

FISCAL NOTE
Requested by Legislative Council
01/05/2007

Bill/Resolution No.: HB 1159

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues					\$6,850,000	
Expenditures			\$60,000,000		\$45,000,000	
Appropriations			\$60,000,000		\$45,000,000	

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Bill provides a specific amount to site and construct a 950 correctional facility to replace the existing NDSP and MRCC. Directs the DOCR to sell the NDSP and MRCC property and to hire an expert to develop a master site plan.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This fiscal note addresses ONLY the projected costs to construct a new facility and does NOT attempt to estimate the cost of operating, staffing or maintaining a new facility.

Although this bill provides for a specific amount (\$60 million appropriated in 07-09; \$45 million in legislative intent in 09-11) to site and construct a 950 bed correctional facility to replace the existing NDSP and MRCC, it is the DOCR's position that the amount specified in HB1159 (\$105 million) is not adequate.

Recent information obtained from Ritterbush-Ellig-Hulsing / HDR Architecture, Inc. estimates the cost of 950 bed correctional facility, exclusive of land acquisition, to be \$116.3 million. This facility would be comparable in all areas (ie; bed space, security, medical, programming and treatment, industries, and auxiliary services) to the "NDSP proposed building project complete" and the current MRCC.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenues listed in 1A above for the 09-11 biennia consist of the following:

- Sale of MRCC - \$7,850,000
- Sale of NDSP - \$5,000,000
- Demolition of NDSP - \$(6,000,000)
- Estimated Net Proceeds from sale of property - \$6,850,000

The MRCC amount is per a 2/28/05 appraisal of the MRCC property completed by Dakota Appraisal and Consulting, LTD. The amount is based on 785 acres as-is market value (without riverbank stabilization easement)
The NDSP amount is per a 12/28/06 appraisal of the NDSP property completed by Dakota Appraisal and Consulting, LTD. The amount is based on 80 acres on only the underlying land's market value.
The NDSP demolition amount is an estimated amount per Ritterbush-Ellig-Hulsing / HDR Architecture, Inc.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditure amounts listed in 1A above are equal to the appropriation and legislative intent amounts specified in HB1159.

It is the opinion of the DOCR that amount provided in HB1159 is not adequate to site and construct a 950 bed correctional facility that is comparable in all areas to the "NDSP proposed building project complete", and the current MRCC. Current estimate for a comparable 950 bed facility, exclusive of land acquisition, is \$116.3 million.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Appropriation amounts listed in 1A above are equal to the appropriation and legislative intent amounts specified in HB1159.

It is the opinion of the DOCR that amount provided in HB1159 is not adequate to site and construct a 950 bed correctional facility that is comparable in all areas to the "NDSP proposed building project complete", and the current MRCC. Current estimate for a comparable 950 bed facility, exclusive of land acquisition, is \$116.3 million.

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