

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

ECONOMIC IMPACT COMMITTEE

Wednesday, April 30, 2014
Hawk Room, Alerus Center, 1200 South 42nd Street
Grand Forks, North Dakota

Senator Dave Oehlke, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Dave Oehlke, Tom Campbell, Ron Carlisle, George B. Sinner, Terry M. Wanzek; Representatives Thomas Beadle, Rick Becker, Joshua A. Boschee, Mike D. Brandenburg, Ed Gruchalla, Bob Hunskor, Matthew M. Klein, Vernon R. Laning, Gary R. Sukut

Members absent: Senator Mac Schneider; Representative Nancy Johnson

Others present: Kylie Oversen, State Representative, Grand Forks
Senator Ray Holmberg and Representative Mark S. Owens, members of the Legislative Management, were also in attendance.

See [Appendix A](#) for additional persons present.

It was moved by Senator Carlisle, seconded by Representative Klein, and carried on a voice vote that the minutes of the February 3, 2014, meeting be approved as distributed.

Senator Holmberg welcomed the committee to Grand Forks. He said it is important for members of the Legislative Assembly to see there are infrastructure needs in the eastern portion of the state as well as oil-impacted areas. He said economic growth is occurring throughout the state which creates infrastructure needs statewide.

Mr. Dana Sande, City Council, Grand Forks, welcomed the committee to Grand Forks. He said the Mayor was unable to attend the meeting today and requested him to extend the Mayor's best wishes to the committee. He said the state and the Grand Forks region are poised to be leaders in the unmanned aircraft systems (UAS) industry. He said the support the Legislative Assembly and state leaders have provided for pursuing a test site for UAS is appreciated and has resulted in the state being selected as the first Federal Aviation Administration (FAA) test site.

UNMANNED AIRCRAFT SYSTEMS TEST SITE REPORT

Mr. Barry Wilfahrt, President/CEO, The Chamber Grand Forks and East Grand Forks, presented a report ([Appendix B](#)) regarding the Grand Forks Region Base Realignment Impact Committee.

Mr. Terry Sando, Unmanned Aircraft Systems Sector Senior Manager, Grand Forks Region Economic Development Corporation, presented a report ([Appendix C](#)) regarding the local, state, and federal partnership for UAS in Grand Forks and North Dakota.

In response to a question from Chairman Oehlke, Mr. Sando said the FAA does not allow commercial UAS use. Although there are people using unmanned aircraft, he said, it is not legal to do so for commercial purposes.

In response to a question from Representative Becker, Mr. Sando said the FAA asserts authority over the airspace from the ground to 50,000 feet. Under the hobbyist rule, he said, hobbyists are allowed to fly unmanned aircraft that are 55 pounds or less at a height of 400 feet or lower if the flight is done away from airports and on certain radio frequencies. He said the FAA is taking a restrictive approach to regulation but is taking some heat from administrative judges in some cases where the judges have invalidated penalties imposed by the FAA. He said there is some gray area with respect to the hobbyist rule.

In response to a question from Senator Carlisle, Mr. Sando said the Region Economic Development Corporation and the Northern Plains UAS partnership has a plan for proceeding with the test site and will be sharing its future plans and funding needs with the 2015 Legislative Assembly.

In response to a question from Senator Wanzek, Mr. Sando said UAS can provide more precise maps and data for agricultural purposes. He says the use of UAS can allow agricultural producers to regularly examine soils and crops, provide more precise assessments, and develop quicker analyses of soil and crop conditions.

Mr. Sando presented information ([Appendix D](#)) regarding the Grand Forks Air Force Base enhanced use lease initiative between Grand Forks County and the Grand Forks Air Force Base.

Mr. Klaus Thiessen, President and CEO, Grand Forks Region Economic Development Corporation, presented information ([Appendix E](#)) regarding the Valley Prosperity Partnership. He said the partnership is intended to be a long-term process leveraging resources and strengthening public and private sector partnerships. He said the partnership has retained a consulting team for support and has begun to set up working groups.

In response to a question from Senator Carlisle, Mr. Thiessen said the partnership has not engaged a lobbyist but will rely on its members to be visible during future legislative sessions.

Chairman Oehlke recessed the meeting, and the committee traveled to the Grand Forks Air Force Base for a tour of the facilities of the base which are associated with the Grand Sky Initiative and the enhanced use lease.

Colonel Paul E. Bauman welcomed the committee to the Grand Forks Air Force Base and provided the committee background information ([Appendix F](#)) regarding the Grand Forks Air Force Base and the use of UAS.

At the conclusion of the tour of the Grand Forks Air Force Base, Chairman Oehlke reconvened the meeting in the Hawk Room of the Alerus Center.

CHILD CARE STUDY

Chairman Oehlke called on Ms. Jennifer Barry, Administrator, Early Childhood Services, Children and Family Services Division, Department of Human Services, for testimony ([Appendix G](#)) regarding proposed federal requirements relating to child care standards and opportunities related to early childhood services.

In response to a question from Representative Boschee, Ms. Barry said obtaining the federal grants that are available will require broad collaboration with other state agencies and private and nonprofit entities. She said receipt of the grants and implementation of certain programs likely would require legislative approval.

In response to a question from Chairman Oehlke, Ms. Barry said the department has flexibility in working with employers that are seeking to provide onsite child care. She said the Legislative Assembly created an exemption for businesses to provide onsite child care that provides services for 10 or fewer children. She said the department has attempted to be flexible in allowing the use of parks within safe walking distance of child care facilities in lieu of onsite outdoor play space. In addition, she said, the Legislative Assembly authorized the replacement of outdoor play space with an adequate amount of indoor play space. She said she has not heard of any employers starting up onsite child care facilities, but employers have been expressing interest in doing so. She said some of the flexibility allowed by the department is affected by city ordinances that require outdoor play space.

In response to a question from Senator Wanzek, Ms. Barry said the proposed federal requirements could affect child care capacity. She said the department is looking at ways to minimize the impact where possible. She said the number of fingerprint background checks required could double under the federal proposal.

Chairman Oehlke called on Ms. Erica Kindem, Child Care Aware of North Dakota, for a presentation ([Appendix H](#)) regarding the Bright & Early North Dakota program.

In response to a question from Senator Sinner, Ms. Kindem said programs similar to the Bright & Early North Dakota program began in other states in the late 1990s. Because of the experiences in other states, she said, officials in this state can examine and implement what has been successful elsewhere.

In response to a question from Senator Sinner, Ms. Barry said the Department of Human Services has invested in the Bright & Early North Dakota program through appropriations provided by the 2013 Legislative Assembly. She said the appropriated funding has allowed the department to move from a pilot program to a statewide roll out of the program. She said it is expected that all counties in the state will have implemented the program by the end of the biennium. Because the amount of grants offered for each step in the program vary, she said, the amount of funding needed will depend upon the steps in the program at which providers are located. She said the incentives in the program grow as providers move up the quality ladder. She said a previous estimate of the amount of funding to implement the program was \$14 million.

In response to a question from Senator Campbell, Ms. Kindem said although the Bright & Early North Dakota program is for licensed child care facilities, the program goals can be used in all settings. She said the program is very flexible.

In response to a question from Representative Becker, Ms. Kindem said the child care industry is market-driven. She said there is a need to stabilize the industry to help child care businesses succeed long term and retain highly qualified staff.

In response to a question from Senator Wanzek, Mr. Thomas Hill, United Way of Cass-Clay, said the United Way of Cass-Clay began a Gearing Up for Kindergarten project. He said there is now statewide movement in that area, but there are not enough programs in place.

Mr. Hill said about 50 percent of the funds raised by the United Way of Cass-Clay are directed to child care. He said it is vital to be able to leverage those funds with private and state investments to provide early childhood development and allow children to succeed.

TRANSPORTATION INFRASTRUCTURE STUDY

Chairman Oehlke called on Mr. Allen Grasser, City Engineer, Grand Forks, for a presentation ([Appendix I](#)) relating to Grand Forks transportation infrastructure.

In response to a question from Senator Carlisle, Mr. Grasser said local governments lost flexibility with the Moving Ahead for Progress in the 21st Century (MAP-21) funding formulas. Unless congressional action occurs to provide highway funding, he said, there will be no money available in 2015. Because this is an election year, he said, some action likely will be taken by Congress to provide highway funding. Nonetheless, he said, the level of funding will likely be lower than the current amount. He said inflation is causing construction costs to rise significantly. Because of the growth of the oil industry in the western part of the state, he said, communities in the eastern part of the state are seeing support business for the industry develop.

In response to a question from Chairman Oehlke, Mr. Grasser said Grand Forks officials are looking at a multipronged approach to address the anticipated gap in funding available for local road infrastructure projects. He said taxpayers generally do not favor funding road projects through special assessments, particularly for roads that are not close to the residence of a taxpayer. He said city officials hope for some state assistance on the projects identified as regional projects. In addition, he said, the city is examining the feasibility of creating a street or transportation utility. However, he said, to do so may require enabling legislation from the state. He said city officials also are examining sales tax options. He said he has heard many comments questioning why local taxes should be increased at the same time the state has a significant surplus of funds.

Chairman Oehlke called on Ms. Mary Jo Crystal, Director of Finance/Administration, Grand Forks Regional Airport Authority, for a presentation ([Appendix J](#)) regarding the development needs of the Grand Forks Regional Airport.

In response to a question from Representative Brandenburg, Ms. Crystal said local airport authorities have historically worked well with representatives of the North Dakota Aeronautics Commission to prioritize airport projects. She said federal funding for airports has decreased, while airport needs in this state have increased significantly.

Chairman Oehlke called on Mr. Earl Haugen, Executive Director, Grand Forks - East Grand Forks Metropolitan Planning Organization, and Mr. Dale Bergman, Grand Forks Cities Area Transit, for a presentation ([Appendix K](#)) regarding Grand Forks area transit/pedestrian/rail infrastructure.

In response to a question from Chairman Oehlke, Mr. Haugen said there are plans to expand both off-road trails and on-road bike paths in the Grand Forks metropolitan area.

In response to a question from Chairman Oehlke, Mr. Bergman said about 9 percent of the cost of transit is covered by fares. He said bus fares in Grand Forks are \$1.50, compared with \$1.75 in Fargo and \$1.00 in Bismarck.

In response to a question from Senator Campbell, Mr. Haugen said Minnesota uses bonding authority to support transit programs. In South Dakota, he said, policymakers are looking at different revenue streams for transit.

Representative Brandenburg said with the amount of federal transportation funds declining, he is concerned over the amount of funds being used to construct bike paths.

In response to a question from Representative Gruchalla, Mr. Haugen said the use of public transportation reduces costs in other areas, including reducing the need for providing public parking and reducing traffic. He said investments in public transportation have proven to be worthwhile.

Chairman Oehlke called on Mr. Haugen and Mr. Keith Lund, Vice President, Grand Forks Region Economic Development Corporation, for a presentation ([Appendix L](#)) relating to Grand Forks regional rail transportation.

Mr. Lund said the oil activity in the western portion of the state has resulted in increased business activity in the Grand Forks region for companies serving the west. He said products related to oil development are loaded and unloaded in Grand Forks. He said there is a need to examine further development of secondary rail lines in the region.

Chairman Oehlke called on Ms. Sharon Lipsh, Superintendent of Highways, Walsh County, for a presentation ([Appendix M](#)) relating to rural and small cities transportation infrastructure needs in planning Region IV.

In response to a question from Chairman Oehlke, Ms. Lipsh said Walsh County is using the county's allocation of state road and bridge funds for three road repair projects. She said the county has been able to obtain funding for addressing one bridge per year, but that funding likely will be reduced to one bridge every three years. She said she prefers to have a choice of how to use the road and bridge funding so that the county can evaluate its needs and address priorities.

In response to a question from Representative Brandenburg, Ms. Lipsh said one factor in replacing a bridge is reviewing the connecting roads in neighboring counties to see if the project is viable.

In response to a question from Representative Gruchalla, Ms. Lipsh said Walsh County has lowered the weight rating on bridges to keep the bridges operational for lighter loads. She said three bridges in the county are limited to travel by cars and pickup trucks.

Chairman Oehlke said the committee will likely meet again in mid-June.

Senator Wanzek requested the Legislative Council staff to contact representatives of the Burlington Northern Santa Fe Railway Company to request a presentation regarding the lack of availability of railcars in the state.

No further business appearing, Chairman Oehlke adjourned the meeting at 4:40 p.m.

John Bjornson
Assistant Code Revisor

ATTACH:13