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Senate Appropriations - Government Operations Division

5 February 2025

Testimony on Senate Bill 2218

Submitted by: Robert Knuth, Training Director, North Dakota Firefighter's Association

Chairman Wanzek and Senate Appropriations - Government Operations Division Committee members, Good Morning. My name is Robert Knuth, and I am the Training Director of the North Dakota Firefighters' Association. I want to thank you for considering Senate Bill 2218.

The North Dakota Firefighters' Association (NDFA) is a 501(c)(3) organization. We are accredited by the National Professional Qualifications Board, also known as the ProBoard. Our training and certification programs meet nationally recognized standards developed by the National Fire Prevention Association or NFPA. NDFA was established in 1884 before North Dakota became a state. Throughout our existence, the association's mission has been to provide opportunities to train and certify firefighters in the state. In 2017, a legislative study was conducted to codify the duties and roles of the North Dakota Firefighters Association. As a result of this study, Section 18-03-01.1 of the North Dakota Century Code now reads:

The North Dakota Firefighter's Association shall:

1. Develop and adopt a statewide fire education and training plan;
2. Coordinate fire service training at all levels;
3. Establish procedures to govern the certification process for firefighter training.

NDFA is a mobile training organization that provides instruction and certification testing to individual departments at zero cost. Our current funding allows us to do this, so the individual departments do not have to spend their limited budget on necessary training. Due to the size of the state, having one centralized training facility is not feasible. 96% of our firefighters are volunteers with full-time jobs in their communities. In many cases, taking time away from work to travel, staying overnight, and the cost of fuel, meals, and lodging prevent many firefighters from traveling to receive vital training. NDFA has utilized federal and state grants for training props and equipment that must be stored securely to make this training available statewide. Some of which are temperature sensitive. Our current facility does not have the space to store these assets under one roof, forcing us to lease additional storage space.

Before 1996, the NDFA ran their business in the home offices of the elected executive board members. In 1996, our first Director was hired, and we began leasing office space. Since that date, we have moved offices several times to accommodate our growing mission and storage requirements. Last year, we were notified by our landlord that our lease, which was entered into in 2017, would see a substantial increase in cost when our renewal date for our main office building came up. In discussions with him, we found our rent amount would increase by approximately \$46,400.00 annually. This discussion led to an opportunity for us to relocate to a new facility that he was purchasing. This would be a lease, with the option to buy anytime. As part of the lease agreement, our current lease amount will remain the same until June 1, 2025, without a penalty for leaving our current lease, which would save over \$185,000.00 over the remaining life of the lease. His benefit is that he can lease our current location to a new tenant at the current market rate.

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We have developed a three-phase project for our new location. Once completed, NDFA would have one building large enough for all our administrative offices, Storage space for all our equipment, and space for meetings and classes available for the state's south-central region. Phase one is purchasing the property and the existing office building, which is large enough to house our current offices. Phase two is constructing an addition large enough to hold all our equipment and props and provide enough space to conduct hands-on training indoors, regardless of weather conditions. Phase three is refurbishing the first-floor offices into meeting and classroom spaces.

NDFA was initially funded through appropriation in 1893 and through dues collected by member departments. NDFA has continued to receive appropriate funds and collect dues to this day. Our current appropriated funding comes from the Insurance Regulatory Trust fund. This funding is for training and certification testing provided at zero cost to the individual fire departments, administrative costs of providing these services, salaries for our employees, and leases for our offices and storage facilities. Each year, we meet the requirements of our Century Code mandate. However, we have not been able to accumulate any capital to move forward with our plan for our building. To this point, the NDFA Executive Board has met with Pace Fundraising to create and manage a capital campaign to raise funding for the project. We are confident that this campaign will be successful. However, the timeline for accruing funds to move forward would exclude the opportunity for us to acquire the property and building at its current price.

SB 2218 will provide the NDFA with the funding to provide the 20% needed to enter into a mortgage and purchase the property. Once this 20% is received, the NDFA will be able to complete phase one of our project. I have attached our budget to this testimony. This budget shows our current appropriation, estimated dues coming in, a small lease amount we receive from the ND Fire Marshal's office, and an amount awarded through the WSI-STEP grant program, which we use to fund specific training. Unfortunately, we cannot use these grant funds for the building. Under the NDFA Office line, we have put the estimated annual cost of what we would be paying in a mortgage if both Phase One and Phase Two were complete, even though we know Phase Two will not be completed before the end of 2025. We set that amount to show we would have a positive balance at the end of December, which is the estimated funding availability from our capital campaign, according to Pace Fundraising. This shows our ability to maintain our current funding and justify our request for one-time funding.

I have also attached a breakdown of our current rent amounts, comparing them to the new lease amounts if we were to stay at our current location, our estimated payments with a mortgage after Phase 1 is completed along with the additional storage building, and our estimated mortgage payment after Phase 2 is completed.

Thank you for allowing me the time to present this testimony, and I would be happy to answer any questions you may have.

## 2025 Proposed Budget

Income	2024	2025
4000 • Sales	\$47,855.14	\$15,000.00
4100 • Dues	\$36,150.00	\$36,450.00
4115 • Leased Space	\$6,045.00	\$3,000.00
4200 • Grants	\$607,696.00	\$175,000.00
4300 • Registration	\$3,415.00	
4600 • Appropriations/ND	\$1,200,000.00	\$1,200,000.00
4700 • Testing Fees	\$2,820.00	
4800 • Reimbursed Expenses	\$28,283.50	
4820 • Donations	\$359.00	
4900 • Miscellaneous/Income	\$58.85	
Total Income	<u>\$1,934,706.49</u>	<u>\$1,429,450.00</u>
<b>Gross Profit</b>	<b>\$1,934,706.49</b>	<b>\$1,429,450.00</b>

Expense		
6000 • NDFA Office	\$251,586.00	\$434,000.00
6100 • Annual Convention	\$10,903.00	\$15,000.00
6200 • State School	\$142,575.06	\$108,150.00
6300 • Regional School	\$85,966.24	\$40,000.00
6345 • AFG Grant	\$99,822.05	\$0.00
6350 • Department Level Training	\$19,223.93	\$21,000.00
6360 • HazMat Expense	\$21,309.96	\$32,900.00
6375 • Grant expenses-HMEP	\$46,758.81	\$0.00
6381 • WSI Grant	\$27,969.95	\$33,720.00
6400 • Conference	\$14,071.37	\$15,000.00
6500 • FF Certification	\$53,367.02	\$45,000.00
6551 • Pass Through Funds	\$1,600.00	\$0.00
6581 • Auto Extrication	\$46,567.02	\$50,000.00
6590 • Bank Service Charges	\$0.00	\$200.00
6600 • Insurance	\$11,385.48	\$15,000.00
66900 • Reconciliation Discrepancies	\$0.85	\$0.00
6700 • Interest Expense	\$0.00	\$0.00
6720 • Forms	\$523.53	\$500.00
6775 •	\$1,500.00	\$4,000.00
Membership/Dues/Subscriptions		
6800 • Payroll Expenses	\$413,741.83	\$460,000.00
6830 • Executive Board Expenses	\$12,528.36	\$8,000.00
6881 • Shop Equipment	\$458.68	\$6,000.00
6900 • Professional Fees	\$49,553.03	\$45,000.00
6925 • Repairs	\$3,360.79	\$6,000.00
6950 • Taxes	\$25,993.74	\$27,000.00
6960 • Training Library	\$29,652.12	\$15,000.00
6970 • Material for resale	\$19,505.76	\$15,000.00
8000 • Workshops	\$0.00	\$3,000.00
8110 • Vehicle Expense	\$12,056.58	\$15,000.00
8200 • Training Props	\$565,584.87	\$10,000.00
8217 • Fire Investigations	\$0.00	\$0.00
Total Expense	<u>\$1,967,566.03</u>	<u>\$1,424,470.00</u>
<b>Net Ordinary Income</b>	<b>-\$32,859.54</b>	<b>\$4,980.00</b>

### Estimated Lease Payments vs. Mortgage Payment

**Current Grumman Rent**

9045 SqFt  
9.5 per SqFt

**New Lease Grumman Rent**

9045 SqFt  
16.5 per SqFt

**Current Platoon Rent**

7,200 SqFt  
0.97 per SqFt

	<b>Annual</b>	<b>Base</b>	<b>Base NNN</b>
2017	\$85,927.50	\$7,160.63	\$7,660.63
2018	\$87,216.41	\$7,268.03	\$7,768.03
2019	\$88,524.66	\$7,377.05	\$7,877.05
2020	\$89,852.53	\$7,487.71	\$7,987.71
2021	\$91,200.32	\$7,600.03	\$8,100.03
2022	\$92,568.32	\$7,714.03	\$8,214.03
2023	\$93,956.85	\$7,829.74	\$8,329.74
2024	\$95,366.20	\$7,947.18	\$8,447.18
<b>2025</b>	<b>\$96,796.69</b>	<b>\$8,066.39</b>	<b>\$8,566.39</b>
2026	\$98,248.64	\$8,187.39	\$8,687.39

<b>Annual</b>	<b>Monthly</b>
\$149,242.50	\$12,436.88

<b>Annual</b>	<b>Monthly</b>
\$84,000	\$7,000

	<b>Annual</b>	<b>Monthly</b>	
<b>Current Rent (both buildings)</b>	\$180,796.69	\$15,066.39	
<b>Estimated New Annual Rent (both buildings)</b>	\$233,242.50	\$19,436.88	\$4,370.48 Total monthly increase
<b>Est. Mortgage (Phase 1)</b>	\$220,800.00	\$18,400.00	<i>This includes new building and current additional storage building rent.</i>
<b>Est. Mortgage (Phase 2)</b>	\$315,000.00	\$26,250.00	<i>This is estimated mortgage would be after Phase 2 is completed (2026)</i>