

1999 SENATE APPROPRIATIONS

SB 2026

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2026

Senate Appropriations Committee

Conference Committee

Hearing Date 1-06-98

Tape Number	Side A	Side B	Meter #
1	X		1-end
1		X	1-2000
2-15-99 1	X		3554-4016
Committee Clerk Signature <i>Kathleen C. Kottelrock</i>			

Minutes:

**SENATOR NETHING:** Opened the hearing on SB2026; A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DEFRAYING THE EXPENSES OF VARIOUS STATE DEPARTMENTS AND INSTITUTIONS; AND TO DECLARE AN EMERGENCY.

**SENATOR NETHING:** We will take the out of town people first, UND-Lake Region and then UND.

**SHEILA PETERSON:** Sheila Peterson from the Office of Management and Budget (tape 1, side A, meter 80-128). There are six agencies included; four have emergency funds already authorized through the Bank of North Dakota for natural disasters and want to develop repayment.

**CORRY KENNER:** Corry Kenner Business Affairs Director UND-Lake Region to testify in support of SB2026 (testimony attached (meter 160-388).

**SENATOR NETHING:** Questioned the completion time table.

**CORRY KENNER:** We expect to close out at the end of this month as we need to complete with FEMA, which has been challenging due to FEMA personal position changes.

**SENATOR NETHING:** Your potential request is \$87,636.

**CORRY KENNER:** That would be a potential request.

**SENATOR NETHING:** Does that represent the difference between what the State will pay and FEMA.

**CORRY KENNER:** Possible. We are expecting to get FEMA funding, probably as much as one-half. Senator Solberg: The total project is \$1.5M. What portion of the total is Lake Region responsible for?

**CORRY KENNER:** Our share is expected to be approximately \$400,000.

**SENATOR SOLBERG:** You state that FEMA will pick up approximately 90%. With the breakdown of the cost to the other entities, the numbers are not coming together to reach the \$1.5M.

**SENATOR NETHING:** \$1.5m project. At least 75% is paid by FEMA?

**CORRY KENNER:** I believe that's right.

**SENATOR NETHING:** Can you provide us with a chart showing us what each entity is paying on this and what dollar portion they are responsible for?

**CORRY KENNER:** We can.

**SENATOR NETHING:** \$206,000 to repay the loan to Bank of North Dakota, \$87,636 in part may or may not be paid by FEMA. So, we really don't know what our amount will be at this stage.

**CORRY KENNER:** We won't know that until sometime this month.

**SENATOR NETHING:** If the bill is to be sent out of here with these figures in it, they would later have to be plugged into an amendment. Requested a print out of all the figures from Mr. Kenner.

**(UND-Meter #1258)**

**ALICE BRECKE:** Alice Brecke, Director of Budget and Office Administration representing UND to testify in support of SB2026 (testimony attached (tape 1, side A, meter 1269-2036) Ms. Brecke explained the original request of \$4.3M and currently asking for \$4.7M: Tuition Revenue Loss- Due to decrease of 900 students; Departmental Revenue Loss-Impacting units such as Medical School, Housing, Dining, Energy and Environmental Research Center, Chester Fritz Auditorium and flooded Operations. In the normal course of events these revenues contribute to fixed and variable costs of these units.

EERC Grant Opportunity Loss and Medical School Grant Opportunity Loss-External funding from grants and contracts. UND either could not respond due to the flood or could not respond in a timely manner to meet the needs of the sponsors and therefore those dollars were not forthcoming to the campus. The largest amount is approximately \$2.5M which represents the total cost with FEMA picking up 90 % with a variety of projects. That will be the amount we anticipate prior to June 30, 1999. As you read through the notes you will see there is an additional \$1.7M which is tied to our Steam Distribution System Project which will be anticipated as the necessary 10% after June 30, 1999 and we would expect to be coming forward for a deficiency appropriations in the next Legislative Assembly to cover that.

**SENATOR SOLBERG:** Why would you anticipate coming forward the next biennium with a \$1.7M deficiency payment when you know that cost is going to be there and not submit it into this year's biennium budget?

**ALICE BRECKE:** When we came forward with the original summary which was close to \$6.2M, we came forward with the total numbers. Through discussions with OMB and as the bill was drafted it was my understanding that for costs to be incurred after June 30, the dollars were to be split. Under the proposed amendments and after talking to OMB we were encouraged to request being included in the exemption which would allow funds to be carried forward if there were still dollars remaining June 30, 1999 in the deficiency amount appropriated. First of all, these numbers are changing fairly regularly. If that exemption is to be approved it would seem that would create a mechanism so that it was deemed prudent the full amount could be an appropriations deficiency.

**SENATOR SOLBERG:** Mr. Chairman, it seems to me if you know you are going to have a cost the next biennium, it would only be right to place it in the 1999/2001 biennium bill rather than look forward to putting in a deficiency appropriation in addition too when the 2001 Legislature meets.

**SHEILA PETERSON:** The reason a fixed amount hasn't been put into 1999/2001 is because it is such a moving target. We estimate it as of today, it's approximately \$1.7M it could be higher, it could be lower. That is why we made the decision to handle it through a line of credit with the Bank of North Dakota. Two years from now when we are here with a deficiency bill, hopefully we won't have a number that is moving anymore. That is why we chose to do it that direction.

**SENATOR ROBINSON:** Would you explain on page 2 the \$394,000 in Administrative leave payments, how were those charges incurred and are they not part of existing budgets already in place?

**ALICE BRECKE:** During the three week period of time the University of North Dakota was closed. The decision was made that all employees would still receive a paycheck. There are a variety of sources of funds that pay the employees of the University and each of those funds has different characteristics. There may have been instances where the granting agency would not

necessarily approved of that payroll continuing during a period of time when work was not actually being performed. To the extent that it was appropriated funds, you are correct. To the extent there were other institutional funds utilized for which there was not other regulation or other strings that may have precluded those dollars being used during a period of time when there was not actually work being performed. The number you see here is a net number. It was the total payroll minus everything that we could reasonable pay from all the sources we have and this is the remaining number that we don't have a source to cover.

**SENATOR ST. AUBYN:** The flood on point #7 and 9. I was understanding that the facilities that were under the 100 year flood plain were protected. Has that changed?

**PEGGY LUCKE:** The Interim Vice President for Finance and Operations for the University. In the situations where there were buildings that were or areas that were in the flood plain that we didn't have flood insurance were simulated as we did. There were sensitive discussions of what areas were in the flood plain and what was not and there was not complete agreement between FEMA and the insurance agencies and even the City.

**SENATOR ST. AUBYN:** So the 100 year flood plain was actually expanded based on what the University thought was covered. Because you are already paying for flood insurance for most of those facilities and I'm trying to figure out why is there a deficiency appropriation to pay for this over and above because that's just normal operating costs. The way I read this is they require it on more than what we already had.

**PEGGY LUCKE:** That's correct.

**SENATOR NETHING:** As I understand you need to take that \$62,000 premium money to purchase insurance that was not in existence before. That wasn't budgeted anywhere.

**PEGGY LUCKE:** That is correct and there are two issues here. Simulated flood insurance and flood insurance. As we worked with FEMA, they have a requirement that if there were to be a future flood where we would pursue funding from FEMA if we didn't have adequate flood insurance than we would not be eligible for reimbursement. FEMA has gone through and identify those buildings that require flood insurance coverage and we've worked to obtain that. This flood insurance premium was calculated based on the assumption that under State Fire and Tornado, we had \$10,000 coverage per building and with the previous disaster, that was the way the coverage was applied. Since then State Fire and Tornado has changed there policy to a \$10,000 single payment, not \$10,000 per building. The flood insurance coverage we acquired includes a \$10,000 deductible. We need to revisit that as we can't count on \$10,000 per building from State Fire and Tornado, we will need to increase the coverage of the policy.

**SENATOR ST. AUBYN:** Mr. Chairman, an itemization of what additional buildings or whatever is going to be covered or the cost. I was under the understanding that those that were required to have it did have it and I'm surprised that there's an additional cost.

**PEGGY LUCKE:** Are you referring to the premiums.

**SENATOR ST. AUBYN:** Yes, the additional \$125,000, what does that insure.

**PEGGY LUCKE:** The \$125,000. is the premium for flood insurance for the entire campus, it's more extensive coverage than the past. 72 buildings damaged by the flood. Most of those buildings were required to have at least enough insurance to cover the damage we had incurred.

**SENATOR ST. AUBYN:** I understand that aspect if it's under the 100 year flood plain but, I wasn't aware they expanded the 100 year flood plain. If it is and their requiring that, then I understand.

**PEGGY LUCKE:** The flood plain wasn't modified to include the whole campus. The coverage is related to FEMA's requirements of any future reimbursements from FEMA. If we had received any reimbursement from FEMA and we were not under the 100 year flood plain and were not carrying flood insurance coverage, they would not reimburse for any damage again.

**SENATOR NETHING:** I understand that your request is \$262,090 more for interest that has been incurred at the Bank of North Dakota and also \$17,226 to reflect some additional costs for labor that was not covered by FEMA.

**PEGGY LUCKE:** The increase is the \$386,394 is the increase in interest costs and then the \$17,226, those two numbers plus the original \$4,320,341 equals the \$4,723,961.

**(ATTORNEY GENERAL-Meter #3840)**

**KATHY ROLL:** Financial Administrator of the Office of Attorney General to testify in support of SB2026 (testimony attached (meter 3475-3674).

**SENATOR NETHING:** Apparently this was an oversight.

**KATHY ROLL:** Mr. Chairman, this was a mistake.

**SENATOR SOLBERG:** This continues coming up in our audits of the Attorney General's office and a bill is introduced. They don't have enough time between the end of the biennium until they get the payments out to the political subdivisions. The proposed bill should rectify it.

Hearing to reconvene at 2:30 p.m.

Hearing reconvened at 2:30 p.m.

**(DEPARTMENT OF CORRECTIONS-Meter #3840)**

**ELAINE LITTLE:** The Director of the Department of Corrections and Rehabilitations to testify in support of SB2026 (testimony attached (meter 3945-4636). Elaine addressed questions on why the population increases.

**SENATOR SOLBERG:** You stated at the end of last budget, you did not have money to contract, why and in the second part of the question will you have money. I look at your projected inmate population and you should have known you weren't going to finish the JRCC facility soon enough and the other two floors are not going to be finished soon enough. Are you going to have money in there for contracting this time?

**ELAINE LITTLE:** When the budget was initially submitted to OMB, we had \$6.1M for contracting for inmate placement. It was in our original request, in the meantime the population in those few months before the Legislature met, increased significantly. At that time the decision was made that it would make a lot more sense to renovate a facility than to spend all those dollars in contracting out inmates when the population was going to be more than we originally estimated. The executive recommendation was made to take that \$6.1M included for contracting and to use it to develop the JRCC facility. There wasn't anymore dollars available. So that's why that budget didn't specifically include contract dollars. In the next budget, you will see it is specifically laid out to what we need for contracting in addition to adding the fifth and sixth floors, month-by-month.

**(ADJUTANT GENERAL-Meter #5915-Side A and B)**

**MAJOR GENERAL KEITH D. BJERKE -** The Adjutant General to testify in support of SB2026 (testimony attached 5998-end, side B, meter 1-240).

**SENATOR NETHING:** Could you give us a listing of the computation that bring it up to \$135,000.

**KEITH BJERKE:** Yes, Sir.

**EMERGENCY MANAGEMENT-Meter #469-Side B**

**DOUG FRIEZ:** The Director of the Division of Emergency Management to testify in support of SB2026 (testimony attached). I am going to defer the written comments to Harold Narum, Deputy Director of the Emergency Management (meter 487-978).

**SENATOR NETHING:** Included in this amount are both for the 1993/1995 biennium and 1995/1997 biennium. Due I gather from your last sentence that we have another \$10M coming for costs related to which year.

**HAROLD NARUM:** Probably all the years that have not been closed out, because there could require a state share on the close out amount of various projects from anyone of those years that have not been closed out as of yet.

**SENATOR NETHING:** Included in your comment about the 1997, 1998 disasters close out in three of four years.

**HAROLD NARUM:** That's correct.

**SENATOR NETHING:** So you will be coming back to us at that time for more money, you would be borrowing more money, is that the idea?

**HAROLD NARUM:** With approval of the Emergency Commission, we'll ask for permission to borrow more money.

**SENATOR NETHING:** How much of this \$15.1M if this bill is approved is going to be used this biennium.

**HAROLD NARUM:** All of it, that is a projected utilization as of June 30, 1999.

**SENATOR NETHING:** How much leeway have we got within those projections. Seems it's an extremely slow process. If we are going to use the money that's one thing but if we aren't going to use it, would it be carried over?

**SHEILA PETERSON:** There is a provision in the appropriation bill that if any of the \$15.1M were not actually spent by June 30, 1999, that the division could carry it over to not have to borrow right away come June 1st. It is our best estimate and we generally do allow that carryover because it is such a hard number to estimate right now to the penny.

**SENATOR NETHING:** It bothers me to look back and see we haven't paid our bills for 1993 and 1994.

**HAROLD NARUM:** The reasons those bills haven't been paid because much of that money is tied up in what's called a large project. The large projects are not paid upon until the construction work is completed. When you have six disasters in a row, many of these projects are compounded over a long period of time.

**DOUG FRIEZ:** We are paying the bills as they come due. We have projected \$15.1M we are going to pay out by the end of this biennium. If it's \$14.3M and we know that before this session ends, we can adjust the deficiency appropriation at that time or we could carry it over.

**SENATOR ST. AUBYN:** Page 2 reflects the State share at \$26,212M and the appropriation is for \$15.1M, is that where you come up the additional \$10M of those.



**HAROLD NARUM:** That's correct.

**SENATOR ST. AUBYN:** On this list, none of these have actually been paid off, totally?

**HAROLD NARUM:** The 1993 PA has been paid off; the 1993 1001 IFG has been paid off and the 1997 1157 Snow removal has been paid off with the loan money.

**SENATOR BOWMAN:** When you receive the Federal dollars do you use that money first to pay this off or how does that work?

**HAROLD NARUM:** Small projects, the Federal and State's share are paid up front. If it's a large project and it's approved. As they do the work, they submit a report, we pay them the Federal share. We pay the State's share at the end of the project.

**SENATOR BOWMAN:** How long does it take to get the Federal dollars to pay at least that much of the bill so we know what we owe.

**HAROLD NARUM:** When we receive Federal dollars on an approved project, then we extend the Federal and State dollars simultaneously on that particular project for that disaster.

**DOUG FRIEZ:** To get Presidential Disaster Assistance declaration the Governor has to approve up front that the State can pay it's share. The Bank of North Dakota system is the envy of all state's. This is a magnificent system.

**SENATOR NETHING:** I have discussed with other State's the disaster process. They have a special session of the Legislature to come in and pay the bills. Keeps us from a special session which by itself is worthwhile.

**SENATOR NETHING:** Closed the hearing on SB2026.

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2/15/99

Tape 2, Side B 3554-4016

**SENATOR NETHING:** Reopened the hearing on SB2026

**SENATOR GRINDBERG:** Presented the amendments to SB2026.

**PAUL KRAMER: (LC)** Explained the amendments in further detail.

**SENATOR GRINDBERG:** Moved a Do Pass on amendments to SB2026.

**SENATOR NAADEN:** Seconded the motion.

**ROLL CALL:** Unanimous voice vote.

**MOTION CARRIED TO DO PASS AMENDMENTS TO SB2026.**

2-15-99

**SENATOR GRINDBERG:** Moved a Do Pass SB2026 as amended.

**SENATOR ANDRIST:** Seconded the motion.

**ROLL CALL: 13 YEAS; 0 NAYS; 1 ABSENT & NOT VOTING.**

**MOTION CARRIED A DO PASS SB2026 AS AMENDED.**

Yeas: Nething; Naaden; Solberg; Lindaas; Tallackson; Tomac; Robinson; Krauter; St. Aubyn;  
Grindberg; Kringstad; Bowman; Andrist  
Absent & Not Voting Holmberg

**CARRIER: SENATOR GRINDBERG**

**SENATOR NETHING:** Closed the hearing on SB2026.

Date: 2-15-99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB2026

Senate APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

✓ Legislative Council Amendment Number 98048.0103

Action Taken NO PASS

Motion Made By SENATOR GRINDBERG Seconded By SENATOR NAADEN

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman					
Senator Naaden, Vice Chairman					
Senator Solberg					
Senator Lindaas					
Senator Tallackson					
Senator Tomac					
Senator Robinson					
Senator Krauter					
Senator St. Aubyn					
Senator Grindberg					
Senator Holmberg					
Senator Kringstad					
Senator Bowman					
Senator Andrist					

Total (Yes) UNANIMOUS No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Date: 2-15-99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2026

Senate APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 98048-0103

Action Taken DO PASS AS AMENDED

Motion Made By SENATOR GRINDBERG Seconded By SENATOR ANDRIST

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment SENATOR GRINDBERG

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

REPORT OF STANDING COMMITTEE

SB 2026: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2026 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to amend and reenact subdivision 3 of section 1 of chapter 45 of the 1997 Session Laws, relating to the department of corrections and rehabilitation appropriation;"

Page 1, line 21, replace "15,100,000" with "13,500,000"

Page 1, line 22, replace "15,100,000" with "13,500,000"

Page 2, line 1, replace "135,000" with "107,000"

Page 2, line 2, replace "135,000" with "107,000"

Page 2, line 5, replace "4,320,341" with "3,898,228"

Page 2, line 6, replace "4,320,341" with "3,898,228"

Page 2, line 9, replace "2,500,000" with "2,250,000"

Page 2, line 10, replace "2,500,000" with "2,250,000"

Page 2, line 12, replace "2,250,000" with "2,000,000"

Page 2, line 13, replace "22,142,447" with "19,842,334"

Page 2, line 15, replace "22,392,447" with "20,092,334"

Page 2, after line 15, insert:

"SECTION 2. AMENDMENT. Subdivision 3 of section 1 of chapter 45 of the 1997 Session Laws is amended and reenacted as follows:

Subdivision 3.

ADULT SERVICES

Salaries and wages	<del>\$20,252,555</del>	18,652,555
Operating expenses	<del>8,879,128</del>	10,479,128
Equipment		170,867
Capital improvements		1,010,650
Capital improvements - medium security facility		4,896,425
Institutional medical fees		850,000
Victim services		3,104,399
Institutional offender services		321,991
Community offender services		6,164,499
Total all funds		\$45,650,514
Less estimated income		10,483,117
Total general fund appropriation		\$35,167,397"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 512 - DIVISION OF EMERGENCY MANAGEMENT

SENATE - This amendment reduces the deficiency appropriation to the Division of Emergency Management by \$1,600,000 from the general fund, from \$15,100,000 to \$13,500,000. The reduction relates to reducing the amount of funding provided for the estimated amount of disaster claims to be closed by June 30, 1999.

DEPARTMENT 540 - ADJUTANT GENERAL

SENATE - This amendment reduces the deficiency appropriation to the Adjutant General by \$28,000 from the general fund, from \$135,000 to \$107,000. The reduction relates to the removal of funds which would have been used to replenish the National Guard's emergency fund.

DEPARTMENT 230 - UNIVERSITY OF NORTH DAKOTA

SENATE - This amendment reduces the deficiency appropriation to the University of North Dakota by \$422,113 from the general fund, from \$4,320,341 to \$3,898,228. The reduction relates to the removal of funding for the cost of obtaining and maintaining flood insurance (\$125,446), refunds on room and board contracts (\$227,956), interest on the Bank of North Dakota loan (\$26,209), labor charges not reimbursed by the Federal Emergency Management Agency (\$39,596), and Energy and Environmental research center projects under \$1,000 (\$2,906).

DEPARTMENT 530 - DEPARTMENT OF CORRECTIONS AND REHABILITATION

SENATE - This amendment reduces the deficiency appropriation to the Department of Corrections and Rehabilitation by \$250,000 from the general fund, from \$2,250,000 to \$2,000,000. The reduction is based on revised estimates of external housing contract costs for the remainder of the biennium.

This amendment also adds a section to amend Subdivision 3 of Section 1 of Chapter 45 of the 1997 Session Laws. The amendment transfers \$1,600,000 from the salaries and wages line item to the operating expenses line item to pay costs incurred to contract with county jails, community placement organizations, and a private prison in Appleton, Minnesota, for the housing of inmates who could not be accommodated in state facilities because the number of inmates exceeded the capacity of the state facilities.

1999 HOUSE APPROPRIATIONS

SB 2026

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2026

House Appropriations Committee

Conference Committee

Hearing Date February 26, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-55.0
1		x	0-18.5
Committee Clerk Signature <i>Roxanne Kone</i>			

Minutes:

A Bill for an Act making an appropriation for defraying the expenses of various state departments and institutions; to amend and reenact subdivision 3 of section 1 of chapter 45 of the 1997 Session Laws, relating to the department of corrections and rehabilitation appropriation; and to declare an emergency.

Chairman Dalrymple opened the hearing on Senate Bill 2026.

**1A: 3.3 Elaine Little, Dept. of Corrections and Rehabilitation** Testified in favor of the bill (See attached testimony).

**1A: 10.2 Kathy Roll, Office of Attorney General** Testified in favor of the bill (See attached testimony).

**1A: 16.1 Douglas Friez, Division of Emergency Management** Testified in favor of the bill (See attached testimony).

**1A: 27.1 Rep. Byerly** asked a question concerning the Grand Forks area flood relief money. Douglas Friez replied that 80 to 85% of the money went to the Grand Forks area, approximately \$210 million: half of the money is federal. The state share: \$26.2 million; \$16.2 this biennium and \$10 million next biennium. To date: \$12.9 million outstanding to the Bank of North Dakota.

**1A: 43.0 Brigadier General Ronald Gangness, Assistant Adjutant General, ND National Guard** Testified in favor of the bill (See attached testimony).



**1A: 46.0 Larry Isaak, Chancellor, ND University System** Testified in favor of the bill.

**1A: 53.0 Alice Brekke, University of North Dakota** Testified in favor of the bill. Proposed amendments to the bill to fully fund amounts identified in the summary request, an additional amendment was requested to Section 3 (See attached testimony).

**1B: 6.0 Rep. Carlson** Asked if the buildings on the UND campus are covered by flood insurance. Alice Brekke replied all buildings are covered that are in the flood plain. It is required that they be covered if located in the flood plain. Only one or two building were not covered that are not located on the flood plain. They have collected \$3 million from insurance companies and are looking at possibly collecting an additional \$5 million. They have received \$5.8 million from FEMA.

**1B: 12.7 Corey Kenner, UND - Lake Region** Testified in favor of the bill (See attached testimony).

Chairman Dalrymple closed the hearing on Senate Bill 2026. There was no opposition to the bill.

## General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 16, 1999			
Tape Number	Side A	B Side	Meter #
1		x	0-10.0
Committee Clerk Signature	<i>Roxanne Kohl</i>		

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2026.

**1B: .5 Rep. Byerly** asked in the Senate Engrossed Bill if the money includes all of the money that is necessary except under the Division of Emergency Management. Rep. Dalrymple replied yes. Referred to line 23, page 1.

**1B: 1.6 Rep. Byerly** moved for a DO PASS. Rep. Carlisle 2nd the motion.

**1B: 1.9 Rep. Carlson** asked about carryover money regarding the bill. Rep. Dalrymple replied an amendment is being worked on to address it.

On a Roll Call Vote the motion carried.

16 voting Yes

2 voting No

2 voting Absent

Carrier: Rep. Dalrymple

### General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 23, 1999			
Tape Number	Side A	B Side	Meter #
1		x	6.4-11.1
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

#### SB 2026 Reconsideration of action

**CHAIRMAN DALRYMPLE** opened discussion on SB 2026.

**1B: 6.4 REP. BYERLY** made a motion to reconsideration previous action taken by the committee. The motion was seconded by Rep. Monson. A voice vote was taken and the motion carried.

**1B: 7.9 REP. WENTZ** made a motion to adjust the figures on lines 23 and 24 of page 1 to \$15.1 million, and to adjust all other lines accordingly. The motion was seconded by Rep. Carlisle. A voice vote was taken and the motion carried.

**1B: 8.6 REP. BYERLY** made a motion for a Do Pass as amended. The motion was seconded by Rep. Carlson. A roll call vote was taken and them motion carried with 19 yeas and 1 nay. Rep. Dalrymple will carry the bill.

Date: 3-16-99  
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2026

House Appropriations Committee

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

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

Action Taken DO PASS

Motion Made By Byeny Seconded By Carlisle

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols		✓
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold			Svedjan	✓	
Bernstein	✓		Timm	✓	
Boehm	✓		Tollefson		
Carlson		✓	Wentz	✓	
Carlisle	✓				
Delzer	✓				
Gulleson	✓				
Hoffner	✓				
Huether	✓				
Kerzman	✓				
Lloyd	✓				
Monson	✓				

Total (Yes) 16 No 2

Absent 2

Floor Assignment Rep. Dalrymple

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

REPORT OF STANDING COMMITTEE (410)  
March 16, 1999 10:50 a.m.

Module No: HR-47-4864  
Carrier: Dalrymple  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

SB 2026, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman)  
recommends **DO PASS** (16 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING).  
Engrossed SB 2026 was placed on the Fourteenth order on the calendar.

~~waiting for an~~

Date: 3-23-99

Roll Call Vote #: 1

reconsideration

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2026

House Appropriations Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

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

Action Taken Do Pass as amended

Motion Made By Byerly Seconded By Carlson

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols		✓
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold	✓		Svedjan	✓	
Bernstein	✓		Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson	✓		Wentz	✓	
Carlisle	✓				
Delzer	✓				
Gulleson	✓				
Hoffner	✓				
Huether	✓				
Kerzman	✓				
Lloyd	✓				
Monson	✓				

Total (Yes) 19 No 1

Absent \_\_\_\_\_

Floor Assignment Dalrymple

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

**REPORT OF STANDING COMMITTEE**

SB 2026, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed SB 2026 was placed on the Sixth order on the calendar.

Page 1, line 23, replace "13,500,000" with "15,100,000"

Page 1, line 24, replace "13,500,000" with "15,100,000"

Page 2, line 15, replace "19,842,334" with "21,442,334"

Page 2, line 17, replace "20,092,334" with "21,692,334"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

DEPARTMENT 512 - DIVISION OF EMERGENCY MANAGEMENT

HOUSE - This amendment increases the deficiency appropriation to the Division of Emergency Management by \$1,600,000 from the general fund, from \$13,500,000 to \$15,100,000 for the estimated amount needed for disaster claims to be closed by June 30, 1999.

1999 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2026



1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2026C

Senate Appropriations Committee

Conference Committee

Hearing Date April 6, 1999

Tape Number	Side A	Side B	Meter #
1		X	1-6.5
Committee Clerk Signature <i>Kathryn C. Kotteleroch</i>			

Minutes:

**SENATOR GRINDBERG:** Opened the conference committee hearing on SB2026.

**ROLL CALL:** Present; Senator Grindberg, Senator Andrist, Senator Lindaas, Representative Dalrymple, Representative Poolman, Representative Gulleson.

**SENATOR GRINDBERG:** Us three were on the subcommittee and we worked on a number of occasions with Doug Friesz and his assistants. We reduced the Deficiency Appropriation to \$13.5M based on information provided to us on January 26, that gave a \$12.2M estimate to pay off these obligations. The same document also stated that by the end of this biennium, June 30, it would be \$16.1M. We knew we would be working on this in conference committee. Yet, we wanted the House to have the opportunity to get more detail of the true costs. The disaster claims seem like an open checkbook and we wanted to make sure the committee has a thorough understanding of the process involved. I know that the Adjutant General and Mr. Friesz did indicate that the process doesn't work very well. They're working with FEMA and the other parties to try and clean up that process so they close out some of these projects that go back to 1993. That's what we looked at.

**REPRESENTATIVE DALRYMPLE:** We were confused on the numbers from the beginning. It seemed like every time we asked for clarification, we got slightly different sets of numbers. In the end, we went back to the original presentation of \$15.1M. The latest calculation was \$16.2M so, we kind of stayed in the middle. We tried to be as accurate as we could and decided to take the middle ground. We didn't want to over budget either.

**SENATOR GRINDBERG:** I know that's one of the things we struggled with, by the borrowing authority through the Emergency Commission or Budget Section, it's a matter of

Page 2

Senate Appropriations Committee

Bill/Resolution Number SB2026C.lwp

Hearing Date April 6, 1999

borrowing money. In the next biennium, we're going to come back and deal with this in some shape or another.

**SENATOR LINDAAS:** Were any new numbers forwarded?

**SENATOR GRINDBERG:** No, not that I'm aware of.

**REPRESENTATIVE DALRYMPLE:** We are there are more expenses coming in the next biennium. We chose to leave SB2016 some what open, by extending the period for settlement beyond the end of the coming biennium. We felt it was important to be responsible for the current biennium.

**SENATOR ANDRIST:** Moved to have the Senate Accede to the House Amendments.

**SENATOR LINDAAS:** Seconded the motion.

**SENATOR GRINDBERG:** The motion passed.

**SENATOR GRINDBERG:** Closed the hearing on SB2026.

(Bill Number) SB 2026 (, as (re)engrossed):

Your Conference Committee

Attendance	SENATORS	Vote	Attendance	REPRESENTATIVES	Vote
P	Grindberg	Y	P	Dalrymple	Y
P	Andrist	Y	A/P	Poolman	Y
P	Lindaas	Y	P	Gulleson	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)  
723/724 725/726 8724/8726 8723/8725  
the (Senate/House) amendments on (SJ/HJ) page(s) 877 - 78

and place SB2026 on the Seventh order.  
727

. adopt (further) amendments as follows, and place  
\_\_\_\_\_ on the Seventh order:

having been unable to agree, recommends that the committee be discharged  
and a new committee be appointed. 690/515

((Re)Engrossed) SB2026 was placed on the Seventh order of business on the  
calendar.

DATE:    /   /   

CARRIER: Grindberg

LC NO. 98048 . 0201 of amendment

LC NO. 98048 . 0200 of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

(1) LC (2) LC (3) DESK (4) COMM.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2026, as engrossed:** Your conference committee (Sens. Grindberg, Andrist, Lindaas and Reps. Dalrymple, Poolman, Gulleson) recommends that the **SENATE ACCEDE** to the House amendments on SJ pages 877-878 and place SB 2026 on the Seventh order.

Engrossed SB 2026 was placed on the Seventh order of business on the calendar.

**1999 TESTIMONY**

**SB 2026**

VICE PRESIDENT FOR FINANCE & OPERATIONS  
P.O. BOX 8378  
GRAND FORKS, NORTH DAKOTA 58202-8378  
(701) 777-3511  
FAX (701) 777-4082

January 12, 1999

Senator David Nething, Chairman  
Senate Appropriations Committee  
State Capitol  
Bismarck, North Dakota

RE:    SENATE BILL 2026

Dear Senator Nething,

During testimony to the Senate Appropriations Committee on the deficiency appropriation request for the University of North Dakota, Senator St. Aubyn raised several questions regarding flood insurance coverage. Enclosed are the following materials in response to those questions:

- March 1998 Flood Insurance Summary: report to the Budget Section. The Conclusion on page 3 includes a request from the University for guidance concerning the level of insurance and funding available to cover the cost.
- Minutes from the Budget Section meeting: Budget Section encouraged the University of North Dakota to purchase the lowest cost insurance coverage available which will satisfy Federal Emergency Management Agency requirements.
- Flood Policy Schedule: Identifies buildings insured and insurance coverage limit.
- Memorandum of 1/7/99 from Pat Hanson: Clarifies the simulated insurance issue.

If you would like additional information, please do not hesitate to contact me.

Sincerely,



Peggy Lucke  
Interim Vice President for Finance & Operations

ENC.

## University of North Dakota Flood Insurance Summary

### Background

The University of North Dakota incurred major expense and damage during the flood of 1997.

North Dakota State Fire and Tornado provides the primary insurance of UND facilities and equipment. We were told by State Fire and Tornado the coverage, under its policy for flood was minimal, limited to \$10,000 per occurrence. FEMA insurance adjusters took exception to their interpretation and are currently negotiating with State Fire and Tornado, a much broader insurance settlement.

Prior to the flood, the University of North Dakota purchased National Flood Insurance for four of its facilities. These buildings were determined to be "at risk" in the event of a flood. We now have a new meaning for what "at risk" means.

The University was also carrying two Inland Marine policies for its mobile equipment and a Boiler and Machinery policy. A contractor remodeling McCannel Hall, prior to the flood, carried a required Builders' risk policy. FEMA performed a unilateral analysis of all insurance policies held by the University at the time of disaster and identified these policies as potential sources of reimbursement for flood damage.

FEMA regards its public assistance program as a funding source of "last resort"; meaning that all sources of revenue available to an agency must be pursued prior to federal participation. The University has heard conflicting explanations from FEMA as to what is meant by "must be pursued". These explanations range from submission of a claim to legal action against the insurance company. Prior to knowing the outcome of these claims, FEMA has now started to reduce its participation by the amount it has unilaterally identified as "recoverable" from these other sources.

This FEMA policy represents a significant potential cash flow problem for UND, as well as avoidable and unnecessary interest expenses. FEMA's policy in past disasters has been to reimburse for all eligible damages and accept repayment from insurance proceeds for items covered by insurance. The University has and is currently pursuing all of these avenues for reimbursement. The amount of the deductions is estimated to be \$8.6 million.

### Flood Insurance

FEMA regulation (44 CFR 206.252) requires that UND obtain and maintain flood insurance in the amount of eligible disaster assistance for any buildings located in Zone A (100 year flood plain), as a condition for receiving Federal assistance. This requirement may also apply to insurable flood damaged facilities located outside of this special flood hazard area, when it is **reasonably available, adequate and necessary**. This insurance requirement cannot exceed the type and amounts of insurance that are certified as reasonable by the State Insurance Commissioner.

Considering the world-wide attention that Grand Forks attracted last spring, we discovered the markets for that flood insurance are very few and costly. There were 72 buildings that sustained damage during the flood. Of those buildings, 35 were damaged by sewer backup only. The University has installed sewer back-up valves on 26 of those 35 buildings to prevent future sewer damage.

The University was required by FEMA to sign a statement that agreed to purchase the required insurance if reasonable, available and necessary, prior to processing the FEMA claims. An appeal has been filed by the University to request FEMA to waive the flood insurance requirement on buildings that sustained only sewer damage.

We have proceeded with soliciting bids for the flood insurance requirement in its entirety. The only market that would provide the University with the required insurance was the National Flood Insurance Program (NFIP). Many buildings sustained minimal damage, but during the bid process we learned that buildings insured less than 80% of value or \$500,000, whichever occurred first, were not covered for sewer backup. Therefore, we needed to bid the insurance at two levels:

- 1) 80% of building value or \$500,000, which would cover flood and sewer damage or;
- 2) At the level of reimbursement received from FEMA, as required by the regulation, and not have sewer backup coverage.

Another difficulty we encountered during the bid process was the fact that the NFIP does not cover basement contents. Since the majority of the damaged contents were in the basement, a separate policy was required for contents.

The lowest bidder, that was able to quote the necessary insurance, provided us with the following bids for flood insurance: Option 1- \$94,500 per year; Option 2 (limited coverage) - \$56,360 per year. The requirement by FEMA is to obtain and maintain this insurance for 20 years on buildings and ten years on contents.

FEMA has suggested that we may be able to purchase insurance on our buildings and equipment, that includes flood coverage, at a more reasonable price than purchasing the flood insurance separately. Many insurance companies refused to bid, without the primary coverage of the buildings. Since coverage under North Dakota State Fire and Tornado is mandated for all state agencies, we were reluctant to pursue this option. Insurance Commissioner Pomeroy has, however, encouraged us to obtain the cost for insuring our buildings and equipment with another carrier that includes flood coverage and report back to him.

### **Cash Flow**

The University of North Dakota must continue to repair and replace its damaged assets. The above insurance situations will have a definite impact on our future cash flow. In summary, the impact appears to be as follows:



## University of North Dakota Future Cash Flow and Budget Items

FEMA reductions pending insurance resolution:

North Dakota State Fire and Tornado	\$	3,193,546
Inland Marine		2,214,486
Other policies		324,286
National Flood Insurance Program		905,655
Boiler and Machinery		1,561,635
Builders' Risk		<u>491,834</u>
Total	\$	8,691,442

### Cost for Additional Flood Insurance

Required: 20 years buildings  
10 years for contents

Option 1      Maximum Allowable with NFIP      \$1,523,210

Or

Option 2      Minimum FEMA Requirement (no Sewer)      761,050

### Conclusion

The insurance issues associated with flood recovery continue to take a great deal of time and effort to resolve. The liability for not pursuing insurance recovery and acquiring future insurance rests firmly with the University despite FEMA's assertions and interpretations of "eligible" costs. The University of North Dakota will continue to work with FEMA, insurance companies and the state agencies to resolve the issues of insurance and cash flow in a timely manner.

The University of North Dakota needs to make a decision within the next week concerning the level of insurance coverage to be purchased for the 72 affected buildings. Both options have serious financial implications for the state of North Dakota. We are requesting guidance from this group concerning the level of insurance and funding available to cover the cost.

I hope that this presentation has given you a better understanding of the FEMA reimbursement process, the status of the University recovery and the cash flow difficulties we may experience in the near future.

required for each project, and the amount of local funds actually raised for each project.

## STATUS OF FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) REIMBURSEMENTS TO THE UNIVERSITY OF NORTH DAKOTA

At the request of Chairman Dalrymple, Ms. Pat Hanson, Director of Payroll/Risk Management, University of North Dakota, presented information on the status of FEMA reimbursements to the University of North Dakota. A copy of the information presented is on file in the Legislative Council office. She said, that based upon a review of all insurance policies held by the university, FEMA has identified approximately \$8.6 million that should be collected from insurance companies. She said because FEMA has reduced the university's reimbursements by the \$8.6 million, the university faces a potential cash flow problem.

Ms. Hanson said FEMA requires that, as a condition of receiving assistance, the university obtain flood insurance for any buildings located in the 100-year floodplain and for other flood damaged buildings, if insurance is available. She said the university had 72 buildings that sustained damage during the flood, 35 of which were damaged by sewer backup only. She said the university has installed sewer backup valves on 26 of those 35 buildings to prevent future sewer damage. Ms. Hanson said the only option available for the university to obtain the required flood insurance is through the national flood insurance program. She said through the national flood insurance program, buildings insured at less than the lower of 80 percent of market value or \$500,000 are not covered for sewer backup damage. She said the university must receive bids to do one of the following:

1. Insure buildings at the lower of 80 percent of building value or \$500,000, which would provide flood and sewer damage coverage (estimated cost of \$94,500 per year) or;
2. Insure buildings at the level of reimbursement received from FEMA as required by the federal regulation, which would provide flood but not sewer backup coverage (estimated cost of \$56,360 per year).

Ms. Hanson said FEMA requires the university to maintain insurance coverage for 20 years on buildings and 10 years on contents. She said the University of North Dakota needs to make a decision regarding the level of insurance coverage to be purchased for the 72 affected buildings and requests guidance from the Budget Section.

Senator St. Aubyn said the FEMA deduction of \$8.6 million for potential insurance proceeds is contrary to FEMA's policy for dealing with homeowners. Ms. Jeanne O'Donnell, David M. Griffith and Associates, Ltd., said FEMA handles each disaster differently. She said the practice of deducting potential insurance proceeds from federal reimbursements is not unusual.

In response to a question from Senator Nelson, Mr. Sondrol said the university is reviewing its steam distribution system and will develop a plan to reduce parallel lines and consider alternative, more efficient heat sources for some buildings. He said FEMA will pay for up to 90 percent of the lowest cost option, which will be between \$15 and \$22 million.

Senator Nelson asked if it is likely that the \$8.6 million will be collected from either an insurance company or FEMA. Ms. Lucke said FEMA will pay the damage claims if they are denied after appropriate action has been taken by the University of North Dakota to collect from an insurance company.

Ms. Lucke said the University of North Dakota has submitted a hazard mitigation grant application to

relocate the University of North Dakota computer center. She said the University of North Dakota computer center is partially located in the basement of a building on the university campus. She said the university has submitted an application for financial assistance to relocate the computer center to the second floor or higher in another facility on campus. She said the cost of the project is approximately \$960,000, of which \$720,000 will be available from FEMA if the application is approved, and \$240,000 will be required from the state. She said if FEMA approves the project, the university will not accept the grant until discussion has taken place with the Legislative Assembly regarding the state matching requirement.

**It was moved by Representative Byerly and seconded by Representative Wald that the Budget Section encourage the University of North Dakota to purchase the lowest cost insurance coverage available which will satisfy Federal Emergency Management Agency requirements.**

Senator Redlin said the university has authority to make this decision and should be allowed to make it without interference by the Budget Section. Chairman Dalrymple said the university is requesting guidance from the Budget Section.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, said the university presented information on the insurance coverage requirements to make the Budget Section aware of the issue. She said the cost will be included in a deficiency appropriation requested from the 1999 Legislative Assembly.

**The motion carried on a roll call vote.** Representatives Dalrymple, Aarsvold, Byerly, Carlisle, Gertholz, Hausauer, Huether, Oban, Svedjan, Tollefson, Wald, and Wentz and Senators Bowman, Krauter, Lips, Naaden, Nalewaja, Robinson, and St. Aubyn voted "aye." Representatives Boehm, Delzer, Freier, Lloyd, Nichols, and Wilkie and Senators Nelson, Nething, Redlin, and Solberg voted "nay."

## **SERVICE, ACCESS, GROWTH, AND EMPOWERMENT (SAGE) PROJECT**

At the request of Chairman Dalrymple, Ms. Glatt presented information on the status of the University System's administrative and student records computer system project referred to as the SAGE project. A copy of the information presented is on file in the Legislative Council office. She said the SAGE negotiating team has been negotiating with PeopleSoft, Inc., and has presented to the chancellor's cabinet a project report which recommended that the University System enter into a contract with PeopleSoft, Inc., for the purchase of a new administrative and student records computer system. She said the plan calls for the staffing resources required to implement the system to be provided one-half by the campuses and one-half through a consulting agreement. She said the total estimated project cost is approximately \$22.1 million, as follows:

FLOOD POLICY SCHEDULE  
BOOK 1

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
4	RI00529630	EERC BLDG/FAC MAINT #182	\$ 16,000
5	RI00529574	FULTON HALL #27	\$250,000
6	RI00529575	KFJM RADIO STATION #56	\$ 8,300
7	RI00529576	DELTA UPSILON #116	\$250,000
8	RI00529577	HUGHES FINE ART #104	\$500,000
9	RI00529578	JOHNSTON HALL #26	\$250,000
10	RI00529579	SMITH HALL #73	\$250,000
11	RI00529580	WILKERSON HALL #86	\$500,000
12	RI00529581	EERC BLDG W LAB #190	\$320,700

FLOOD POLICY SCHEDULE  
BOOK 2

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
13	RI00529582	BURTNESS #74	\$ 15,700
14	RI00529583	EERC BLDG B ADMN #170	\$356,500
15	RI00529584	HOUSING 6 PLEX #202	\$ 12,900
16	RI00529585	HOUSING 6 PLEX #203	\$ 18,500
17	RI00529586	HOUSING 6 PLEX #204	\$ 24,200
18	RI00529587	HOUSING #205	\$ 14,000
19	RI00529588	HOUSING #206	\$ 19,200
20	RI00529589	HOUSING #207	\$ 23,600
21	RI00529590	CHESTER FRITZ AUD. #10	\$ 14,700

FLOOD POLICY SCHEDULE  
BOOK 3

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
22	RI00529591	MED SCIENCE NORTH #12	\$500,000
23	RI00529592	ALUMNI CENTER J.LLOYD #14	\$ 6,800
24	RI00529593	HYSLOP SPORTS CTR #24	\$ 62,900
25	RI00529594	HANCOCK HALL #25	\$ 29,800
26	RI00529595	BEK HALL #28	\$208,600
27	RI00529596	WALSH HALL #29	\$ 42,200
28	RI00529597	RALPH ENGELSTAD ARENA #30	\$ 69,500
29	RI00529598	MCCANNEL #32	\$ 5,400
30	RI00529599	MEMORIAL UNION #34	\$500,000

FLOOD POLICY SCHEDULE  
BOOK 4

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
31	RI00529600	ABBOTT HALL #35	\$ 27,000
32	RI00529601	SWANSON HALL #36	\$166,700
33	RI00529602	WITMER #38	\$ 60,500
34	RI00529603	MONTGOMERY HALL #42	\$164,700
35	RI00529604	SQUIRES HALL #75	\$250,000
36	RI00529605	5TH AVE N 3106 #78	\$ 58,900
37	RI00529606	LEONARD HALL #80	\$308,000
38	RI00529607	SCANDINAVIAN CTR #96	\$ 52,600
39	RI00529608	ERA BELL THOMPSON #118	\$ 15,600

FLOOD POLICY SCHEDULE  
BOOK 5

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
40	RI00529609	NATIVE AMERICAN CTR #126	\$ 29,700
41	RI00529610	CONFLICT RES/DAKOTA STU #129	\$ 62,200
42	RI00529611	EERC BLDG A CONF CTR #169	\$ 68,600
43	RI00529612	INTERNATIONAL HOUSE #242	\$ 32,600
44	RI00529613	TWAMLEY HALL #1	\$ 46,300
45	RI00529614	O'KELLY HALL MED SCIENCE #2	\$147,800
46	RI00529615	CHESTER FRITZ LIBRARY #7	\$ 62,500
47	RI00529616	ARMORY #8	\$ 14,800
48	RI00529617	HOME ECONOMICS #15	\$ 49,200



FLOOD POLICY SCHEDULE  
BOOK 6

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
49	RI00529618	MERRIFIELD #16	\$102,100
50	RI00529619	MEMORIAL STADIUM #23	\$ 66,000
51	RI00529620	ROBERTSON-SAYRE HALL #57	\$ 13,400
52	RI00529621	HOUSING - HARVARD #60	\$ 46,600
53	RI00529622	CORWIN/LARIMORE #63	\$ 26,500
54	RI00529623	STARCHER #64	\$ 71,000
55	RI00529624	CONFERENCE CENTER #79	\$ 80,200
56	RI00529625	SELKE #84	\$ 23,600
57	RI00529626	WITMER ART GALLERY #127	\$ 18,800

FLOOD POLICY SCHEDULE  
BOOK 7

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
58	RI00529627	EERC BLDG I ENVIR CNTL #177	\$385,900
59	RI00529628	EERC BLDG J/L HPT #180	\$ 28,000
60	RI00529629	EERC BLDG M #181	\$ 18,400
61	RI00529631	EERC BLDG O STORAGE #183	\$ 34,800
62	RI00529632	EERC BLDG S HAZ MAT #186	\$ 53,400
63	RI00529633	EERC BLDG C #188	\$ 49,800
64	RI00529567	HOUSING CAMBRIDGE #125 - CONTENTS	\$ 20,000 \$ 5,000
65	RI00529568	PRESIDENT'S RESIDENCE #31 - CONTENTS	\$ 75,000 \$ 18,000
66	RI00529569	315 PRINCETON #222 - CONTENTS	\$ 20,000 \$ 5,000

FLOOD POLICY SCHEDULE  
BOOK 8

<u>APPLIED POLICY #</u>	<u>POLICY #</u>	<u>DESCRIPTION OF LOCATION (BLDG #)</u>	<u>INSURED BLDG LIMIT</u>
67	PENDING	SHERIDAN RESEARCH TLR #133	\$ 10,878
68	RI00529572	RAY RICHARDS CLUB HOUSE #40	\$216,800
69	RI00529571	RAY RICHARDS HOUSE #61	\$ 10,100
70	RI00529570	RAY RICHARDS SHOP #150	\$ 8,200

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PAYROLL OFFICE  
P.O. BOX 7127  
GRAND FORKS, NORTH DAKOTA 58202-7127  
(701) 777-4226

To: Peggy Lucke, VPFO

Date: 1/7/99

From: ~~Pat~~ Hanson, Director of Payroll/Risk Mgmt

Re: Briefing on National Flood Insurance Program (NFIP) Simulated Insurance:

When FEMA calculates their reimbursement, they deduct any possible insurance payments we may receive and also any damage to buildings in the 100 year flood plain that should have been covered by flood insurance.

The only building that UND had in this situation was the Sheridan Research Trailer. This 1970's(?) trailer was located just inside the 100 flood plain line. In fact, a portion of it was not located in the flood plain. FEMA actually surveyed in twice to determine if in fact it was in the flood plain. They stated it was (I did verify it with the city engineer) and we were told by FEMA that we should have had flood insurance on the trailer.

Therefore, FEMA calculated what would have been covered by flood insurance, if we would have insured it and deducted that amount from our DSR. That amount, as listed on our latest FEMA deduction sheet, is currently \$3,767.00.

UND has no other deductions for simulated insurance. If you have any other questions, please let me know.

**University of North Dakota  
 Deficiency Appropriation Request-1997 Flood  
 Senate Bill 2026**

Deficiency Appropriation Summary (SB2026 Section 1, Subdivision 5):

1. 10% Cost Share	\$2,487,354
2. Interest on Bank Loan*	648,484
3. Labor Charges not Reimbursed by FEMA*	711,253
4. Service and Supply Charges not reimbursed by FEMA	25,403
5. Disaster Grants Management Consultant (DMG-Maximus)	456,274
6. Projects under \$1,000	2,906
7. Simulated Flood Insurance Deductions	6,335
8. Sewer Line Videotaping	32,550
9. Cost to Obtain and Maintain Flood Insurance	125,446
10. Refunds on Room and Board Contracts	227,956
 1997 Flood Expenditures-Total General Fund Appropriation	 \$4,723,961

\*Amount includes changes that have occurred as noted under proposed amendments.

Proposed Amendments to SB2026:

Based on current cost estimates, increase total 1997 flood expenditures (special line item) from \$4,320,341 to \$4,723,961. Interest costs have been increased by \$386,394 from the amount as of 9/24/98 of \$262,090 to include actual interest through 1/4/99 and an estimated amount through 6/30/99. Labor charges not reimbursed by FEMA has been increased by \$17,226 to reflect actual cost.

Based on discussions with the Office of Management and Budget, request amendment of Section 2, Exemption to include both subdivision 3 and subdivision 5. Potential funds carried forward for subdivision 5 would be used for state matching and flood recovery costs as identified above.

## Description of Amounts in Deficiency Appropriation Summary

### 1. 10% Cost Share

FEMA funding will only cover 90% of the University's eligible recovery costs for permanent repairs. Based on the University's projected FEMA recovery, the University's cost share is estimated to be \$4,187,354. Of this total, \$2,487,354 will be needed for costs to be incurred prior to 6/30/99. The remaining \$1,700,000 (part of steamline replacement cost) will be incurred after 6/30/99 and would be submitted for deficiency funding to the next legislative assembly. These amounts may increase (or decrease) based on the level of funding that is recovered from FEMA and/or through insurance.

### 2. Interest on Bank Loan

Interest expense accrued on the loan with the Bank of North Dakota through September 24, 1998 was \$262,090. Through January 4, 1999 the total accrued interest had increased to \$384,556. The loan balance is \$8,689,832. Interest will continue to accrue until sufficient cash is received from FEMA and insurance to pay off the loan. The uncertainty of timing and amount of payments to be received from insurance and/or FEMA present significant challenges in estimating the total interest cost that may accrue over the life of the loan. Although cash will be received from FEMA and/or insurance, the approval of the steamline replacement creates an additional cash draw. Assuming the loan balance will increase to \$12,000,000 and remain at that level until 6/30/99, interest costs will accrue for a total of \$648,484 through 6/30/99.

Interest costs beyond 6/30/99 would be submitted for deficiency funding to the next legislative assembly.

### 3. Labor Charges not Reimbursed by FEMA

A. The University incurred \$394,788 in administrative leave payments during the period that the University was closed. These costs are not eligible for FEMA reimbursement. These costs were directly identified to the flood funds (anticipating FEMA reimbursement). Salary costs for which alternative sources of funds were available (grant, contract, other appropriated) were excluded from this amount.

B. The University of North Dakota utilizes costing methods in its Plant Services and Telecommunications departments which are consistent with generally accepted accounting principles and qualify for reimbursement by all federal agencies except FEMA. FEMA operates under a different set of regulations which provide for reimbursement of actual cost, not recognizing the concept of average rates commonly used for recharge centers. Based on labor costs identified through September 14, 1998 for flood recovery projects, \$316,465 (\$305,942 for Plant Services and \$10,523 for Telecommunications) does not qualify for reimbursement by FEMA. Approximately 72,000 labor hours (trades) have been charged through by Plant Services for flood recovery.

#### 4. Service and Supply Charges not Reimbursed by FEMA

FEMA will not pay the overhead charges applied to inventory items. Based on inventory items identified through September 14, 1998, the difference between the recharge inventory amount and the amount to be recovered from FEMA is \$25,403 (\$7,339 for Plant Services and \$18,064 for Telecommunications).

#### 5. Disaster Grants Management Consultant (DMG-Maximus)

FEMA will only pay a small percentage of any costs associated with requesting, obtaining, or maintaining the grant funds. The University anticipates that administrative costs for this project will be approximately \$665,274 through June 1999. About \$209,000 will be covered through the administrative allowance paid on FEMA assistance, leaving an unfunded balance of \$456,274.

#### 6. Projects under \$1,000

The University incurred costs to repair the following sites, but since the cost at each site is less than \$1,000, it is not eligible for FEMA reimbursement.

<u>Facility</u>	<u>Repair Cost</u>
EERC K (Bldg. 179)	\$ 405
EERC Process Development (Bldg. P/184)	475
EERC Office Trailer (Bldg. T/183)	544
EERC Unit Operations	704
EERC Yard Area	406
Housing – 325 Princeton	372
	<hr/>
	\$2,906

#### 7. Simulated Flood Insurance Deductions

FEMA deducted \$6,335 from facilities that were located in the 100-year floodplain. The University did not maintain flood insurance on these facilities, so FEMA calculated a simulated flood insurance recovery. Funding for these costs will not be forthcoming from either FEMA or an insurance carrier.

#### 8. Sewer Line Videotaping

A number of the University's storm sewers filled with debris following the flood. The University is in the process of videotape inspecting the storm sewer lines for debris. If significant debris are found then FEMA will fund the videotaping efforts as well as the cost to clean and repair the line. However, if significant amounts of debris are not found, then FEMA will not pay for the videotape inspection. Based on levels of

debris identified in the City's storm sewers, the University anticipates that 30% of the videotaping will be covered by FEMA. As a result, the University's share of the inspection is estimated to be \$32,550 (70% of \$ 46,500)

#### 9. Cost to Obtain and Maintain Flood Insurance

FEMA regulation (44 CFR 206.252) requires that UND obtain and maintain flood insurance in the amount of eligible disaster assistance for any buildings located in Zone A (100 year flood plain), as a condition for receiving Federal assistance. Such insurance has been put in place per the requirement. The cost for 1998 was \$62,723. This will be an annual premium, thus the impact on the 97-99 biennium is estimated at \$125,446. In addition, the insurance must be maintained for 20 years on buildings and 10 years on contents.

#### 10. Refunds on Room and Board Contracts

Due to the early closure of UND in response to the flood, refunds were issued to students for a pro rata share of the remaining residence hall, apartment and board contracts. The total refunds were \$786,980. This amount is not eligible for FEMA reimbursement. The University received reimbursement from FEMA/SBA, utility companies/workers, UND faculty/staff and the community members in the amount of \$533,581 for the use of residence hall facilities during the flood and through the summer of 1997. In addition, reimbursement for dining services was \$25,443. The refunds less the residence hall and dining services reimbursements totals \$227,956. Net room and board revenue is pledged to retirement of revenue bonds.



# University of North Dakota Flood 1997 - Financial Impact Summary

Estimated based on data available through September, 1998

Description	Amount	
Tuition Revenue Loss (97-99)	\$5,817,824	Note 1
Departmental Revenue Loss	\$8,270,711	Note 2
EERC Grant Opportunity Loss	\$7,000,000	Note 3
Medical School Grant Opportunity Loss	\$1,500,000	Note 3
Emergency response, permanent repairs and replacement costs	\$49,592,457	Note 4
Other Recovery Costs	\$2,331,773	Note 5
Total Estimated Financial Impact	<u>\$74,512,765</u>	

Note 1: Estimated tuition that was budgeted for the 97-99 biennium that will not be collected. A combination of permanent budget reductions, selective temporary reductions and one time savings will be used to insure that actual spending and available resources balance for the biennium.

Note 2: Examples include Flight Operations, Continuing Education, Scientific Computing, Printing Center, Duplicating and a variety of auxiliaries.

Note 3: These amounts are an estimate of grants not received due to inability to perform the work or inability to submit proposals during the disaster. The estimate is based on average awards from the prior year.

Note 4: This is the total estimated cost of emergency response, permanent repairs and replacement.

Note 5: Includes initial estimates on other costs which are not eligible for FEMA reimbursement, for example, interest on loan, refunds on room and board contracts, and cost of flood insurance.

University of North Dakota  
 Deficiency Appropriation Summary-Flood 1997

Description	(1) June, 1998 Original Request to BHE	(2) Board Authorized Request	(3) As of 9/24/98 Data to OMB	(4) Executive Recommend SB2026	(5) As of 1/5/99 (Per UND Testimony)	(6) Senate Amended SB2026	(7) As of 2/19/99 Basis For Current Request
1. 10% Cost Share (Note A)	\$3,860,581	\$3,860,581	\$4,187,354	\$2,487,354	\$2,487,354	\$2,487,354	\$2,538,181
2. Interest on Bank Loan (Note B)	\$140,798	\$140,798	\$262,090	\$262,090	\$648,484	\$235,881	\$644,131
3. Labor Charges not Reimbursed by FEMA	\$1,116,098	\$855,770	\$869,345	\$694,027	\$711,253	\$654,431	\$727,932
4. Service and Supply Charges not Reimbursed by FEMA	\$20,453	\$20,453	\$25,403	\$25,403	\$25,403	\$25,403	\$26,437
5. Disaster Grants Management Consultant (DMG-Maximus)	\$456,274	\$456,274	\$456,274	\$456,274	\$456,274	\$456,274	\$447,274
6. Projects Under \$1,000	\$1,853	\$1,853	\$2,906	\$2,906	\$2,906		\$2,906
7. Simulated Flood Insurance Deductions	\$6,335	\$6,335	\$6,335	\$6,335	\$6,335	\$6,335	\$3,767
8. Sewer Line Videotaping	\$32,550	\$32,550	\$32,550	\$32,550	\$32,550	\$32,550	\$32,550
9. Cost to Obtain and Maintain Flood Insurance	\$125,446	\$125,446	\$125,446	\$125,446	\$125,446		\$129,820
10. Refunds on Room and Board Contracts	\$253,299	\$253,299	\$227,956	\$227,956	\$227,956		\$227,956
11. Biology Research	\$18,600						
12. Swanson Hall Mitigation	\$16,084						
13. Memorial Union Alternate Project	\$28,456						
14. Revenue Loss	\$8,270,711						
15. Tuition Shortfall	\$5,817,284						
	\$20,164,822	\$5,753,359	\$6,195,659	\$4,320,341	\$4,723,961	\$3,898,228	\$4,780,954

Note A: The Executive Recommendation excludes the cost share for project costs that will be incurred after 6/30/99 (steamline), anticipating the cost share would be submitted for a deficiency appropriation to the next legislative assembly.

Note B: The Executive recommendation included actual interest through 9/24/98. Columns 5 and 7 represent estimated interest that will accrue through 6/30/99.

**University of North Dakota  
Deficiency Appropriation Request-1997 Flood  
Senate Bill 2026**

Revised February 26, 1999 (to reflect data through 2/19/99)

Deficiency Appropriation Summary Request:

1. 10% Cost Share	\$2,487,354
1a. 10% Cost Share-change	50,827
2. Interest on Bank Loan	262,090
2a. Additional Interest Estimated through 6/30/99	382,041
3. Labor Charges not Reimbursed by FEMA	694,027
3a. Labor Charges Revised to Actual Cost	33,905
4. Service and Supply Charges not reimbursed by FEMA	25,403
4a. Service and Supply Revised to Actual Cost	1,034
5. Disaster Grants Management Consultant (DMG-Maximus)	456,274
5a. Increased Administrative Allowance to Offset Consultant Cost	(9,000)
6. Projects under \$1,000	2,906
7. Simulated Flood Insurance Deductions	6,335
7a. Revised Flood Insurance Deductions	(2,568)
8. Sewer Line Videotaping	32,550
9. Cost to Obtain and Maintain Flood Insurance	125,446
9a. Revised to Include Actual Premium per Bid	4,374
10. Refunds on Room and Board Contracts	227,956
 1997 Flood Expenditures-Total General Fund Appropriation	 \$4,780,954

In addition to amendments to fully fund amounts identified in the summary request, an additional amendment is requested to Section 3. Based on discussions with the Office of Management and Budget, request amendment of Section 3, Exemption to include both subdivision 3 and subdivision 5. Potential funds carried forward for subdivision 5 would be used for state matching and flood recovery costs as identified above.

Description of Amounts in Deficiency Appropriation Summary

1. 10% Cost Share

FEMA funding will only cover 90% of the University's eligible recovery costs for permanent repairs. Based on the University's projected FEMA recovery, the University's cost share is estimated to be \$4,238,181. Of this total, \$2,538,181 will be needed for costs to be incurred prior to 6/30/99. **The remaining \$1,700,000 (part of steamline replacement cost) will be incurred after 6/30/99 and would be submitted for deficiency funding to the next legislative assembly.** These amounts may increase (or decrease) based on the level of funding that is recovered

from FEMA and/or through insurance and have been adjusted to reflect changes that have occurred between 9/24/98 and 2/19/99.

## 2. Interest on Bank Loan

Interest expense accrued on the loan with the Bank of North Dakota through September 24, 1998 was \$262,090. Through January 4, 1999 the total accrued interest had increased to \$384,556. The loan balance is \$8,689,832. Interest will continue to accrue until sufficient cash is received from FEMA and insurance to pay off the loan. The uncertainty of timing and amount of payments to be received from insurance and/or FEMA present significant challenges in estimating the total interest cost that may accrue over the life of the loan. Although cash will be received from FEMA and/or insurance, the approval of the steamline replacement creates an additional cash draw. The ability to access the loan to cash flow the work on the steamline replacement is critical to the success of this project. Assuming the loan balance will increase to \$12,000,000 and remain at that level until 6/30/99, interest costs will accrue for a total estimated amount of \$644,131 through 6/30/99.

**Assuming interest costs that accrue in the current biennium are funded through SB2026, interest costs beyond 6/30/99 would be submitted for deficiency funding to the next legislative assembly.**

## 3. Labor Charges not Reimbursed by FEMA

A. The University incurred \$394,788 in administrative leave payments during the period that the University was closed. These costs are not eligible for FEMA reimbursement. These costs are related to 4 DSR's that FEMA wrote to cover campus wide emergency response and debris removal and were directly identified to the flood funds anticipating FEMA reimbursement. Salary costs for which alternative sources of funds were available (grant, contract, other appropriated) were excluded from this amount. The total university payroll for the period that the institution was closed is estimated at about \$7.5 million.

B. The University of North Dakota utilizes costing methods in it's Plant Services and Telecommunications departments which are consistent with generally accepted accounting principles and qualify for reimbursement by all federal agencies except FEMA. FEMA operates under a different set of regulations which provide for reimbursement of actual cost, not recognizing the concept of average rates commonly used for recharge centers. Based on labor costs identified through February 19, 1999 for flood recovery projects, \$333,144 (\$322,392 for Plant Services and \$10,752 for Telecommunications) does not qualify for reimbursement by FEMA. In excess of 92,000 labor hours (trades) have been charged through by Plant Services for flood recovery.

#### 4. Service and Supply Charges not Reimbursed by FEMA

FEMA will not pay the overhead charges applied to inventory items. Based on inventory items identified through February 19, 1999, the difference between the recharge inventory amount and the amount to be recovered from FEMA is \$26,437 (\$8,373 for Plant Services and \$18,064 for Telecommunications).

#### 5. Disaster Grants Management Consultant (DMG-Maximus)

FEMA will only pay a small percentage of any costs associated with requesting, obtaining, or maintaining the grant funds. The University anticipates that administrative costs for this project will be approximately \$665,274 through June 1999. About \$218,000 will be covered through the administrative allowance paid on FEMA assistance, leaving an unfunded balance of \$447,274.

#### 6. Projects under \$1,000

The University incurred costs to repair the following sites, but since the cost at each site is less than \$1,000, it is not eligible for FEMA reimbursement.

<u>Facility</u>	<u>Repair Cost</u>
EERC K (Bldg. 179)	\$ 405
EERC Process Development (Bldg. P/184)	475
EERC Office Trailer (Bldg. T/183)	544
EERC Unit Operations	704
EERC Yard Area	406
Housing – 325 Princeton	372
	<u>\$2,906</u>

#### 7. Simulated Flood Insurance Deductions

FEMA deducted \$3,767 from facilities that were located in the 100-year floodplain (Maize genetics research trailer). The University did not maintain flood insurance on these facilities, so FEMA calculated a simulated flood insurance recovery. Funding for these costs will not be forthcoming from either FEMA or an insurance carrier.

#### 8. Sewer Line Videotaping

A number of the University's storm sewers filled with debris following the flood. The University is in the process of videotape inspecting the storm sewer lines for debris. If significant debris are found then FEMA will fund the videotaping efforts as well as the cost to clean and repair the line. However, if significant amounts of debris are not found, then FEMA will not pay for the videotape inspection. Based on levels of

debris identified in the City's storm sewers, the University anticipates that 30% of the videotaping will be covered by FEMA. As a result, the University's share of the inspection is estimated to be \$32,550 (70% of \$ 46,500). More current information on the sewer line will be available shortly.

#### 9. Cost to Obtain and Maintain Flood Insurance

FEMA regulation (44 CFR 206.252) requires that UND obtain and maintain flood insurance in the amount of eligible disaster assistance for any buildings located in Zone A (100 year flood plain), as a condition for receiving Federal assistance. Such insurance has been put in place per the requirement. The cost for 1998 was \$62,723. This will be an annual premium and the bid for 1999 has been received at \$67,097. Thus the impact on the 97-99 biennium is now estimated at \$129,820. In addition, the insurance must be maintained for 20 years on buildings and 10 years on contents.

#### 10. Refunds on Room and Board Contracts

Due to the early closure of UND in response to the flood, refunds were issued to students for a pro rata share of the remaining residence hall, apartment and board contracts. The total refunds were \$786,980. This amount is not eligible for FEMA reimbursement. The University received reimbursement from FEMA/SBA, utility companies/workers, UND faculty/staff and the community members in the amount of \$533,581 for the use of residence hall facilities during the flood and through the summer of 1997. In addition, reimbursement for dining services was \$25,443. The refunds less the residence hall and dining services reimbursements totals \$227,956. Net room and board revenue is pledged to retirement of revenue bonds.

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Community College Foundation • 662-1507  
Instructional Services • 662-1509  
Student Services • 662-1514  
Continuing Education • 662-1510

## MEMO

To: North Dakota State Senate Appropriations Committee Members

From: Sharon L. Etemad, Executive Dean

Re: UND-Lake Region Subsurface and Surface Parking Lot Drainage Project

Date: January 6, 1999

Currently UND-Lake Region has a deficiency Appropriation request for \$206,500, including interest, to pay off an Emergency Commission approved line of credit with the Bank of North Dakota for a Subsurface and Surface Parking Lot Drainage Project resulting from flood conditions. Increased funds may be needed to pay for the removal of additional organic matter and the replacement of the organic matter with gravel in order to properly prepare the base for the drainage field and subsequent resurfacing. FEMA gave preliminary approval for this additional work, but could not fully assure college officials that the extra costs would be covered until the final billing was evaluated. They did advise that the likelihood was that funding would be provided at 75-90% and that the project should not be held up because of the added costs. Also, continued negotiations are underway to pay for a portion of the curb and gutter costs which the engineer designed to contribute to improved drainage. Funding of a portion of the curb and gutter could potentially offset any unfunded organic material removal.

Every effort will be made to negotiate with FEMA to cover the additional cost of black dirt removal and/or curb and gutter; however, in the event UND-Lake Region is unsuccessful in obtaining additional funding, approval is requested to appear before the Appropriations Committee to seek an additional Deficiency Appropriation in order to cover any unfunded costs. Another option would be to seek an increase in the line of credit to cover any additional costs and subsequently seek a deficiency appropriation to cover the unfunded costs in the 2001-2003 biennium.

## Background:

UND-Lake Region's limited drainage facilities resulted in overland flow of water to the south leaving several areas of ponding water. An accumulation of large amounts of water in this region due to extreme flood conditions over the past few years has raised the water table, contributing further to the saturation of the subsoils and extreme deterioration of roadways and parking lots adjacent to the college and high school. FEMA mitigation and repair funding has been obtained

to meet a large share of the cost for the project.

At the September, 1997 meeting, the SBHE gave the Chancellor the authority to seek a loan of up to \$200,000 at the Bank of North Dakota for the parking lot drainage and resurfacing project. The total budget for the joint UND-Lake Region, Devils Lake Public Schools, Devils Lake Recreation Department project is nearly \$1,500,000.

UND-Lake Region did establish a line of credit with the Bank of North Dakota and currently has drawn \$200,000 from the line of credit which is being used to make construction payments as billed. The total college share of the project will be determined during the final project closeout with FEMA.



**STORM SEWER HAZARD MITIGATION PROJECT**  
**UND-LAKE REGION, DEVILS LAKE PUBLIC SCHOOL DISTRICT, and CITY of DEVILS LAKE**  
**FISCAL YEAR 1999**

	<u>SHARE of PROJECT</u>		<u>TOTAL</u>
	<u>UND-LR</u>	<u>DLPS</u>	
<b><u>DIVISION I: STORM SEWER</u></b>			
Base Bid	59,700.20	59,700.20	119,400.40
Alternate 1	23,839.95	23,839.95	47,679.90
Alternate 2	11,733.80	11,733.80	23,467.60
	<u>95,273.95</u>	<u>95,273.95</u>	<u>190,547.90</u>
<b><u>DIVISION II: STREET CONSTRUCTION</u></b>			
Base Bid	199,586.00		199,586.00
Alternate 1	79,826.00		79,826.00
Alternate 2	16,387.00		16,387.00
Alternate 3		88,006.50	88,006.50
Alternate 4		33,027.00	33,027.00
	<u>295,799.00</u>	<u>121,033.50</u>	<u>416,832.50</u>
<b><u>DIVISION III: PARKING LOT PAVEMENT</u></b>			
Alternate 1		175,220.50	175,220.50
Alternate 2	156,871.00		156,871.00
Alternate 3	141,511.00		141,511.00
Net Change Orders	43,500.00		43,500.00
Alternate 4		164,852.00	164,852.00
NE Parking Lot		51,528.00	51,528.00
Football Field parking		111,500.00	111,500.00
	<u>341,882.00</u>	<u>503,100.50</u>	<u>844,982.50</u>
<b>SUBTOTAL CONSTRUCTION COST</b>			
	732,954.95	719,407.95	1,452,362.90
<b>CONTINGENCIES @ 4%</b>			
	-	28,776.32	28,776.32
<b>ENGINEERING COSTS</b>			
	20,213.00	20,213.00	40,426.00
<b>TOTAL PROJECT COSTS</b>			
	753,167.95	768,397.27	1,521,565.22
<b><u>ESTIMATED FUNDING SOURCES:</u></b>			
FEMA	(327,488.00)	(407,236.00)	(734,724.00)
<b>Bank of ND Line of Credit #</b>	<b>(200,000.00)</b>		<b>(200,000.00)</b>
FY98 NDUS Capital Improvement Pool	(55,000.00)		(55,000.00)
Campus Parking Fee reserves	(35,000.00)		(35,000.00)
Devils Lake Park District contribution	(25,000.00)	(25,000.00)	(50,000.00)
D.L. Public School contribution (via state)	(17,124.00)	(17,124.00)	(34,248.00)
Ramsey Co. Water District contribution	(5,000.00)	(5,000.00)	(10,000.00)
	<u>88,555.95</u>	<u>314,037.27</u>	<u>402,593.22</u>
Unfunded Balance *	<u>88,555.95</u>	<u>314,037.27</u>	<u>402,593.22</u>

# The Bank of ND Line of Credit amount of \$200,000.00 was approved by the Emergency Commission and has been used. A total of \$206,500.00 (including estimated interest) is requested in the 1997-99 Deficiency Bill to repay the loan.

\* Until final close-out with FEMA is done, the actual unfunded balance will remain unknown. Close-out was expected to be accomplished during the week of January 12, 1999 but FEMA has informed us that now they do not expect to be here from Denver until late February. We anticipate that FEMA will provide a portion of the funding for the Unfunded Balance amount but their contribution is not known at this point (as of January 24, 1999).

NOTE: The City of Devils Lake contributed in-kind services toward the project by establishing a special assessment district, providing additional engineering services, and acting as the general contractor and paying agent. The City is also carrying the Unfunded Balances until a final close-out with FEMA can be accomplished.

From: "Corry Kenner" <KENNERC@shorelines.und-lr.nodak.edu>  
Organization: UND - Lake Region  
To: glatt@prairie.NoDak.edu  
Date: Mon, 28 Sep 1998 22:35:16 -600  
Subject: Deficiency appropriation request  
Priority: normal

Laura:

There are a few steps that need to take place before a "concrete" dollar amount can be determined for the Deficiency Appropriation Request but we believe an additional \$87,636 (above the preliminary estimate of \$206,500) would be a strong estimate and is based on the following items for which we have not yet received funding approval from FEMA:

- 1) Net increase to project for additional excavation determined by the engineer to be necessary due to the condition of the subsoil in a large area of the project was \$43,500.
- 2) Cost of curb and gutter work is \$44,136.

The problem we have right now is twofold:

We don't have the final billing from the City of Devils Lake for the project and, without the final amounts (quantities and prices) FEMA cannot complete their evaluation and approve (or disapprove) the costs for which we are asking funding consideration.

We have had a meeting and our preliminary discussions with the Bismarck office of FEMA and the federal representative were fairly positive. However, without a solid commitment from FEMA, the safe thing to do would be to request the additional \$87,636 as a possible Deficiency Appropriation. If, in the end, FEMA covers most of the cost we would turn back the appropriation.

I would like to give you more information but this is the best we can give you at this time.

Corry G. Kenner, Bus. Affairs Director  
UND-Lake Region  
1801 College Drive N  
Devils Lake, ND 58301

KENNERC@SHORELINES.UND-LR.NODAK.EDU  
Phone: 701-662-1505  
Fax: 701-662-1570

SENATE BILL NO. 2026  
SENATE APPROPRIATIONS COMMITTEE  
OFFICE OF ATTORNEY GENERAL  
DEFICIENCY APPROPRIATION – LOCAL GAMING ENFORCEMENT GRANTS

I am Kathy Roll, Financial Administrator with the Office of Attorney General. I am here to testify on Senate Bill No. 2026, Subdivision 1 – Grants. This request is for \$130,606 from the General Fund to cover the last quarterly Local Gaming Enforcement grants payment for the 1995-97 biennium, which was paid out of the 1997-99 biennium appropriation.

The last quarterly payment for the Local Gaming Enforcement grants is usually ready in mid- to late July after the end of each biennium. When a payment made in July relates to the previous biennium, specific month and biennium coding is needed to apply the payment to the prior biennium.

The specific month and biennium coding was not included on the payment document for the Local Gaming Enforcement grants paid in July 1997, relating to the 1995-97 biennium. I'm very sorry this mistake occurred. The funding was available, and ended up in the General Fund turnback for the 1995-97 biennium of \$132,314 for this office.

The Legislative Audit and Fiscal Review Committee introduced Senate Bill No. 2050 to address the timing issue between receiving the taxes and tax forms and distributing the Local Gaming Enforcement grants, which are based on actual adjusted gross proceeds for cities and counties. Senate Bill No. 2050 provides for the Local Gaming Enforcement grants payments to be based on the prior quarter's actual adjusted gross proceeds, which should help to alleviate this timing and payment issue.

Attorney  
General  
gaming

SENATE BILL NO. 2026  
HOUSE APPROPRIATIONS COMMITTEE  
OFFICE OF ATTORNEY GENERAL  
DEFICIENCY APPROPRIATION – LOCAL GAMING ENFORCEMENT GRANTS

I am Kathy Roll, Financial Administrator with the Office of Attorney General. I am here to testify on Senate Bill No. 2026, Subdivision 1 – Grants. This request is for \$130,606 from the General Fund to cover the last quarterly Local Gaming Enforcement grants payment for the 1995-97 biennium, which was paid out of the 1997-99 biennium appropriation.

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The specific month and biennium coding was not included on the payment document for the Local Gaming Enforcement grants paid in July 1997, relating to the 1995-97 biennium. I'm very sorry this mistake occurred. The funding was available, and ended up in the General Fund turnback for the 1995-97 biennium of \$132,314 for this office.

The Office of Attorney General's budget, contained in Senate Bill No. 2003, provides for the Local Gaming Enforcement grants to be granted on a competitive basis. The Legislative Audit and Fiscal Review Committee introduced 1999 Senate Bill No. 2050 to address the timing issue between receiving the taxes and tax forms and distributing the Local Gaming Enforcement grants, which are currently based on actual adjusted gross proceeds for cities and counties. This bill was defeated based on the change in the Office's appropriation bill, Senate Bill No. 2003, which provides for the grants to be competitively awarded.



# DEPARTMENT OF CORRECTIONS AND REHABILITATION

3303 East Main, PO Box 1898 • Bismarck, ND 58502-1898  
(701) 328-6390 • FAX (701) 328-6651 • TDD 1-800-366-6888

January 6, 1999

Prepared for the Senate Appropriations Committee  
Senator David Nething, Chairman

### Testimony on Senate Bill No. 2026

The Department of Corrections and Rehabilitation estimates that expenditures for the Prison's Division will exceed its 1997-1999 biennium appropriation by \$2.5 million. The primary reasons for this deficiency include the delay of the renovation of the James River Correctional Center (JRCC) and the need to house excess inmates in jails and a private prison for the majority of the biennium. The prison's 1997-99 appropriation did not include any funding for the contracting of inmates to other facilities. Our current budget estimated that the James River Correctional Center would be operational and ready to house inmates by October 1997, however, because of construction delays we were not able to house inmates at the JRCC until June 1998. Costs incurred to contract out inmates until the JRCC was operational were \$1,708,874. Also, \$1,355,306 of the total estimated contracting costs for the biennium will be attributable to the higher than estimated inmate population for the biennium. Following is an analysis of the costs of housing inmates in facilities outside of our system (also see attached schedule) and for operational costs for the JRCC.

1997-99 salary and operating appropriation for the JRCC.....	\$6,316,611
Actual & estimated salary and operating 1997-99 for JRCC .....	<u>5,356,674</u>
Balance in JRCC appropriation .....	\$ 959,937
External housing/contracting costs to date .....	\$2,009,678
Estimated housing/contracting costs for remainder of biennium .....	<u>1,450,259</u>
Total external housing costs .....	\$3,459,937
Total external housing costs .....	\$3,459,937
Less the balance in the JRCC appropriation .....	<u>959,937</u>
Deficiency appropriation required.....	<u><u>\$2,500,000</u></u>
Estimated Income .....	\$ 250,000
General Fund.....	\$2,250,000

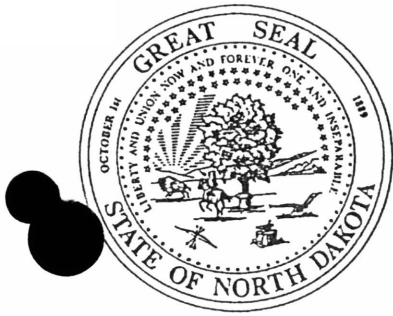




## DOCR PRISONS DIVISION 1997-1999 EXTERNAL HOUSING OF INMATES

Month/Year	Original Projected Inmate Population	Actual Average Daily Population	Inmates Placed at Appleton	Inmates Placed In Jails/Community Placement Program	Total Inmates Contracted Externally	TOTAL
July 1997	813	774	0	70	70	\$ 81,634
August	817	768	0	70	70	82,587
September	822	771	50	53	103	136,583
October	827	779	50	61	111	147,963
November	832	794	50	75	125	159,892
December	837	820	70	73	143	199,266
January 1998	842	837	70	79	149	208,811
February	847	840	80	75	155	177,583
March	852	851	84	77	161	219,834
April	857	864	95	68	163	228,850
May	862	878	93	73	166	241,460
June 1998	867	878	0	52	52	125,215
<b>TOTAL FY1998</b>						<b>\$2,009,678</b>
July 1998	873	928	0	40	40	49,215
August	876	942	50	40	90	99,017
September	879	938	50	17	67	97,103
October	882	955	50	19	69	89,939
November	885	956	50	19	69	92,635
December	888	954	50	20	70	104,160
January 1999	891	964	50	30	80	117,490
February	895	1000	50	66	116	149,464
March	899	1000	50	66	116	165,478
April	903	1000	50	66	116	160,140
May	907	1000	50	66	116	165,478
June 1999	912	1000	50	66	116	160,140
<b>TOTAL FY1999</b>						<b>\$1,450,259</b>
<b>97-99 GRAND TOTAL</b>						<b>*\$3,459,937</b>

\* Actual expenditures are shown for July 1997 through November 1998.



# DEPARTMENT OF CORRECTIONS AND REHABILITATION

3303 East Main, PO Box 1898 • Bismarck, ND 58502-1898  
(701) 328-6390 • FAX (701) 328-6651 • TDD 1-800-366-6888

Prepared for the House Appropriations Committee  
Representative Jack Dalrymple, Chairman  
February 25, 1999

## Testimony On Senate Bill No. 2026

The Department of Corrections and Rehabilitation estimates that expenditures for the prison's division will exceed its 1997-1999 biennium appropriation by \$2.25 million. The reasons for this deficiency include higher than estimated medical costs, the delay of the renovation of the James River Correctional Center and the need to house excess inmates in jails and a private prison for the majority of the biennium. Our current budget estimated that the James River Correctional Center would be operational by October 1997, however because of construction delays we were not able to house inmates at the JRCC until June 1998. Below is an analysis of the deficiency appropriation required and attached is an analysis of the costs of housing inmates in facilities outside of our system

Salary and operating appropriation for the JRCC	---	\$6,316,611
Estimated expenditures 1997-99 for JRCC	-----	<u>5,294,355</u>
Balance in JRCC appropriation	-----	\$1,022,256
External Housing/contracting costs FY98	-----	\$2,009,678
Estimated contracting costs for remainder of bien. -	-----	<u>1,082,578</u>
Total external housing costs	-----	\$3,092,256
Total external housing costs	-----	\$3,092,256
Less Balance in the JRCC appropriation	-----	<u>1,022,256</u>
Subtotal - Deficiency required before med. Costs -	-----	\$2,070,000
Add medical cost deficiency	-----	<u>180,000</u>
Deficiency appropriation required	-----	\$2,250,000
General Fund	-----	\$2,000,000
Special Funds	-----	250,000



## DOCR PRISONS DIVISION 1997-1999 EXTERNAL HOUSING OF INMATES

Month/Year	Original Projected Inmate Population	Actual Average Daily Population	Inmates Placed at Appleton	Inmates Placed In Jails/Community Placement Program	Total Inmates Contracted Externally	TOTAL
July 1997	813	774	0	70	70	\$ 81,634
August	817	768	0	70	70	82,587
September	822	771	50	53	103	136,583
October	827	779	50	61	111	147,963
November	832	794	50	75	125	159,892
December	837	820	70	73	143	199,266
January 1998	842	837	70	79	149	208,811
February	847	840	80	75	155	177,583
March	852	851	84	77	161	219,834
April	857	864	95	68	163	228,850
May	862	878	93	73	166	241,460
June 1998	867	878	0	52	52	125,215
<b>TOTAL FY1998</b>						<b>\$2,009,678</b>
July 1998	873	928	0	40	40	49,215
August	876	942	50	40	90	99,017
September	879	938	50	17	67	97,103
October	882	955	50	19	69	89,939
November	885	956	50	19	69	93,685
December	888	954	50	21	71	101,824
January 1999	891	927	50	22	72	101,815
February	895	924	50	22	72	96,180
March	899	910	35	35	70	96,875
April	903	910	35	35	70	93,750
May	907	900	35	25	60	82,925
June 1999	912	900	35	25	60	80,250
<b>TOTAL FY1999</b>						<b>\$1,082,578</b>
<b>97-99 GRAND TOTAL</b>						<b>*\$3,092,256</b>

\* Actual expenditures are shown for July 1997 through January 1999.

**TESTIMONY OF  
MAJOR GENERAL KEITH D. BJERKE  
THE ADJUTANT GENERAL  
BEFORE THE  
SENATE APPROPRIATIONS COMMITTEE  
JANUARY 6, 1999  
ON  
SENATE BILL 2026**

The North Dakota National Guard has participated in three state disasters since the 1997 Legislative Session. The snow (FEMA 1157) and flood (FEMA 1174) disasters of 1996/1997, and more recently, the 1998 flooding (FEMA 1220) in the eastern part of the State.

Our total expenditures for all three disasters were approximately \$5.4 million. We received revenue from several different sources. The main source was from FEMA, totaling almost \$5 million. In addition, we received \$176,000 from the State's Contingency Fund, \$95,000 from counties and \$54,000 from the Red Cross.

Throughout the disasters, we were able to manage a cash flow before receiving reimbursements from FEMA and other sources through the borrowing authority from the Bank of North Dakota established by Senate Bill 2347 during the 1997 Legislative Session.

We are pleased to come before you today and report that after incurring \$5.4 million in expenses during our support of the disasters, our current loan balance is approximately \$103,000 with interest continuing to accrue until paid. Senate Bill 2026 provides for \$135,000 which will cover our loan balance and accrued interest along with any unpaid bills which we are not currently aware of. If there are any funds left after all obligations have been paid, they will remain in the National Guard's Emergency Fund to be used for future emergencies.

I would be pleased to respond to any questions, Mr. Chairman.

North  
Guard

**NORTH DAKOTA NATIONAL GUARD  
DISASTER OPERATIONS  
1997 - 1999 BIENNIUM**

**FOR DISASTERS: 1157, 1174 & 1220:**

**EXPENDITURES** **\$ 5,410,887.00**

**REVENUES:**

FEMA	<b>\$ 4,983,402.00</b>
RED CROSS	<b>\$ 54,000.00</b>
STATE CONTINGENCY FUND	<b>\$ 175,880.00</b>
COUNTIES	<b>\$ 94,858.00</b>
	<b><u>5,308,140.00</u></b>
	<b>\$ 5,308,140.00</b>

**CURRENT LOAN BALANCE** **\$ 102,747.00**

**TESTIMONY OF**  
**BRIGADIER GENERAL RONALD L. GANGNESS**  
**ASSISTANT ADJUTANT GENERAL**  
**BEFORE THE**  
**HOUSE APPROPRIATIONS COMMITTEE**  
**FEBRUARY 26, 1999**  
**ON**  
**SENATE BILL 2026**

The North Dakota National Guard has participated in three state disasters since the 1997 Legislative Session. The snow (FEMA 1157) and flood (FEMA 1174) disasters of 1996/1997, and more recently, the 1998 flooding (FEMA 1220) in the eastern part of the State.

Our total expenditures for all three disasters were approximately \$5.4 million. We received revenue from several different sources. The main source was from FEMA, totaling almost \$5 million. In addition, we received \$176,000 from the State's Contingency Fund, \$95,000 from counties and \$54,000 from the Red Cross.

Throughout the disasters, we were able to manage a cash flow before receiving reimbursements from FEMA and other sources through the borrowing authority from the Bank of North Dakota established by Senate Bill 2347 during the 1997 Legislative Session.

We are pleased to come before you today and report that after incurring \$5.4 million in expenses during our support of the disasters, our current loan balance including accrued interest is approximately \$104,000 with additional interest continuing to accrue until paid. Senate Bill 2026 provides for \$107,000 which will cover our loan balance as well as all accrued interest.

I would be pleased to respond to any questions, Mr. Chairman.

OFFICE OF ADJUTANT GENERAL  
LOAN BALANCE PAY-OFFS

<u>PAY-OFF DATE</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u>
<u>1-Mar-99</u>	\$	96,533.57	\$	1,633.03	\$	98,166.60
	\$	5,700.00	\$	112.37	\$	<u>5,812.37</u>
						\$ 103,978.97
<u>1-May-99</u>	\$	96,533.57	\$	2,778.02	\$	99,311.59
	\$	5,700.00	\$	179.98	\$	<u>5,879.98</u>
						\$ 105,191.57
<u>30-Jun-99</u>	\$	96,533.57	\$	3,904.24	\$	100,437.81
	\$	5,700.00	\$	246.48	\$	<u>5,946.48</u>
						\$ 106,384.29




EDWARD T. SCHAFER  
GOVERNOR

MAJ. GEN. KEITH BJERKE  
ADJUTANT GENERAL

DOUGLAS C. FRIEZ  
STATE DIRECTOR

# Division of Emergency Management

TO: Senator David E. Nething  
Chairman, Appropriations Committee

FROM:  Douglas C. Friez  
Director, Division of Emergency Management

SUBJECT: Division of Emergency Management's Request for a Deficiency Appropriation SB 2026

DATE: January 6, 1999

Following are comments on behalf of SB 2026 the deficiency appropriation for the Division of Emergency Management.

I. Introduction

The Division's request is for authority to repay a portion of the State disaster response and recovery loan with the Bank of North Dakota as provided under Chapter 37-17.1-23 of the North Dakota Century Code.

Our current loan authority is \$16,696,400.00. At present we anticipate borrowing \$15.1 million of that authority by June 30, 1999. This amount includes the state share for the following disasters: 1993 - flood; 1994 - flood; 1995 - flood; 1996 - flood; 1997 - snow; 1997 - flood; and 1998 - flood.

Previously we had borrowed \$3.9 million, and with legislative approval have repaid \$3.9 Million.

II. Background

During the 93-95, 95-97 and 97-99 Biennium, the state was most unfortunate to have received serious flooding, as well as experiencing an extremely difficult winter in 1996-97. These major events resulted in seven presidential disaster declarations that began during the summer of 1993 and continued on during the spring and summers of 1994, 1995, 1996, 1997 and 1998. As I'm sure you remember, we received two Presidential Disaster Declarations in 1997 for both Snow Removal and for the catastrophic spring flooding that followed.

The Division of Emergency Management, with authority granted by the Emergency Commission, secured a loan from the Bank of North Dakota to cover the state share of the costs.

Along with Presidential Disaster Declarations comes the implementation of various disaster programs requiring non-federal cost sharing. These programs include the Individual and Family Grant (IFG) Program, Public Assistance (PA) Program and Hazard Mitigation Grant (HMGP) Program, all of which, are cost sharing programs with state participation. The cost share for these programs is as follows:

- IFG - 75% federal share - 25% state share
- PA - 75% federal share - 15% local share - 10% state share
- HMGP - 75% federal share - 15% local share - 10% state share



Due to the magnitude of the 1993 and 1997 flood disasters, the federal government changed the cost share for the Public Assistance Program to a 90% federal and 10% non-federal (5% state & 5% local) cost share. Additionally, in response to the 1997 flood, the federal government changed the cost share on Category A & B (emergency) work to 100%. Also, the Governor, in response to the 1997 catastrophic flood, declared that the state pick up the local share for all Public Assistance Program recovery work for all public entities within the city of Grand Forks.

The following is a current cost breakdown estimate of the various recovery programs for each of the disasters since July of 1993.

YR Disaster #	Federal Funds Authorized	State Match %	State Share	Total State & Federal
93 1001 IFG	\$ 770,706.00	25%	\$ 256,902.00	\$ 1,027,608.00
93 1001 PA	\$ 7,949,000.00 *	5%	\$ 418,368.42	\$ 8,367,368.42
93 1001 HM	<u>\$ 4,500,000.00</u>	10%	<u>\$ 500,000.00</u>	<u>\$ 5,000,000.00</u>
	\$ 13,219,706.00		\$ 1,175,270.42	\$ 14,394,976.42
94 1032 PA	\$ 3,355,000.00	10%	\$ 372,777.78	\$ 3,727,777.78
94 1032 HM	<u>\$ 700,000.00</u>	10%	<u>\$ 77,777.78</u>	<u>\$ 777,777.78</u>
	\$ 4,055,000.00		\$ 450,555.56	\$ 4,505,555.56
95 1050 PA	\$ 9,616,000.00	10%	\$ 1,068,444.44	\$ 10,684,444.44
95 1050 HM	<u>\$ 1,900,000.00</u>	10%	<u>\$ 211,111.11</u>	<u>\$ 2,111,111.11</u>
	\$ 11,516,000.00		\$ 1,279,555.56	\$ 12,795,555.56
96 1118 PA	\$ 9,915,000.00	10%	\$ 1,101,666.67	\$ 11,016,666.67
96 1118 HM	<u>\$ 1,750,000.00</u>	10%	<u>\$ 194,444.44</u>	<u>\$ 1,944,444.44</u>
	\$ 11,665,000.00		\$ 1,296,111.11	\$ 12,961,111.11
97 1157 PA	<u>\$ 14,593,993.00</u>	10%	<u>\$ 1,621,554.78</u>	<u>\$ 16,215,547.78</u>
	\$ 14,593,993.00		\$ 1,621,554.78	\$ 16,215,547.78
97 1174 IFG	\$ 12,000,000.00	25%	\$ 4,000,000.00	\$ 16,000,000.00
97 1174 PA	\$ 218,999,000.00 *	5%	\$11,526,263.16	\$ 230,525,263.16
97 1174 HM	<u>\$ 31,500,000.00</u>	10%	<u>\$ 3,500,000.00</u>	<u>\$ 35,000,000.00</u>
	\$ 262,499,000.00		\$19,026,263.16	\$ 281,525,263.16
98 1220 IFG	\$ 500,000.00	25%	\$ 166,666.67	\$ 666,666.67
98 1220 PA	\$ 10,019,000.00	10%	\$ 1,113,222.22	\$ 11,132,222.22
98 1220 HM	<u>\$ 750,000.00</u>	10%	<u>\$ 83,333.33</u>	<u>\$ 833,333.33</u>
	\$ 11,269,000.00		\$ 1,363,222.22	\$ 12,632,222.22
Total	\$ 328,817,699.00		\$26,212,532.80	\$ 355,030,231.80

In addition to the \$328.8 million in federal disaster assistance from these matching programs, we estimate another \$117million in non-matching federal assistance. This assistance came from other FEMA programs for individuals and Community Development Block Grant and Home Program funds administered by the Office of Intergovernmental Assistance with need identification and verification help from the Division of Emergency Management and the State Hazard Mitigation Team, which the Division organizes, trains and coordinates.

Agricultural assistance programs through Farm Service Agency (FSA) are administered directly by FSA and the user.

III. Conclusion

This deficiency appropriation will allow the Division of Emergency Management to repay the Bank of North Dakota for funds used as of the end of the 97-99 Biennium. These funds were used to cover the portion of the state's share of the 1993, 1994, 1995, 1996, 1997, 1998 floods and the 1997 snow Presidential Disaster Declarations that will have been paid out by the end of the biennium.

Currently, our staff has closed out the PA and IFG Programs for the 1993 and 1994 flood disasters and the PA Program for the 1997 snow disaster. We expect closeout of the 1995 and 1996 disasters within the next biennium. Closeout of the 1997 and 1998 disasters are expected within about 3 to 4 years. Disaster closeouts are dependent upon final completion of construction requirements established in recovery plans developed by representatives of the local, state and federal recovery teams.

In the future we expect the additional state costs for final closeout of all existing disasters to be an additional \$10 million.



# Division of Emergency Management



EDWARD T. SCHAFER  
GOVERNOR

MAJ. GEN. KEITH BJERKE  
ADJUTANT GENERAL

DOUGLAS C. FRIEZ  
STATE DIRECTOR

TO: Representative Jack Dalrymple  
Chairman, Appropriations Committee

FROM: Douglas C. Friez *DF*  
Director, Division of Emergency Management

SUBJECT: Division of Emergency Management's Request for a Deficiency Appropriation SB 2026

DATE: February 26, 1999

Following are comments on behalf of SB 2026 the deficiency appropriation for the Division of Emergency Management.

I. Introduction

The Division's request is for authority to repay a portion of the State disaster response and recovery loan with the Bank of North Dakota as provided under Chapter 37-17.1-23 of the North Dakota Century Code.

Our current loan authority is \$16,696,400.00. In September when this bill was prepared we calculated that we anticipate borrowing \$15.1 million of that authority by June 30, 1999. A more recent calculation, however, has indicated that we may borrow closer to \$16.2 million by the end of this biennium. This amount includes the state share for closing out the 1993, 1994, floods and 1997 snow disasters, and providing funds for the projected state share pay-out, by the end of the biennium, of the 1995, 1996, 1997 and 1998 floods.

Previously we had borrowed \$3.9 million, and with legislative approval have repaid \$3.9 Million.

II. Background

During the 93-95, 95-97 and 97-99 Biennium, the state was most unfortunate to have received serious flooding, as well as experiencing an extremely difficult winter in 1996-97. These major events resulted in seven presidential disaster declarations that began during the summer of 1993 and continued on during the spring and summers of 1994, 1995, 1996, 1997 and 1998. As I'm sure you remember, we received two Presidential Disaster Declarations in 1997 for both Snow Removal and for the catastrophic spring flooding that followed.

The Division of Emergency Management, with authority granted by the Emergency Commission, secured a loan from the Bank of North Dakota to cover the state share of the costs.

Along with Presidential Disaster Declarations comes the implementation of various disaster programs requiring non-federal cost sharing. These programs include the Individual and Family Grant (IFG) Program, Public Assistance (PA) Program and Hazard Mitigation Grant (HMGP) Program, all of which, are cost sharing programs with state participation. The cost share for these programs is as follows:

IFG – 75% federal share – 25% state share  
 PA - 75% federal share – 15% local share – 10% state share  
 HMGP – 75% federal share – 15% local share – 10% state share

Due to the magnitude of the 1993 and 1997 flood disasters, the federal government changed the cost share for the Public Assistance Program to a 90% federal and 10% non-federal cost share, which the state further broke down to 5% State and 5% Local. Additionally, in response to the 1997 flood, the federal government changed the cost share on Category A & B (emergency) work to 100%. Also, the Governor, in response to the 1997 catastrophic flood, declared that the state pick up the local share of all Public Assistance Program recovery work for the public entities within the city of Grand Forks.

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96 1118 HM	\$ 1,750,000.00	10%	\$ 194,444.44	\$ 1,944,444.44
	\$ 11,665,000.00		\$ 1,296,111.11	\$ 12,961,111.11
97 1157 PA	\$ 14,593,993.00	10%	\$ 1,621,554.78	\$ 16,215,547.78
	\$ 14,593,993.00		\$ 1,621,554.78	\$ 16,215,547.78
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Total	\$ 328,817,699.00		\$26,212,532.80	\$ 355,030,231.80

In addition to the \$328.8 million in federal disaster assistance from these matching programs, we estimate another \$117million in non-matching federal assistance. This assistance came from other FEMA programs for individuals and Community Development Block Grant and Home Program funds administered by the Office of Intergovernmental Assistance with needs identification, and verification, help from the Division of Emergency Management and the State Hazard Mitigation Team, which the Division organizes, trains and coordinates.

Agricultural assistance programs through Farm Service Agency (FSA) are administered directly between FSA and the producer.

III. Conclusion

This deficiency appropriation, as recommended by the Governor, will allow the Division of Emergency Management to repay the Bank of North Dakota for funds used as of the end of the 97-99 Biennium. These funds were used to cover the portion of the state's share of the 1993, 1994, 1995, 1996, 1997, 1998 floods and the 1997 snow Presidential Disaster Declarations that will have been paid out by the end of the biennium.

Currently, our staff has closed out the PA and IFG Programs for the 1993 and 1994 flood disasters and the PA Program for the 1997 snow disaster. We expect closeout of the 1995 and 1996 disasters early in the next biennium. Closeout of the 1997 and 1998 disasters are expected within 3 to 4 years. Disaster closeouts are dependent upon final completion of construction requirements established in recovery plans developed by representatives of the local, state and federal recovery teams.

The Governor's position continues to be that at least \$15.1 million, or any amount up to the more recent projection of \$16.2 million, be paid off, even though the Senate has amended this bill to include paying off \$13.5 million.

This recommendation is made because, in addition to these cost, we expect additional state costs for final closeout of all existing disasters to be another \$10 million.