

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

GOVERNMENT SERVICES COMMITTEE

Wednesday, April 2, 2014
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Ronald Sorvaag, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Ronald Sorvaag, Ron Carlisle, Richard Marcellais, David O'Connell; Representatives Roger Brabandt, Glen Froseth, Ed Gruchalla, Rick Holman, Karen Karls, George J. Keiser, Scott Louser, Gail Mooney, Chet Pollert, Alon Wieland

Members absent: Representatives Curtiss Kreun, Vicky Steiner

Others present: See [Appendix A](#)

It was moved by Senator O'Connell, seconded by Representative Keiser, and carried on a voice vote that the minutes of the January 16, 2014, meeting be approved as distributed.

STUDY OF FACILITY NEEDS OF STATE AGENCIES IN THE BISMARCK AREA

The Legislative Council staff presented a memorandum entitled [Survey of Agency Space Needs in the Bismarck Area](#). The committee at its January 16, 2014, meeting asked the Legislative Council staff to conduct a survey of state agencies in the Bismarck area to collect information on space usage and needs. The information included in this memorandum identifies the location of agency space, whether the space is owned or leased, square footage, cost per square foot, use of space, and number of employees at the location. Selected space needs identified by agencies include:

- The Secretary of State identified space needs of 2,000 square feet at the Capitol to accommodate current personnel;
- The Attorney General identified space needs of 9,500 square feet to accommodate its expanded Bureau of Criminal Investigation staff, its Information Technology Division staff, and four offices for legal staff;
- The Tax Commissioner identified space needs of 6,500 square feet to accommodate current staffing levels;
- The Department of Public Instruction indicated current space in the Capitol could be remodeled, creating efficiencies that would allow the agency to vacate 2,157 square feet in the Liberty Memorial Building;
- The State Department of Health identified space needs of 1,152 square feet to accommodate eight new full-time equivalent (FTE) positions approved by the 2013 Legislative Assembly; and
- The Adjutant General identified space needs of 5,400 square feet for storage.

Mr. John Boyle, Director, Facility Management Division, Office of Management and Budget, presented information ([Appendix B](#)) regarding the amount of leased, owned, and total space by department, the cost of leased space per FTE position by department, the projected space needs for each department, and a build versus lease cost analysis. He said the Facility Management Division has at least partially addressed the space needs of the Supreme Court, Secretary of State, Indian Affairs Commission, North Dakota University System, and State Auditor with judicial wing space to be vacated by the Information Technology Department.

In response to a question from Representative Keiser, Mr. Boyle said general fund agencies are not charged rent. He said operating costs of leased space off the Capitol grounds are approximately \$5 to \$8 per square foot and \$11.29 per square foot to operate on the Capitol grounds. He said the \$11.29 includes administrative costs, custodial and maintenance staff, and other related expenses. He said the cost will increase to \$11.59 per square foot for the 2015-17 biennium.

In response to a question from Representative Keiser, Mr. Boyle said he would provide an amortization schedule for parking lots used for generating lease rates for agencies.

Chairman Sorvaag requested information regarding the actual cost per square foot in every building, including operating costs. Mr. Boyle provided the information ([Appendix C](#)) later during the meeting.

In response to a question from Representative Mooney, Mr. Boyle said the Tax Commissioner's space needs are not being addressed with the vacated judicial wing space. He said the Tax Commissioner has space in the State Office Building, and it could possibly be renovated for permanent office space rather than space for temporary employees hired during tax season.

In response to a question from Representative Keiser, Mr. Boyle said the rate charged to non-general fund agencies is determined using net space and does not include the common space areas.

In response to a question from Chairman Sorvaag, Mr. Boyle said a Capitol master plan was completed in 2000, and it has not been updated. He said the Facilities Management Division is considering requesting funds to update the master plan in the 2015-17 biennium.

Ms. Sally Holewa, State Court Administrator, Supreme Court, presented information ([Appendix D](#)) regarding the space needs analysis of the Supreme Court. She said JLG Architects was hired to conduct a space needs analysis of the Supreme Court. She said the analysis included the Supreme Court, the office of the Clerk of the Supreme Court, the State Board of Law Examiners, the Law Library, Central Legal Services, and the office of the State Court Administrator. She said the analysis addresses both current and projected needs for the next 5 years to 10 years. She said the Supreme Court currently occupies 21,604 net square feet in the judicial wing and an additional 8,400 net square feet in a building in downtown Bismarck. She said the study indicates the Supreme Court has an unmet space need of 18,540 net (24,660 gross) square feet. She said the Supreme Court has been offered approximately 4,000 square feet of additional space in the judicial wing that is to be vacated by the Information Technology Department.

In response to a question from Representative Keiser regarding solutions for the Supreme Court's space needs, Ms. Holewa said more agencies could be removed from the judicial wing or a new building could be constructed. She said a significant portion of State Department of Health and Department of Human Services space would need to be vacated to accommodate the space needs of the Supreme Court.

In response to a question from Representative Keiser, Ms. Holewa said a potential expansion of the judicial wing was not reviewed in the JLG Architects analysis.

In response to a question from Representative Mooney, Mr. Boyle said the Information Technology Department will be vacating just over 10,000 square feet of space in the judicial wing.

In response to a question from Representative Pollert, Mr. Boyle said the Facilities Management Division met with agency heads, and allocations of available judicial wing space were made based on immediate need.

In response to a question from Representative Pollert, Mr. Boyle said the state archives building is a 30,000-square-foot building.

In response to a question from Representative Froseth, Mr. Boyle said if the committee would provide parameters, he would prepare an estimate of the cost of constructing a new state office building.

In response to a question from Representative Keiser, Ms. Holewa said because of the lack of available space in the judicial wing, she anticipates the Supreme Court will need to locate more of its staff out of the Capitol and further divide operations.

Senator Carlisle said approximately 3.5 acres of vacant land is available next to the Bank of North Dakota where a new building could be constructed.

Representative Froseth asked Ms. Holewa to provide information on the estimated cost associated with relocating employees away from the State Capitol, including the estimated cost of loss of efficiency. Ms. Holewa said she would provide the information.

Chief Justice Gerald W. VandeWalle, Supreme Court, spoke in support of the committee's study of space needs.

Chairman Sorvaag said there may be a need for an updated Capitol master plan. He said selected agencies may be asked to present information at a future committee meeting regarding their space needs.

Representative Froseth suggested the Attorney General provide information to the committee regarding space needs.

In response to a question from Representative Pollert regarding space needs that will be addressed as part of the executive budget, Ms. Pam Sharp, Director, Office of Management and Budget, said the office is in the very beginning stages of developing the budget and is not prepared to identify space needs that may be addressed as part of the executive budget at this time.

In response to a question from Senator O'Connell, Ms. Sharp said the balance of the Capitol building fund is approximately \$4 million.

Chairman Sorvaag said a tour of the judicial wing will be arranged at a future meeting.

STUDY OF THE USE OF STRUCTURES AND PROPERTY OF THE JAMES RIVER CORRECTIONAL CENTER AND THE STATE HOSPITAL

Mr. David Krabbenhoft, Director of Administration, Department of Corrections and Rehabilitation, presented information ([Appendix E](#)) regarding priorities of capital project needs, including total space, used space, and potential uses of unused space; potential building projects and renovations; other projects; recommended building demolitions; and deferred maintenance by facility. He said the department believes a master plan should be completed for the James River Correctional Center (JRCC). He identified many deferred maintenance items that should be addressed at the Department of Corrections and Rehabilitation (DOCR) facilities, including:

- Security infrastructure, including cameras and access, at the State Penitentiary, JRCC, the Missouri River Correctional Center (MRCC), and the Youth Correctional Center (YCC);
- Elevator retrofits at JRCC;
- Tunnel roof repair at JRCC;
- Roof repair at the State Penitentiary, MRCC, and YCC;
- Heat pump repair or replacement at MRCC;
- Heating system upgrade at YCC; and
- Window replacement at the State Penitentiary.

In response to a question from Chairman Sorvaag, Mr. Krabbenhoft said he did not believe a master plan has ever been completed for JRCC. He said the new master plan should also encompass the State Hospital and would likely cost in excess of \$200,000.

Representative Keiser suggested the staff of JRCC and the State Hospital jointly develop a master plan for the facilities rather than hire a consultant to develop the plan.

Mr. Krabbenhoft presented information ([Appendix F](#)) regarding land leased to the United States Department of Agriculture for research and agricultural land managed by DOCR, including a recommendation regarding how much of the land could be sold. He said lease payment revenue supports Roughrider Industries, and the royalty income is used to pay for the State Penitentiary renovation/expansion project. He said the department recommends none of the land be sold. He said the land provides a substantial revenue source for Roughrider Industries.

In response to a question from Chairman Sorvaag, Mr. Krabbenhoft said DOCR does not have appraised values for its land. He said the leases were reviewed and updated a few years ago based on market value.

In response to a question from Representative Brabandt, Mr. Krabbenhoft said the deferred maintenance items are issues that should be addressed in the next biennium.

In response to a question from Representative Pollert, Mr. Krabbenhoft said the MRCC study authorized in Senate Bill No. 2015 as approved by the 2013 Legislative Assembly will address the cost of remaining in the current location as well as the cost of relocating.

Mr. Kerry Wicks, Clinical Administrator, Behavioral Health Services, State Hospital, presented information ([Appendix G](#)) on behalf of Mr. Alex Schweitzer, Director, Field Services Division, Department of Human Services, regarding unused space, potential building projects and renovations, recommended building demolitions, deferred maintenance costs, and land managed by the State Hospital. Mr. Wicks said the cost of maintaining the buildings at the State Hospital has averaged approximately \$1 million per biennium. He said the Employees building has

new windows and the exterior of the building is in good condition, but the roof of the building and the mechanical, plumbing, and electrical systems are in need of major upgrades. He said the estimated cost to renovate the Employees building is \$3.6 million. He said the Administration building, which is currently empty, needs some painting and lead-based paint and asbestos abatement. He said the estimated cost to renovate the Administration building is \$500,000. He said the State Hospital owns 3,039.48 acres of real estate, which is leased out for over \$175,000 per year. He said the first priority for the State Hospital buildings includes renovation of the Employees building. He said the State Hospital has no plans to demolish any buildings on the campus.

In response to a question from Representative Pollert, Mr. Wicks said if renovated, the Administration building could be used as a homeless shelter.

In response to a question from Chairman Sorvaag, Mr. Ken Schulz, Chief Operating Officer, State Hospital, said no more than 20 rooms in the Employees building are rented by State Hospital and JRCC staff. He said most rooms are rented on a month-to-month basis. He said the monthly rent is \$105 for a sleeping room and \$5 for an emergency overnight room.

In response to a question from Representative Holman, Mr. Wicks said if the 16 West building was demolished, the plant services staff and storage would need to be relocated. Mr. Schulz said another location would not be as convenient but is an option.

In response to a question from Chairman Sorvaag, Mr. Wicks said the State Hospital would support the development of a joint master plan for the State Hospital and JRCC.

Representative Keiser suggested the committee consider recommending a bill draft to change the property tax law that exempts state-leased hay land and pastureland from property taxes.

Senator O'Connell said deferred maintenance is an issue that should be addressed. He said it results in costs that are greater than necessary. He suggested the committee consider making a recommendation to address deferred maintenance needs.

The committee recessed for lunch at 11:50 a.m. and reconvened at 1:15 p.m.

STUDY OF CURRENT STATE AND FEDERAL BENEFITS AVAILABLE TO NORTH DAKOTA VETERANS

Mr. Lonnie Wangen, Commissioner, Department of Veterans' Affairs, Fargo, presented information ([Appendix H](#)) regarding allowances for caskets, methods of communicating available benefits to the state's veterans, and an update on the status of the service dog training program. He said the average allowance for veteran burial costs of the 53 counties was \$2,275.81. He said the Department of Veterans' Affairs uses its website, Facebook, and Twitter to communicate with veterans. He said the application process for the service dog training program has been established, and two dogs are currently ready for placement with North Dakota veterans.

In response to a question from Chairman Sorvaag, Mr. Wangen said the vests that accompany the Service Dogs for America (SDA) dogs are printed with "Service Dogs for America" on them and are unique to that program.

In response to a question from Representative Louser, Mr. Wangen said SDA has not yet reported the number of service dog program questionnaires that have been completed.

Mr. Ron Otto, Morton and Oliver County Veterans' Service Officer, presented information ([Appendix I](#)) regarding the United States Department of Veterans Affairs (VA) plans for a burial reimbursement program. He said a new federal law authorizes the VA to provide caskets and urns for burial of deceased eligible veterans in a VA national cemetery if the veterans have no identifiable next of kin and insufficient resources to pay for a casket or urn.

Ms. Jolene Vidal, Property Tax Specialist, Tax Department, presented information ([Appendix J](#)) regarding the amount of tax benefits claimed by veterans and the amount claimed by surviving spouses. She said in 2012 there were 2,318 disabled veteran credit applicants. She said approximately 192 applicants were unremarried surviving spouses and, of those unremarried surviving spouses, 48 applied as receiving dependency and indemnity compensation.

In response to a question from Representative Keiser, Ms. Vidal said the credit can be applied retroactively for two years.

Brigadier General Alan S. Dohrmann, Deputy Adjutant General, North Dakota National Guard, presented information ([Appendix K](#)) regarding the projected costs for writing, publishing, and distributing a record of all North Dakota veterans, including those killed in action (KIA) and missing in action (MIA), since statehood. He said the Adjutant General does not have all the estimates or research completed at this time to provide an accurate estimate of the cost of completing the project. He said the Adjutant General is exploring the possibility of a University System campus assisting with the project.

Senator Marcellais said the 2013 Legislative Assembly appropriated \$50,000 from the general fund to defray the expenses of publishing the book.

Chairman Sorvaag said the committee's responsibility is to receive the cost estimate from the Adjutant General prior to the committee concluding its work for the 2013-14 interim. He asked that the Adjutant General provide the cost estimate to the committee at its last meeting, likely to be in September 2014.

In response to a question from Representative Keiser, Brigadier General Dohrmann said there are still questions about who will qualify as a resident of North Dakota for purposes of the book. He said the Adjutant General will review the law and history to determine definitions.

Ms. Kelly L. Schmidt, State Treasurer, presented information ([Appendix L](#)) regarding the status of the veterans' postwar trust fund. She said the fund was created as a constitutional trust fund by a vote of the residents of North Dakota in 1996. She said over \$260,000 of income was distributed to the Department of Veterans' Affairs in August 2013 for the 2013-15 biennium. She said the market value of the fund was nearly \$5.5 million as of January 31, 2014.

In response to a question from Representative Keiser, Ms. Schmidt said she considers information from the Department of Trust Lands, the State Investment Board, and representatives of Edward Jones regarding investment decisions of the veterans' postwar trust fund.

Ms. Connie Sprynczynatyk, ND Cares Task Force, presented information ([Appendix M](#)) regarding the activities of the task force. She said the task force has developed a leader network, acquired a Volunteer in Service to America (VISTA) volunteer to help with statewide outreach, and met with Minot Air Force Base leadership and a United States Army Reserves Ambassador regarding participation in the coalition's work.

In response to a question from Senator Marcellais, Ms. Sprynczynatyk said a representative of the Indian Affairs Commission has been a part of the task force. She said there is still a need to reach out to the individual tribes. She said the task force is using the federal definition of homeless when doing its research, and she can provide additional information regarding the definition of homeless at a future meeting.

In response to a question from Senator Carlisle regarding the increasing issue of veteran homelessness, Ms. Sprynczynatyk said the ND Cares Task Force will be participating in the stand downs around the state.

Mr. Otto presented testimony regarding the committee's study of current state and federal benefits available to North Dakota veterans. He said there is a difference between KIA and died in service. He said the majority of veterans' benefits are available under federal programs.

Mr. Wangen suggested some bills considered but not approved during the 2013 legislative session be reconsidered by the 2015 Legislative Assembly, including:

- A bill allowing an unremarried spouse to keep veteran license plates;
- A bill for the production of patriotic license plates;
- A bill for an income tax exemption for the retirement pay of a veteran; and
- A bill for removal of veterans' preference exemptions.

Mr. Mark Landis, Veterans' Service Officer, Burleigh County, expressed concern about the ending of surviving spouse benefits after remarriage, particularly the inability of the surviving spouses to receive the benefit again if the remarriage ends.

Chairman Sorvaag said the committee has been invited to hold its June meeting at Camp Grafton. He said he will discuss the invitation with the Chairman of the Legislative Management.

Chairman Sorvaag said time will be scheduled for the next committee meeting for Senator Marcellais to provide information regarding the Serving Veterans in Rural America: A Symposium.

OTHER COMMITTEE RESPONSIBILITIES

Mr. Russell Cusack, Director, Division of Vocational Rehabilitation, Department of Human Services, presented information ([Appendix N](#)) regarding a report from the Committee on Employment of People with Disabilities. He said activities of the committee have included drafting bylaws, receiving appointments to the committee from the Governor's office, and coordinating activities with other entities involved in improving the employment outcomes for individuals with disabilities.

In response to a question from Chairman Sorvaag, Mr. Cusack said the Department of Commerce representative was not active on the committee and has resigned from the department. He said the Department of Commerce has recommended an individual to fill the vacant position.

In response to a question from Senator Marcellais, Mr. Cusack said there is not a tribal government representative on the committee; however, committee members do work with tribal governments in North Dakota.

In response to a question from Representative Mooney, Mr. Cusack said an individual has been nominated to fill the vacant family member position on the committee, and the committee is working with the Governor's office to have the position filled.

In response to a question from Representative Mooney, Mr. Cusack said people with autism are represented by the Employment Learning Community Workgroup of the committee. He said people with autism would also be under the purview of other workgroups of the committee.

Senator Carlisle suggested the Legislative Council staff be asked to contact the Department of Commerce regarding its representative on the Committee on Employment of People with Disabilities. Chairman Sorvaag directed the Legislative Council staff to identify who the Department of Commerce will be appointing.

No further business appearing, Chairman Sorvaag adjourned the meeting at 3:25 p.m.

Alex J. Cronquist
Fiscal Analyst

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:14