

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 3, 2009

Recorder Job Number: 8460

Committee Clerk Signature

Eva Lubelt

Minutes:

Senator Ray Holmberg: Written testimony and fact sheet attached. The bill provides five million from the general fund of a onetime funding, with a possibility of five million more in borrowing from the Bank of North Dakota. I would like to see this past and sent down to appropriations and let them decide if we can afford this.

Senator Potter: They don't get the first five million unless they come up with ideas and it goes to the department of commerce. How do we do this? It seems unconstitutional?

Senator Ray Holmberg: The legislature has determined not to meet every year, so what kind of mechanism do we have in place? We hear that issue but what is the alternative?

Senator Triplett: There is a need in the community for this and the small communities surrounding Grand Forks need this. We need to keep the base open. When the air force was at maximum capacity the attitude was different then it is now. They want to work with the community.

Senator Horne: I notice there is a provision; the application must be approved by the county commission.

Senator Triplett: I didn't draft the bill. The county took the lead in developing contracts for the base realignment.

Representative Elliot Glasheim: I lend my support to the bill. We lost between two and four thousand people when the base moved people out. It was a loss to the community in income tax sales. We need to do what we can to repopulate the base and improve Grand Forks and the surrounding region.

Senator Potter: What is BRIC, are they a corporation, are they going to go out of business?

Representative Glasheim: I don't believe that the BRIC is borrowing the money. This would be grants to the projects that are approved.

Senator Potter: Don't we provide funding to grant organizations right now without requiring a budget section authority and emergency commission authority?

Representative Glasheim: Yes.

Senator Andrist: I don't understand the language you're making a ten million dollar appropriation under a five million dollar appropriation. It seem to me that if we provided a ten million appropriation, five million payable in this biennium and five in the next. We wouldn't be obligating the next session. But we would be showing are balance sheet that we had this obligation and our surplus would appear to be five million less. Seems to me to be a better approach.

Representative Glasheim: I hate to speak because those who know better than I do may have better ideas. We just dealt with this before you came to get me in terms of center of excellence. We've done fifteen million appropriated and five million in borrowing authority. In house appropriations we voted against the separate bill giving the five million borrowing authority. We will deal on whether to increase the appropriation in the later bill in the commerce department. The point is it's a good project and we need all the ten million dollars now.

Rick Duquette, City Administrator of Grand Forks: Written Testimony attached.

Discussion and questions followed.

Klaus Thiessen, Grand Forks Economic Development: Beginning of January we came up with the task force was asked by the Air Force Base. The city will participate in the funding through a growth fund. The timing of this is that we need to talk to you about it today. This is not just a community vision for the base but this is not your typical for use. We now have an opportunity and this is the base coming back to us and saying we want to work with you. We have an opportunity to make this base an example nationally of cooperation. We been told this by the department of home land security, border patrol and Air Force. They are now presently working together at the base on UAS missions. I see this as the base adding significant value to the Air Force and Home Land Security.

Senator Horne: Help us understand the relationship between the base and the community?

Would the department of defense turn the base over to the community or are they going to be the landlord?

Klaus: There are certain infrastructures the base needs. We're looking at using additional infrastructures. We don't want to jeopardize any future missions on the base. But we want to go after the opportunity when they present themselves.

Discussion and questions followed.

Bruce Gjovig, Center for Innovation: Written testimony attached.

Senator Nodland: When you get an idea you have to go through a process. Then the city and counties funds will match?

Bruce: That's intentions because quite frankly for what we have to do ten million is not enough. I believe we have twenty million dollars of opportunity there.

Discussion and questions continued.

Chairman Klein: We will close the hearing.

Senator Potter: I would like to prepare some amendments to 2408. I think we can eliminate section two completely. Ask the community to match the funds.

Senator Andrist: Realistically this has a journey to go. We'd approve the chances of this passing if we had local matching funds from the community.

Chairman Klein: We are about policy but we have to look at the money.

Senator Wanzek: Could we not allow for some, in kind, if they're already invested money in this?

Chairman Klein: We need to get amendments for this and no later than tomorrow. We will adjourn.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 3, 2009

Recorder Job Number: 8491

Committee Clerk Signature

Eva Lubelt

Minutes:

Chairman Klein: We will go to Senate Bill 2408 and discuss the amendments.

Senator Potter: This amendment would eliminate the second section of the bill entirely. Would eliminate the reference to the emergency commission and legislative approval. Giving the money to the Department of Commerce. And suggesting that they have to have a process for grant approval which includes a dollar per dollar cash matching funds from city, county and the private sector.

Senator Potter: Moved to pass the amendment.

Senator Nodland: Seconded the motion

Roll Call Vote: Yes: 7 No: 0 Absent:0

Senator Potter: Moved to do pass as amended.

Senator Andrist: Seconded the motion

Roll Call Vote: Yes: 6 No: 1 Absent:0

Floor Assignment: Senator Potter

Date: 2/3/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2408

Senate

Committee

Industry, Business and Labor

Check here for Conference Committee

Legislative Council Amendment Number Amendment

Action Taken Pass Do Not Pass Amended

Motion Made By Senator Potter Seconded By Senator Nodland

Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman	✓		Senator Arthur H. Behm	✓	
Senator Terry Wanzek - V.Chair	✓		Senator Robert M. Horne	✓	
Senator John M. Andrist	✓		Senator Tracy Potter	✓	
Senator George Nodland	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

re-referred

Date: 2/3/09
Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2408

Senate

Committee

Industry, Business and Labor

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Pass Do Not Pass Amended

Motion Made By Senator Potter Seconded By Senator Andrist

Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman		✓	Senator Arthur H. Behm	✓	
Senator Terry Wanzek - V.Chair	✓		Senator Robert M. Horne	✓	
Senator John M. Andrist	✓		Senator Tracy Potter	✓	
Senator George Nodland	✓				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Senator Potter

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

This Bill is to be re-referred to Appropriations.

REPORT OF STANDING COMMITTEE

SB 2408: Industry, Business, and Labor Committee (Sen. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2408 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "; and to authorize contingent borrowing authority for the department" with a period

Page 1, remove line 3

Page 1, line 14, after the period insert "Applications for program funding must include dollar for dollar cash matching funds from the city, county, federal government, or private sector."

Page 1, line 20, remove ", subject to emergency commission and budget"

Page 1, line 21, remove "section approval"

Page 1, remove lines 22 through 24

Page 2, remove lines 1 through 8

Renumber accordingly

2009 SENATE APPROPRIATIONS

SB 2408

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

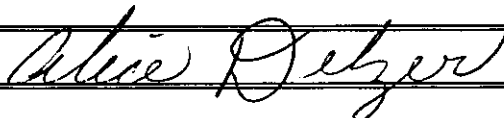
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-11-09

Recorder Job Number: 9274

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on 2408 at 3:45 pm on SB 2408 in regards to an appropriation to the Department of Commerce for a base realignment grant program. He then turned the hearing over to V. Chair Bowman so he could testify.

Chairman Holmberg stated people who were planning to be here for this hearing are having technical difficulties with the weather. The people can't be here from Grand Forks I would hope that you would let the bill go to the Commerce Department subcommittee for further work and further clarification. I have written testimony from them but they won't be here to answer the questions. You might consider the subcommittee having a conference call for those to reflect on their testimony. He presented **written testimony #1** in support of SB 2408. You will hear testimony from others in writing concerning the economic impact of the Grand Forks Air Force Base on the area and the state. You will see in the **written testimony # 2** letters from Northwood, Larimore, Patton. We need to work together. The state needs to be a partner. SB 2408 provides a mechanism. It was drastically changed in IBL He continued to explain how the bill would work. As the packet would indicate there used to be 14,000 air force personal on base, by next year it will be 1600. There are two schools on the base. One used to be the largest school in the state and now the two schools together have less than 350 students and this next year might be the last year they run two schools. There are a number of proposals

out there. This is not a situation where the county of Grand Forks is working in the area because the impact affects the whole area. We have worked with the congressional delegation and the governor's office. One of the points that keep coming back when we look at working with the Feds is there are things that they can deliver but there are some things they can't and one of the first things that occurred when they go trying to get some involvement of the federal government is look at what the state and local community doing. If you don't have that kind of activity and buy in from the state and local activity it is much more difficult to present a package that will get through.

Senator Mathern If this is different from the bill introduced 15 years ago a whole lot of Grand Forks people voted against , as it would never happen.

Chairman Holmberg I recall it, there was a nice article in the paper, we were all chastised, that would cause the base to close, those same people 15 years ago now are supportive of this, because it has happened the base has been downsized dramatically. It is a huge asset, school districts like Larimore, Hatton, those places, anticipate 15% reduction a lot of families live off base and like the small communities.

Senator Mathern had more questions regarding the local involvement.

Chairman Holmberg stated the co chairmen are Mayor of Grand Forks and county commissioners. It has city county, economical people, this is a joint effort. They started this year and our problem was in timing because they won't get things going until June or July by then the leg would have been out of town. They have to go through the Department of Commerce, has to be competitive bidding. There has to be dollar for dollar cash match, has to be local involvement. Before they can get a budget from the state.

Senator Fischer Do you know if this needs to be in place now.

Chairman Holmberg stated there is a letter in the written testimony # 2 that addresses these issues. The predators are coming and the hope or goal would be by 2013 a new generation of tankers would be there, but possible they would not arrive. The congressional delegation and the local committee feel very strongly that the feds want to deal with enhancing that asset but they are not going to pay the full bill. He stated there a lot of pilots in Fargo but originally the bill was going to be introduced (11.32) designated specific money for specific projects but that gets into local politics. .

Senator Robinson This bill is earmarked channeled over to the commerce. Commerce is here today, can we get information from them. And the development fund itself. I don't know if there is anything there that can help.

Chairman Holmberg we can get that information from the Department of Commerce.

It has to do with predators and pilots for the Air force. Und has a pilot training program, they don't have the simulators to do the predators. The feds may or may not get the funding for sitting there, but they won't pay the bill.

Chairman Holmberg moved to sent that off to the subcommittee and have a conference call.

V. Chair Bowman closed the hearing on SB 2048.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2408

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: February 18, 2009

Recorder Job Number: (no audio available)

Committee Clerk Signature

Rose Lanning

Minutes:

Chairman Holmberg opened the discussion on SB 2408 concerning the Commerce grants.

V. Chair Grindberg moved **Do Not Pass** on SB 2408.

V. Chair Bowman seconded.

A Roll Call vote was taken. Yea: 14 Nay: 0 Absent: 0

Date: 2-18-09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2408

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Grindberg Seconded By Bowman

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach	✓		Senator Seymour	✓	
Senator Fischer	✓		Senator Lindaas	✓	
Senator Wardner	✓		Senator Robinson	✓	
Senator Kilzer	✓		Senator Warner	✓	
V. Chair Bowman	✓		Senator Krauter	✓	
Senator Christmann	✓		Senator Mathern	✓	
V. Chair Grindberg	✓				
Chairman Holmberg	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Holmberg

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

DNP

REPORT OF STANDING COMMITTEE (410)
February 18, 2009 1:36 p.m.

Module No: SR-32-3309
Carrier: Holmberg
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2408, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO NOT PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2408 was placed on the Eleventh order on the calendar.

2009 TESTIMONY

SB 2408

SB 2408 Senator Ray Holmberg: Senate IBL Committee.

BRAC Base Realignment and Closure Commission

BRIC Base Realignment Impact Committee

Although Mothballs are much cheaper than financing SB 2408, it would be the wrong direction for this legislature to take. It would be a Classic case of being penny wise and pound foolish.

The Federal Base Realignment and Closure Commission (BRAC) has dramatically downsized the GFAFB. The local area has created a Base Realignment Impact Committee (BRIC) to assist the area in reacting too, and getting ahead of the game. You will hear testimony from others concerning the economic impact of the GFAFB on the area and state.

We need to work together. The state needs to be a partner in this endeavor. SB 2408 provides a mechanism to create such a partnership and assist the Northeast section of the state.

The bill provides \$5M from the general fund of one-time funding, with the possibility of \$5M more in borrowing from the Bank of North Dakota.

The bill will be explained by others testifying today.

My plea is pass the concept, send the bill to appropriations, and let us figure out how to fund it.

GFAFB FACT SHEET
30 Sep 07

1,253 Active duty military living on-base
915 Active duty military living off-base
2,168 Total active duty military at GFAFB

1,072 Family members living on-base
989 Family members living off-base
2,061 Total family members

1,154 Civilians working on-base
Includes contract civilians & private business

Annual payroll: \$138,949,333
Annual expenditures for construction, services,
procurement of materials, equipment & supplies:
\$185,772,881

Estimated indirect jobs created: 1,125
Estimated annual value of jobs created:
\$35,919,000

Total economic impact for FY 07: \$360,641,214

Emerging opportunities at GFAFB:

- Department of Homeland Security
- Air National Guard
- Air Force Research Labs
- University of North Dakota
- Intelligence Fusion Center
- Incident Response Management Training
- Cold-Weather Test Center
- Private Entities

Available space for new missions/opportunities:

- 225,000 sq ft of administrative, warehouse & hangar space
- 1,200 acres of real estate for potential development
- 224 dorm rooms
- 273 new military family housing units

**BRIC ECONOMIC DEVELOPMENT FUND
GRAND FORKS BASE REALIGNMENT IMPACT COMMITTEE**

**TESTIMONY TO THE NORTH DAKOTA LEGISLATURE
SENATE BILL 2408**

GFAFB - 50 Year History of Mission & Force Transformation

- Height of the Cold War
 - 14,000 Air Force personnel
- 2005 BRAC realigns mission
 - 3,000 Air Force personnel
- By 2009
 - 1,600 Air Force personnel

GFAFB - Impact in the State

- Annual payroll of \$138.9 million
- \$185.8 million in contracts for construction, utilities, supplies, education & other services
- \$35.9 million in direct impact related to value of jobs created
- TOTAL ANNUAL ECONOMIC IMPACT -- \$360 million

Federal Infrastructure Investment at GFAFB Is Significant

- \$416M of military construction (last 10 years)
 - New runway
 - Superb housing and new fitness center
 - Many buildings less than four years old
 - Breaking ground on \$13 million state-of-the-art control tower and (pending) \$13 million fire station

Federal Resources for Realignment Planning

- US Department of Defense, Office of Economic Adjustment
 - \$380,000 with a local match of \$43,000
 - UAS Business Development Roadmap
 - Life Sciences Business Development Roadmap
 - Broadband Business Development Roadmap
 - Industrial Development Land Study
 - \$228,000 with a local match of \$43,000
 - Life Sciences Roundtable
 - UAS Implementation Plan
 - Broadband Implementation
 - Expanded Industrial Development Land Study
 - \$58,000 with \$6,500 local match (pending)
 - High Performance community

Community Base Enhancement Initiative (CBEI)

- To develop a unified voice on Base enhancement issues that will build upon and advance initiatives that capitalize on the assets at GFAFB, in the City of Grand Forks and in the surrounding region
- Led by Mayor Michael Brown and Commissioner John Schmisek
- Members: BRIC (City, County, EDC, UND), Chamber of Commerce, Congressional Delegation, Council on Military Relations, Office of Governor
- Resources: Grand Forks Air Force Base, Department of Homeland Security, Department of Defense – OEA, Red River Valley Research Corridor, Praxis Strategy Group

Responding to Competition

- Competition for UA mission and other new Air Force missions is intense
- States like New Mexico and Kansas are putting significant resources toward UA initiatives
- CBEI will create a strategy to be unveiled at Research Corridor Summit -- May 27
 - Specific target opportunities and initiatives
 - Identify other resources that can be leveraged

Future Opportunities at GFAFB

- Air Force Unmanned Aircraft Systems Mission
 - Predator & Global Hawk
- Department of Homeland Security
 - Customs & Border Protection -- Predator mission
 - 20 -- 25 CBP personnel at GFAFB
 - 8 General Atomics personnel at GFAFB
- Other
 - Technology related to unmanned aircraft and ISR (intelligence, surveillance and reconnaissance)
 - Energy -- Hydrogen, Cold weather testing, Etc.
 - Training of UAS pilots and operators
 - Advanced data services

BRIC Economic Development Fund

- Fund to enhance economic development opportunities at the GFAFB related to existing and future missions
 - \$5 million -- Fund for BRIC to enhance the Base
 - \$5 million -- Loan to DOC for use on as needed basis
- Uses of Funds
 - Infrastructure
 - Business development projects
 - Leverage additional funds

Statewide Impact

- Develops UA as anew sector for aerospace -- One of North Dakota's statewide target technology industries
- Manufacturing
 - New contracts for Dakota Defense Alliance members from across the state
 - Recruitment of new defense contractors
 - Research opportunities for business technologists and universities
- North Dakota Air National Guard UA mission -- Fargo

BRIC Fund Process & Accountability

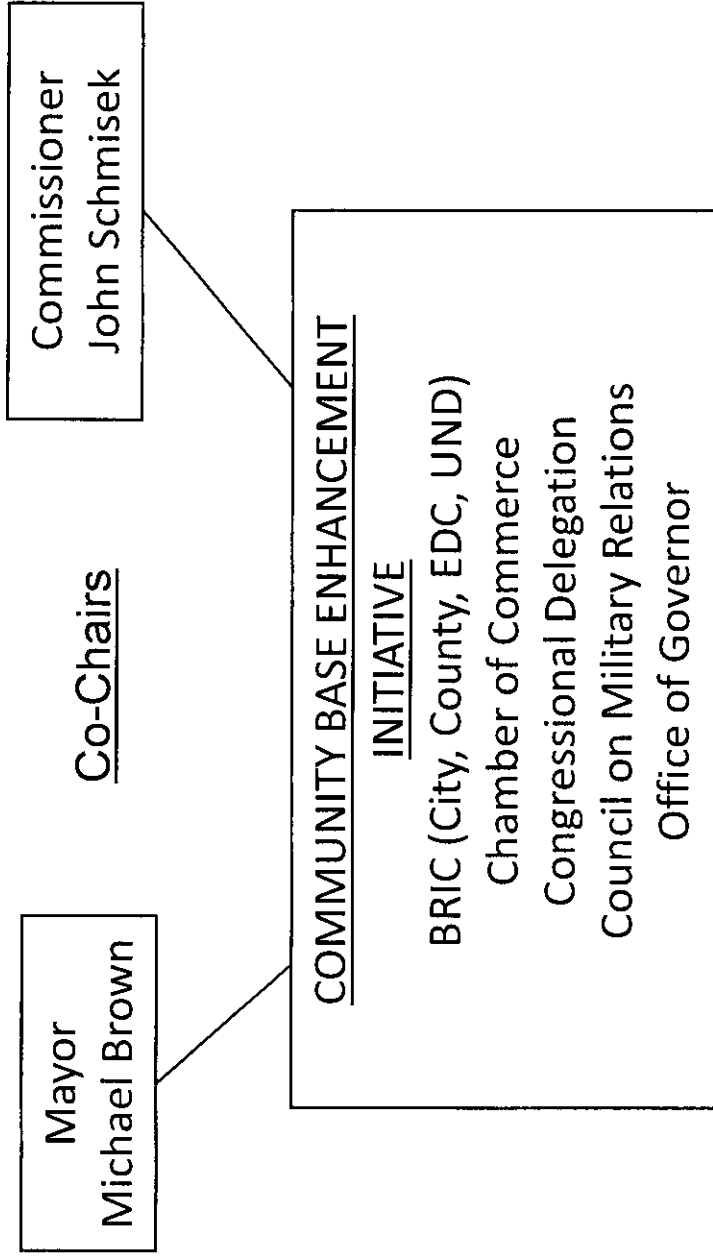
- Department of Commerce (DOC) holds funds in an account
- BRIC reviews and approves applications
- Grand Forks County Commissioners approve projects to be forwarded to DOC
- Commissioner of DCO reviews each submission
- Emergency Commission and Budget Section Approval
- Awards are monitored by BRIC and County

Summary

- Grand Forks and the State of North Dakota have partnered with the Grand Forks Air Force Base for 50 years as its mission force have transformed.
- The federal government has invested significantly in new infrastructure at the Base provided significant planning resources for the BRAC realignment.
- Significant opportunities now exist related to the unmanned aircraft mission and to other enhanced used of the Base but the competition is stiff.
- The BRIC Economic Development Fund will play as important role in realizing new economic opportunities for the benefit of the Grand Forks region and the entire State of North Dakota.

Community Base Enhancement Initiative

Mission: To develop a unified voice on Base enhancement issues that will build upon and advance initiatives that capitalize on the assets at GFAFB, in the City of Grand Forks and in the surrounding region.



RESOURCES

- GF Air Force Base
- Department of Homeland Security
- Red River Valley Research Corridor
- Office of Economic Adjustment
- Praxis Strategy Group

FOR SB 2408 – One Time source of Funds for Base Realignment Opportunities at Grand Forks AFB.

1. The Grand Forks AFB tanker refueling mission is completed in 2010 causing a **"bathtub"** period of significant losses of base personnel and jobs as the UAS mission slowly develops. North Dakota heavily relies on the economic impact of military missions located in the state.
2. When the 2005 BRAC decision was made, more than 3000 personnel were directly employed at the GFAFB with a payroll of \$139 M plus \$186 M in local contracts. BRAC projects job **losses of 4,929 jobs** (2,645 direct and 2,284 indirect jobs) or 7.4% decrease in the local jobs which includes uniformed, civilian and contract jobs related to the base. Job losses were across the five-county region – both rural and urban.
3. In the last decade GFAFB has benefited from \$438 M in infrastructure project investment, which includes a new runway, quality housing, and several new buildings. Currently the base is undergoing a significant upgrade in communication systems to handle the constant stream of data and images from the UAS fleet of Predator Bs and the Global Hawks. **The GFAFB has outstanding facilities and infrastructure for growth**
4. **GFAFB has lots of room to grow**, having the second most total available buildable acreage for airfield operations and maintenance of all the flying bases in the Air Force, behind only Eglin AFB. Grand Forks AFB has over 1,200 acres available for potential development, and the base will soon have a surplus of 224 dorm rooms and 273 family housing units (500 units).
5. There are **opportunities to secure high paying jobs** by leasing space to DOD and DHS contractors and subcontractors as well as private entities to attract high paying, high tech jobs. **Have chance to make lemonade from lemons.** Because of high paying jobs, the repayment in sales and income tax should be significant. Thus this is a good investment. Opportunities will be in maintenance, training, energy sources, advanced data, sensors, intelligence & surveillance, manufacturing, etc. Some may have university connection, most will not.
6. We are **competing with other states** for opportunities on military bases, like New Mexico, Missouri, Kansas, Colorado, California, and other states. Some opportunities will require matching funds, others will require construction or reconstruction, and some may require acquiring specialized equipment or infrastructure. Less than seven states have not weathered a base closure or realignment since 1988, as 150 military bases have been closed or downsized.
7. Current **state economic development programs do not have the capacity** to handle large development projects. Need another one-time source of funds to capture opportunities during the "bathtub period." We should do the same for Minot AFB is they ever face realignment or closure.
8. Significant base infrastructure, strategic advantages and political clout are very helpful in attracting and securing opportunities with an underutilized asset, **but expect significant investments will be needed to capture an opportunity** while competing with other states and air bases for these opportunities.
9. This fund to enhance economic development on the GFAFB makes sure there will be local review and approval, state review and approval, and accountability.

Bruce Gjovig
Center for Innovation
4200 James Ray Drive
Grand Forks, ND 58203
O: 701-777-3134
C: 701-739-3132
Bruce@Innovators.net



Fact Sheet

Environment, Energy, and
Natural Resources
Contact: Tara A. Butler
202/624- 5357 tbutler@nga.org
May 2005

The Redevelopment of Former Military Installations

The U.S. Department of Defense (DoD) plans to close or realign many military installations across the country as a part of the 2005 Base Realignment and Closure (BRAC) process. The closure of just one military base can have a profound effect on the economic health of a state and locality resulting in the loss of thousands of jobs and millions of dollars in economic activity and tax revenue. As a result, it is in the best interest of states and local communities that host military bases to put them back into productive reuse as soon as possible.

The redevelopment of a closed military base provides a wealth of opportunity as well as a series of challenges. Larger military installations are, in effect, self-contained cities and although they have the potential to be marketable pieces of real estate, they often suffer from environmental contamination as well as old and outdated infrastructure.

What can States do to Prepare for the Closure and Redevelopment of Bases?

Once a state anticipates or is informed of a base closure, there are a variety of roles a state can play to advance the redevelopment of closed military installations. States should approach the reuse process in a way that best fits state and local views on land use and economic development. One of the first steps that should be taken when a military installation is identified for closure is to organize a Local Redevelopment Authority (LRA) which will be responsible for planning the base's reuse.

- 1. The state can send a representative to serve as a resource to the LRA:** This approach provides the state the opportunity to participate, support, and guide the redevelopment process, but allows decisions to be made at the local level. A state representative could assist the LRA by:
 - Identifying and securing appropriate state funds, grants, loans, and financial incentives
 - Navigating the state and federal regulatory process on issues such as economic development, employment/labor, environmental contamination, transportation, housing, and historic preservation
 - Sharing information about the efforts of other LRAs across the state
- 2. The state can help organize the LRA and provide it with the necessary land-use authority:** Many military bases are surrounded by several jurisdictions which often leads to dispute and confusion as to who is in charge. Under these circumstances, a state could step in and identify the LRA membership and, when necessary, provide it with the requisite authority needed to make land-use decisions.
- 3. The state can become the LRA:** The local government surrounding a closed military base can sometimes be overwhelmed by the impact of the closure and the significant responsibility of redevelopment. Often in rural areas, these local governments may not have the resources or manpower to effectively manage an LRA. In these cases, the local government may hand over redevelopment responsibility to the state who can assume the role of LRA.

Wednesday, November 29, 2006

Governor Pledges Funding for BRAC Losses

Governor lauds Arlington as smart growth model

ARLINGTON, VA -- Virginia Governor Tim Kaine reaffirmed a pledge to provide \$10 million in state funds to offset the BRAC (Base Realignment and Closure) impact on Arlington County. The governor's pledge came during his Nov. 27 visit in Arlington. During his visit, Arlington officials again requested the \$10 million in funds to meet federal security requirements for the Defense Advanced Research Projects Agency -- to help ensure this key research agency stays in Arlington.

Gov. Kaine's visit to Arlington, which focused on smart growth, was part of a day-long traveling cabinet meeting in Northern Virginia. "Arlington serves as a model for how other communities in Virginia -- and nationwide -- can incorporate smart growth principles," Kaine said.

At the briefing, Arlington County board members provided background on smart growth in Arlington and highlighted progress in the community. They discussed how the state can support smart growth development. County officials also asked for more state funding for transit-oriented initiatives.

"Gov. Kaine's visit provided a good opportunity for dialogue about the important links between transportation and land use, and how Arlington is making smart growth work. We look forward to working with the governor and state agencies on policies that build communities where people want to live and work -- and that ultimately make more sense both environmentally and fiscally," said County Board Chairman Christopher Zimmerman. "It is especially fortunate this governor comes from local government, so he understands the issues on the ground far better than many state officials."

Arlington's Smart Growth Leadership

Arlington is recognized nationwide for its smart growth initiatives:

- * Received Environmental Protection Agency's first "smart-growth" award in 2002 (for the Rosslyn-Ballston Corridor)
- * Featured in "This is Smart Growth" publication, by The Smart Growth Network (Freedom to Choose How We Get Around)
- * Named #1 Walkable City -- Based on the American Podiatric Medical Association's list of the "Top 10 Best U.S. Walking Cities"

See Arlington's briefing presentation (PowerPoint, 597KB) for Governor Kaine.

NOTE TO MEDIA: Contact Jennifer K. Smith if you need high-resolution photos.

Gov. Perry Announces \$365 Million Package to Bring Navy Master Jet Base to South Texas

August 08, 2005

AUSTIN – Gov. Rick Perry today announced the state is committing \$50 million from the Texas Enterprise Fund as part of a \$365 million incentive package aimed at enticing the U.S. Department of Defense to move equipment and personnel and create a Navy Master Jet Base in the South Texas Coastal Bend Community.

The package of incentives, which is contingent upon the establishment of a Master Jet Base in the coastal bend area, was developed after the Base Realignment and Closure (BRAC) Commission last month placed Naval Air Station Oceana in Virginia Beach, Virginia on the list of military bases recommended for closure. NAS Oceana is home to a Master Jet Base and currently operates with approximately 10,000 military and civilian personnel and approximately 250 aircraft.

“Today I am proud to announce that should defense leaders decide to move the assets of NAS Oceana to Texas, we are prepared to commit more than \$365 million to improve facilities and infrastructure at Naval Station Ingleside, Naval Air Station Corpus Christi and Naval Air Station Kingsville,” Perry said, noting that these new funds are in addition to the \$458 million recently committed by the state for infrastructure improvement projects in Coastal Bend defense communities.

Perry outlined the state’s offer in a letter last week to Anthony Principi, Chairman of the Base Realignment and Closure Commission.

“The Coastal Bend is the ideal location for a Master Jet Base because we have plenty of available land, unencumbered air space, excellent weather and the strong support of the entire community, including environmental leaders such as the local chapter of the Sierra Club and the Coastal Bend Bays and Estuaries Program,” Perry said.

In contrast, Naval Air Station Oceana in Virginia has severe urban encroachment problems, troubles with noise pollution and opposition from many citizen organizations that are working to see the base closed.

The package of incentives the state is offering includes:

- A \$50 million dollar grant, made available through the Texas Enterprise Fund, will be used to assist in land acquisition, environmental studies, range development or other infrastructure needs.
- The Texas Department of Transportation will build and operate a rail spur from Union Pacific’s main rail line to Naval Station Ingleside. This project is estimated at \$15.2 million and upon completion the Department of Defense will have access to the line at no cost.
- At the governor’s request, TxDOT has made available an additional \$100 million for transportation improvement projects on and around NAS Kingsville, including the expansion of

Chapman Ranch Road from two lanes to four. This road connects NAS Kingsville to south Corpus Christi.

- A \$200 million low-interest loan fund financed by the sale of State of Texas General Obligation bonds has been made available to community leaders to meet other infrastructure and facility needs of the Navy and the local defense community.

"This \$365 million investment is a win-win for Texas and the U.S. Armed Forces," Perry added. "The military will benefit from modern and expanded facilities and save funds to spend on other critical priorities."

"The Coastal Bend and the entire state will benefit from increased economic activity. And our men and women in uniform will benefit because they will be living in a state and a community that supports and appreciates them like no other," Perry said.

Perry also praised the efforts of Secretary of State Roger Williams, who serves as the Chairman of Texas' BRAC Response Strike Force, federal officials and an unprecedented coalition of local leaders who are fighting to protect Coastal Bend installations.

"With one voice, we have delivered a clear message to defense leaders weighing the future of Coastal Bend installations: that these facilities have a military value beyond measure, and must be kept open for the interests of the War on Terror and the continued security of our homeland," Perry said.

SB 2408 Senator Ray Holmberg: Senate Appropriations
BRAC Base Realignment and Closure Commission (federal group)
BRIC Base Realignment Impact Committee (local group)

Although Mothballs are much cheaper than financing SB 2408, it would be the wrong direction for this legislature to take. It would be a Classic case of being penny wise and pound foolish.

The Federal Base Realignment and Closure Commission (BRAC) has dramatically downsized the GFAFB. The local area has created a Base Realignment Impact Committee (BRIC) to assist the area in reacting too, and getting ahead of the game. You will hear testimony from others concerning the economic impact of the GFAFB on the area and state.

We need to work together. The state needs to be a partner in this endeavor. SB 2408 provides a mechanism to create such a partnership and assist the Northeast section of the state.

As amended in IBL, the bill provides \$5M from the general fund of one-time funding. As introduced, the bill would have allowed \$5M more in borrowing from the Bank of North Dakota with the approval of the budget section and the emergency commission.

The bill will be explained by others testifying today.

Grand Forks County

DIANE K. KNAUF
GRAND FORKS, ND

MARY MALM
GRAND FORKS, ND

WILLIAM "SPUD" MURPHY
LARAMORE, ND

CYNTHIA PIC
NIAGARA, ND

JOHN M. SCHMISEK
GRAND FORKS, ND

Board of Commissioners

P.O. Box 6372
GRAND FORKS, NORTH DAKOTA 58206-6372



February 5, 2009

Senator Ray Holmberg
State Senate
Capitol Building
Bismarck, ND 58505

Dear Mr. Chair and Committee Members:


This letter is written on behalf of the Grand Forks County Commission, in regards to Senate Bill 2408 which would provide an avenue to offset the economic impact to our rural communities associated with the realignment of the Grand Forks Air Force Bases' mission. Department of Defense standards emphasize that a base must show the ability to reduce its operational costs in order to sustain base operations. This budget reduction allows the regional economy the ability to attract other sources of income that provide economic development in current and future state of the art technology. Grand Forks Air Force Base's new mission will host aviation and energy opportunities that will allow private industry a means to test and develop their new platforms. This could create an entirely new industry offering the potential for many high paying jobs. The regional community needs state assistance for this one time opportunity to stimulate economic growth that would benefit urban and rural communities impacted by the BRAC process and help secure the operation of Grand Forks Air Force Base.

In 2005 BRIC, with funding through the Office of Economic Adjustment, completed a regional economic impact study. The study clearly showed that Base realignment did present a negative impact on Grand Forks and its surrounding counties. This bill provides an avenue to offset the negative effects of created by the last BRAC proceedings.

The additional qualification that was added to Senate Bill 2408 that requires dollar for dollar cash matching funds from the city, county, federal government, or the private sector would not allow Grand Forks County to access these much needed funds. Unfortunately, Grand Forks County does not have funds available or the ability to levy for the needed funds to contribute a local dollar for dollar local match. Grand Forks County levied 22.98 for the 2009 budget and the maximum levy for the general fund is 23 mills according to NDCC 57-15-06. There would be no additional room for a levy to meet the matching requirement. We project at the end of 2009 that our cash carryover will be approximately \$1,300,000. This carry over will be needed to meet our cash requirements in 2010. Based on this information, Grand Forks County would not be able to take advantage of the grant funding if the dollar for dollar match requirement remains in the bill.

Please consider removing this language and return Senate Bill 2408 to the original format. Thank you for your time and consideration.

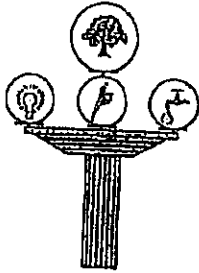
Sincerely,


Edward J. Nierode
Director of Administration
Grand Forks County

FOR SB 2408 – One Time source of Funds for Base Realignment Opportunities at Grand Forks AFB.

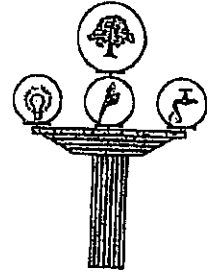
1. North Dakota relies heavily on the economic impact of military missions, as we serve our nation. The Grand Forks AFB tanker refueling mission is completed in 2010 causing a "bathtub" period of significant losses of base personnel and jobs as the UAS mission slowly develops.
2. **Lost Jobs:** When the 2005 BRAC decision was made, more than 3000 personnel were directly employed at the GFafb with a payroll of \$139 M plus \$186 M in local contracts. BRAC projects job losses of 4,929 jobs (2,645 direct and 2,284 indirect jobs) or 7.4% decrease in the local jobs which includes uniformed, civilian and contract jobs related to the base. Job losses were across the five-county region – both rural and urban.
3. The GFafb has outstanding facilities and infrastructure for growth. In the last decade GFafb has benefited from \$438 M in infrastructure project investment, which includes a new runway, quality housing, and several new buildings. Currently the base is undergoing a significant upgrade in communication systems to handle the constant stream of data and images from the UAS fleet of Predator Bs and the Global Hawks. New missions can be attracted.
4. GFafb has lots of room to grow, having the second most total available buildable acreage for airfield operations and maintenance of all the flying bases in the Air Force, behind only Eglin AFB. Grand Forks AFB has over 1,200 acres available for potential development, and the base will soon have a surplus of 224 dorm rooms and 273 family housing units (500 units).
5. There are opportunities to secure high paying jobs by leasing space to DOD and DHS contractors and subcontractors as well as private entities to attract high paying, high tech jobs. **Chance to make lemonade from lemons.** Because of high paying jobs, the repayment in sales and income tax should be significant. Thus this is a good investment. Opportunities will be in *maintenance, training, energy sources, advanced data, sensors, intelligence & surveillance, manufacturing, cold weather testing, etc.* Some may have university connection, most will not.
6. We are competing with other states for opportunities on military bases, like NM, MO, KS, CO, CA, and more. Some opportunities will require matching funds, others will require construction or reconstruction, and some may require acquiring specialized equipment or infrastructure – need flexibility. Just 7 states have not weathered a base closure or realignment since 1988, as 150 military bases have been closed or downsized. **We need \$10 M investment to compete.** There will local leverage and match, limited to capacity by taxation.
7. Current state economic development programs do not have the capacity to handle large development projects. Need another one-time source of funds to capture opportunities during the "bathtub period." We should do the same for Minot AFB as they ever face realignment or closure.
8. Significant base infrastructure, strategic advantages and political clout are very helpful in attracting and securing opportunities with an underutilized asset, but **significant one-time investments of \$10 M will be needed to capture the significant opportunities while competing with others for the same opportunities.** This is about high tech for North Dakota.
9. **Process works.** This fund to enhance economic development on the GFafb makes sure there will be local review and approval, state review and approval, and accountability.

Bruce Gjovig
Center for Innovation
4200 James Ray Drive
Grand Forks, ND 58203
O: 701-777-3134 C: 701-739-3132
Bruce@Innovators.net



City of Northwood

PO Box 397
Northwood, ND 58267
(701) 587-5370
(701) 587-5829 fax
norcity@nolarscomm.com



February 6, 2009

Senator Ray Holmberg
State Senate
Capitol Building
Bismarck, ND 58505

Dear Senator Holmberg:

Northwood is honored to call Grand Forks Air Force Base our neighbor. Over the years, GFafb has brought individuals and families to Northwood to live, attend our schools, participate in our community and support our businesses. The realignment of GFafb is bringing a change in our community. As the number of personnel assigned to the Base is reduced, we're seeing families leave and experiencing the economic impact in our businesses, schools and community organizations.

We've worked with the Base Realignment Impact Committee to explore different industry sectors and infrastructure needs that could minimize the economic impact resulting from the realignment. Northwood supports the establishment of the BRIC Economic Development Fund to create a funding source that would assist our region as we work to benefit from the assets and opportunities at GFafb. This fund would help restore the jobs at GFafb that are being eliminated due to the realignment. To fully address the impact of the "bathtub" effect, we believe the funding for the Economic Development Fund should be \$10 million. The fund will assist our region as we look at opportunities to diversify our economy.

On behalf of Northwood, I support the Senate Bill 2408 to create the BRIC Economic Development Fund at the \$10 million level.

Respectfully,

Richard Johnson, Mayor
City of Northwood

**City of Larimore
122 West Main Street
PO Box 766
Larimore, ND 58251-0766
(701) 343-2181**

February 6, 2009

Senator Ray Holmberg
State Senate
Capitol Building
Bismarck, ND 58505


Dear Senator Holmberg:

As a community that neighbors Grand Forks Air Force Base, the realignment of the Base and the reduction of personnel is of great concern to Larimore. According to the economic impact study completed in 2006, if GFAFB loses 1,000 – 1,500 positions, the estimated loss of economic activity in Larimore ranges from \$551,000 to \$800,000. We've worked with the Base Realignment Impact Committee (BRIC) to explore potential economic diversification to mitigate this economic impact.

The BRIC Economic Development Fund could be a tool to reduce the economic impact our community, as well as other surrounding communities, are beginning to feel. Larimore supports the establishment of this fund to help our region seize the current opportunities that exist at the Grand Forks Air Force Base. We also support the full funding of \$10 million. The Economic Development Fund can help restore the jobs at GFAFB that have been eliminated by the realignment. In turn, these jobs can bring new residents to our community, new students to our schools and increased dollars being spent in our businesses.

On behalf of Larimore, I support Senate Bill 2408 which creates the BRIC Economic Development Fund at the \$10 million level.

Respectfully,



Dale Trosen, Mayor
City of Larimore

City of Hatton
PO Box 270
Hatton, ND 58240

February 6, 2009

Senator Ray Holmberg
State Senate
Capitol Building
Bismarck, ND 58505

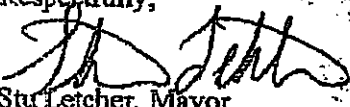
Dear Senator Holmberg:

Small, rural communities struggle to grow their population and to compete for economic development projects. This situation is true for Hatton. To make our work even more difficult, the economic impact of the realignment of Grand Forks Air Force Base reaches here. As the number of personnel at GFafb continues to decline, we feel that loss. We're seeing families move and no new military personnel to replace them. This reduction affects our schools, churches, businesses and community.

By working with the Base Realignment Impact Committee, our region is exploring ways to reduce the economic fall-out from the realignment. The BRIC Economic Development Fund is an excellent example of this work. By establishing the BRIC Economic Development Fund, our region will have a new tool to capitalize on the available assets at GFafb. Hatton supports the creation of the BRIC Economic Development Fund and reinstating the original \$10 million in funding. This fund will provide assistance as we work together to replace the jobs lost due to the realignment. With those new jobs, Hatton and the other regional communities will experience growth and vitality.

On behalf of Hatton, I support Senate Bill 2408 and the creation of the BRIC Economic Development Fund at the \$10 million level.

Respectfully,


Stu Letcher, Mayor
City of Hatton