Mr. Wagoner said it was important to have legislators conduct the tour during the State Fair to "showcase" the event. Mr. Wagoner discussed the State Fair and provided an overview of the State Fair Association. A copy of the information presented is on file in the Legislative Council office. Mr. Wagoner said the State Fair was authorized by the 1965 Legislative Assembly and the first official State Fair was held on July 17-23, 1966, in Minot. He said the State Fair is the youngest state fair in the country. In a relatively short period of time, he said, the North Dakota State Fair has earned the reputation of being a "very highly regarded" agricultural fair.

Mr. Wagoner said state funding is utilized for awards and premiums for competitive events, capital construction project loan repayments, asphalt projects, and the grandstands. He said the 2005 Legislative Assembly appropriated \$615,000 from the general fund to the State Fair Association. He said this amount includes \$405,000 for awards and premiums and \$210,000 to assist with 2005-07 biennium State Fair capital construction bond payments.

Mr. Wagoner said the State Fair Association will submit a request to the 2007 Legislative Assembly that the 2007-09 biennium appropriation for awards and premiums be increased to \$465,000, which is a

15 percent increase from the 2005-07 biennium. He said the average premium paid to competitors for achieving a certain level of excellence in each competition was \$4.56 in 2005, which is less than the \$5.37 average premium paid in 1975. He said assuming an average inflation rate of 3 percent since 1975, the \$5.37 average premium rate adjusted for inflation equates to 45 cents.

In response to a question from Senator Lee, Mr. Wagoner said North Dakota 4-H provides multiple awards in each competition category to encourage kids to strive for excellence. Representative Price said the number of competition categories has also increased over the years.

In response to a question from Senator Nelson, Mr. Neil Fleming, board member, State Fair Association, said North Dakota 4-H has paid monetary awards for many years.

Mr. Wagoner said the State Fair Association outstanding bond balance was approximately \$1.2 million as of July 1, 2006. He said the bond issuance was for the All Seasons Arena addition and the Cultural Exhibit Building. He said the State Fair Association total bond payments are \$547,247 per biennium.

In response to a question from Representative Kreidt, Mr. Wagoner said the interest rate on the outstanding bond is approximately 5.5 percent.

Mr. Wagoner said the state fairgrounds has over one million square feet of asphalt that needs to be maintained. He said many areas are approaching 30 years old and are in need of repair. He said the State Fair Association will also request an appropriation of \$560,000 from the 2007 Legislative Assembly for an asphalt repair project.

Mr. Wagoner said a new grandstand has been discussed since the State Fair Association's first request for funding in 1983. He said each year the need for a grandstand replacement becomes more evident. He said a new grandstand would increase capacity, address handicap accessibility, provide necessary restrooms, and improve the overall fair experience. He said the State Fair Association will

request an appropriation of \$15 million from the 2007 Legislative Assembly for replacement of the grandstand.

In response to a question from Representative Wieland, Mr. Wagoner said the annual budget of the State Fair is constructed to provide for a small profit; however, whether a profit is realized depends greatly on weather conditions. He said this is consistent with most fairs throughout the country. To date, he said, attendance at the 2007 State Fair has been very good.

In response to a question from Senator Krauter, Mr. Wagoner said State Fair Association revenues are supplemented by year-round events held on the state fairgrounds and partnerships with other entities, including Ward County, the city of Minot, and the Norsk Hostfest.

In response to a question from Representative Price, Mr. Wagoner said the State Fair Association will provide the committee members with information relating to the history of the State Fair.

In response to a question from Senator Lee, Mr. Wagoner said he believes the primary goal of the State Fair is to provide quality agricultural events and a family environment.

The committee conducted a tour of the grandstands and committee members were encouraged to enjoy the 2007 State Fair activities.

The committee adjourned subject to the call of the chair at 4:15 p.m.

Donald J. Wolf
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

[ATTACH:1](#)