

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2070

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2070

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2070

☐ Senate Industry, Business, and Labor Committee

Date 1-16-01

Tape Number	Side A	Side B	Meter #
1	x		29,5-39,9
Committee Clerk Signature <i>Doris E. Perez</i>			

Minutes: SB 2070 relates to the federal advance interest repayment fund; and to provide a continuing appropriation.

Wayne Kindem: (Director of Administrative Services for NDJS; Supports) See Attached Testimony.

Senator Mutch: How much money are we talking about?

Wayne Kindem: \$2,300,000

Senator Krebsbach: Who would own it and upkeeps and maintains the building?

Wayne Kindem: Costs are chargeable to the Federal grant.

Senator Espgaard: So, there really is no "increased" cost involved?

Wayne Kindem: Correct.

Senator D. Mathern: How many employees in Bismarck and where do they park?

Wayne Kindem: 40 employees and 24 parking places in lot. We currently lease parking area for our employees and the the other 24 spots are for customers.

Senator Espgaard: Where would building be located?

Wayne Kindem: We do not have a location yet.

Hearing on SB 2070 was closed. Motion made by Senator D. Mathern for "Do Pass." Seconded by Senator Tollefson. Roll call taken 7-0-0. Senator Tollefson is floor carrier.

FISCAL NOTE
 Requested by Legislative Council
 12/14/2000

Bill/Resolution No.: SB 2070

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$76,919	\$0	\$64,203
Appropriations	\$0	\$0	\$0	\$76,919	\$0	\$64,203

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill allows use of the Federal Advance Interest Repayment (FAIR) fund to pay interest on Bond financing and principal payments for Bond retirement for acquisition of a service delivery office for the Bismarek-Mandan area. The intent is to charge Federal grants for the interest cost and the FAIR fund for principal payments (Bond Retirement), thus achieving state equity in the property. The bill also allows charging the principal cost to the FAIR fund for retirement of the existing bonds on the Grand Forks service delivery office. Currently, interest on the Grand Forks office bonds is charged to the FAIR fund and the principal to Federal grants. The intent is to reverse this so that the principal for Bond Retirement be charged to the FAIR fund so that equity in the Grand Forks office is State rather than Federal.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures shown in section 1A, Other Funds, are charges to Federal grants. They represent the interest cost for bond financing for acquisition of a customer service office for the Bismarek-Mandan service delivery area less the avoided office rent cost. They also represent reduction in charges to Federal grants by charging interest to Federal grants and the principal to the FAIR fund for the existing Grand Forks

office financing. These expenditures are classified as operating expense.

Charges to the FAIR fund which has a continuing appropriation would be \$31,997 for the 01-03 biennium and \$175,132 for the 03-05 biennium.

There are no FTE positions affected.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The appropriation amount shown for 'Other Funds' is not reflected in the Job Service Appropriation Bill, SB 2017.

Name:	Wayne Kindem	Agency:	Job Service North Dakota
Phone Number:	328-3033	Date Prepared:	01/05/2001

Date: January 16/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2070

Senate Industry, Business and Labor

Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By S. Mathern Seconded By S. Tollefson

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment S. Tollefson

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

REPORT OF STANDING COMMITTEE (410)
January 16, 2001 2:31 p.m.

Module No: SR-06-1068
Carrier: Tollefson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2070: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2070 was rereferred to the Appropriations Committee.

2001 SENATE APPROPRIATIONS

SB 2070

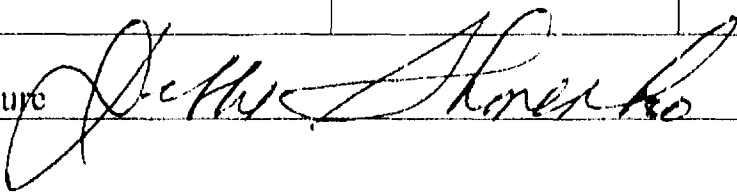
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2070

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 26, 2001

Tape Number	Side A	Side B	Meter #
1	FAIR Fund		16.5-28.2
Committee Clerk Signature 			

Minutes:

Senator Solberg opened the hearing on SB 2070.

Wayne Kindem, Director of Administrative Services for Job Service North Dakota, testified on behalf of SB 2070 (testimony attached), stating the use of the FAIR fund to acquire state equity in their existing Grand Forks property and the proposed Bismarek property.

Senator Bowman: You are building a new building in Bismarek? And these fees are to finance this building?

Wayne Kindem: With the borrowing authority.

Senator Bowman: How big will this building be?

Wayne Kindem: About 17, 000 square fee; the one we are in now is 6,700 square feet and to small.

Senator Solberg: Have you looked at cost connectivity with other state departments? To locate to one area with other state agencies to save on costs..

Wayne Kindem: We have had no discussion on this with other state agencies; the study last session was for the master plan and we were not included as part of this capitol complex but we are agreeable to look at it.

Senator Bowman: Most expansions are in the bigger cities at the expense of the rural communities; how many jobs will this new program have and how much space is needed? Have buildings in the rural areas been looked at?

Wayne Kindem: We have daily services with 19 different communities and more monthly; what are decentralized and support this. The facility in Bismarck is for people in Bismarck for the service to local customers as well as the staff and a rural area would be difficult for this situation with technology and the delivery system.

Senator Robinson: Asking that OMB supply a listing with all state rentals that the state of ND is now renting per agency, the cost and map showing locations.

Senator Grindberg: This has already been requested with SB 2023.

Senator Andrist: This was also inventoried with the Interim Committee for Government Services.

Senator Holmberg: This bill is to accrue equity for the state and not the federal government; if you saw the building in Bismarck you would notice that the size is too small and there is no parking for the public.

Senator Schobinger: Why was this not done previously with the equity for years, why not before?

Wayne Kindem: The Federal Government would not allow this on Federal Grants; needed nonsource efficiency now we can charge the interest; flexibility interest to the state.

With no opposition the hearing was closed. Tape 1, Side A, meter 28.2.

2-7-01

February 7, 2001 Full Committee (Tape 1, Side B, Meter No. 22.6-32.1)

Senator Nething, Chair of the Senate Appropriations Committee, reopened the hearing on SB2070.

Senator Holmberg, Chair of the North Dakota Job Service Subcommittee, explained that SB2069, SB2070, and SB2071, were considered when the Subcommittee met, and were incorporated as deemed fitting into SB2017.

Senator Holmberg moved a DO NOT PASS; Senator Andrist seconded the motion. No discussion, call for the Roll Call Vote: 11 yes, 0 no, and 3 absent and not voting.

Senator Holmberg accepted the floor assignment.

Date: 2-7-01

Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2070

Senate Appropriations Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Roll Call Pass

Motion Made By Sen Holmberg Seconded By Sen Andrist

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac					
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane					
Ed Kringstad					
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 11 No 0

Absent 3

Floor Assignment Senator Holmberg

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

REPORT OF STANDING COMMITTEE (410)
February 7, 2001 11:16 a.m.

Module No: SR-22-2565
Carrier: Holmberg
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2070: Appropriations Committee (Sen. Nething, Chairman) recommends **DO NOT PASS** (11 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). SB 2070 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

SB 2070

Senate Bill 2070
Testimony before the Senate
Industry, Business and Labor Committee
By Job Service North Dakota
January 16, 2001

Mr. Chairman, members of the committee, my name is Wayne Kindem, Director of Administrative Services for Job Service North Dakota.

Section 52-04-22 of the North Dakota Century Code created the Federal Advance Interest Repayment Fund, referred to as the FAIR Fund, and identified the revenue and expenditure items that are allowable for the fund. Revenue to the fund consists of the penalty and interest collections as provided by the Unemployment Compensation Law and any interest earnings accruing to the fund.

Current statutory authorized uses for the fund include:

- ◆ Interest due on federal advances to the state trust fund.
- ◆ Interest costs associated with the bond payments that funded the construction of the current Grand Forks Job Service office.
- ◆ Costs of repair, renovation, or alteration of Job Service office facilities.
- ◆ Payment of the replacement rate charged for use of state fleet vehicles.

SB 2070 would add two allowable uses for the fund and provide for appropriation associated with the uses. The additional uses proposed are as follows:

- ◆ First, it allows principal costs associated with the bond payments that funded the construction of the current Grand Forks Job Service office. Currently, bond principal payments are charged to Federal Grants and Bond interest payments are charged to the FAIR fund.

This results in the equity accruing to the federal government. The intent of this legislation is to charge the bond principal to the FAIR

fund and bond interest to the Federal grants. This change will allow building State equity in the property.

- ◆ Second, it allows principal and interest costs associated with bond financing for acquisition of a new Job Service Customer Service Office facility in Bismarck. The intent would be to charge bond principal payments to the FAIR fund and Interest to Federal grants. This financing method would provide state equity in this property. I have attached information, to my testimony, on our need for a new Service Delivery Office in Bismarck. I will highlight the key points.

Mr. Chairman, I will answer questions about the use of the FAIR fund to acquire state equity in our existing Grand Forks property and the proposed Bismarck property. I will also address any questions about the need for a new Service Delivery Office in Bismarck.

New Bismarck Service Delivery Office

Introduction

Job Service North Dakota delivers workforce services including unemployment insurance, reemployment, employment and job training services throughout North Dakota. The strategy for delivering services is continually evolving. Customers of workforce services are expecting services to be readily available and offered in alternative ways. Job Service is changing its service delivery strategy to become part of the coordinated workforce development system in North Dakota. Service delivery changes include increased use of technology to expand the ways customers can receive services such as use of telephone, Internet, or in-person at self-service client service areas in our one-stop service centers. Providing in-person services at customer delivery locations will continue to be important but the mix of self-service and in-person delivery is changing. Thus, our customer service offices are being renovated to add or expand client self-service areas. Our network of facilities for the most part is modern, up-to-date facilities requiring only minor structural/remodeling changes. The exception is our Bismarck area customer service delivery office. The Bismarck office facility is totally inadequate for the continued delivery of quality customer service in the new one stop service strategy.

This capital project request is for replacement of the current Bismarck area service delivery office with an appropriate facility by purchasing land and construction of an office building. Specifically, this request is to acquire land and construct a 17,000 square foot office building located on one level with parking sufficient to accommodate 100 cars. The facility layout and functionality will be consistent with our Grand Forks office facility. The project cost of \$2,302,000 includes land purchase, architectural and engineering services, construction costs and provision for contingencies.

IDENTIFICATION OF NEED

APPROPRIATE DELIVERY OFFICE FACILITY REQUIREMENTS

Job Service customer service delivery in a one-stop environment offers three options to customers for accessing services: self-service, facilitated service, and assisted service.

Self-service allows clients to review job search assistance information, schedule into job search workshops, explore training opportunities, place resumes on America's Talent Bank, register for work, use resume building software, interviewing skills software, view job seeking assistance video's, etc. This requires space for clients to use PC's, view videos, and read material.

Facilitated service is provided by customer service advisors who assist the client in locating appropriate service. This level of service is intended for clients having difficulty in using self-help options and generally results in the client being referred to one-on-one assistance or group service. Facility requirements include staff workstations allowing semi-private meetings with clients.

Assisted service is for clients requiring extended assistance provided by a customer service advisor in the form of employment counseling, testing, and scheduling into a workshop or referral to other agencies for service. Facility requirements include private offices, and testing or workshop rooms.

The desired facility also needs to accommodate employers by providing interview rooms and meeting rooms of sufficient size and flexibility to handle job fairs, workshops, and testing. Staff meetings also require conference room space. A model customer delivery facility has been established in Grand Forks. This facility, which services a clientele base similar to Bismarck, consists of a single story facility of 17,000 square feet with parking for 100 cars to accommodate staff and clients.

CURRENT BISMARCK OFFICE FACILITY SITUATION

The facility currently used for delivering client services in Bismarck is a 6,670 square foot structure with basement, constructed in 1960. It has 24 parking spaces adjacent to the building. This facility is totally inadequate for the delivery of client services. Client in-person traffic is significant and continues to increase.

<u>Year</u>	<u>Annual In-Person Traffic</u>
1999	58,518
1998	53,262
1997	47,770
1996	43,990
1995	41,898
1994	36,000

The specific deficiencies are numerous including:

Parking Availability:

Current parking	24
Need	100

100 parking spaces is adequate based on experience at our Grand Forks, Fargo, and Minot customer delivery offices. These offices have a staff and client base similar to Bismarck.

Parking on surrounding streets is limited to 1 and 2 hour restrictions.

Total Space Availability:

Currently space is 6,670 on the main floor. The basement is of limited usefulness for service delivery since there is no elevator and therefore not accessible to many of our clients. Installing an elevator is not cost feasible based on bids obtained in the past. Our Grand Forks, Fargo, and Minot offices all have 17,000 square feet to accommodate the same level of staff and client traffic.

Lobby and Client Self-Service Area:

Space availability in the current lobby and client resource area is extremely limited. As we move to offering services in a one-stop environment the need for adequate space is critical. Increased self-help access to Internet services, testing, resume software and labor market information will bring additional clients into our office.

Employer interviewing, workshop, staff meeting areas:

There is very limited space for employers to interview applicants. Currently there is only one room available for these purposes but experience indicates a need that is much greater. The number and size of current meeting/conference rooms is also inadequate. We have a high demand for meeting room space to conduct applicant and employer workshops, provide for testing, hold informational meetings with staff and meet with other service providers.

Environmental Issues:

The current air handling system has 5 heating and 5 air cooling systems. Even with this number it is very hard to maintain an even temperature in the building. Some areas of the office are very much affected by the outside temperature.

Temporary Accommodations for the Current Deficiencies:

Temporary accommodations addressing the most significant deficiencies of the current facility were implemented in November 1999 by leasing 4,664 square feet of office space. The additional space is on the second floor of the US Bank building located across the street from the current owned office. This additional space allowed renovation and expansion of the client resource area in the owned building. Employer services were moved to the leased space allowing more appropriate space for providing employers with services. While this action addressed two critical needs it is viewed as a short-term or temporary accommodation for the following reasons.

- Two separate facilities are not economical. Additional parking has to be leased, janitorial services must be provided at both sites, duplicative equipment has to be maintained (fax, copier) and nonproductive staff time is incurred traveling between two sites.
- One-stop delivery strategy and the Workforce Investment Act program require partnering functions that are diminished by having two physically separate service delivery sites.
- Clients are inconvenienced by going to the wrong location and having to travel to the second location to receive services.
- Certain customers have to go to both locations to receive services.
- Some staff must continuously move between the two locations, which is inefficient.

SUMMARY OF NEED

The current Bismarck office facility is inadequate in terms of parking, total floor space and configuration of space for one-stop service delivery. It cannot be expanded or renovated to address the identified deficiencies (this option has been researched with independent architectural consultant assistance). Leasing additional space and operating from multiple locations is not a feasible or appropriate long-term solution. An appropriately sized, configured and located facility for delivery of quality customer service in the Bismarck service delivery area is needed.