

**BISMARCK-MANDAN
DEVELOPMENT ASSOCIATION**

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September 6, 2007

TO: WORKFORCE COMMITTEE
 NORTH DAKOTA LEGISLATIVE COMMITTEE

FROM: RUSSELL STAIGER, PRESIDENT
 BISMARCK-MANDAN DEVELOPMENT ASSOCIATION

RE: TESTIMONY ON USE & EFFECTIVENESS OF JDA
 THURSDAY, SEPTEMBER 6, 2007
 ROUGHRIDER ROOM, STATE CAPITOL
 BISMARCK, NORTH DAKOTA

MR. CHAIRMAN AND MEMBERS OF THE WORKFORCE COMMITTEE.

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU AND
DISCUSS THE VALUE AND EFFECTIVENESS OF THE NORTH DAKOTA JOBS
DEVELOPMENT AUTHORITIES.

PLEASE UNDERSTAND THAT MY POINT OF REFERENCE ON THE JDA'S AS
THEY BECAME KNOWN IS PRIMARILY BISMARCK-MANDAN. ALTHOUGH
BECAUSE OF THE FACT THAT THE BISMARCK-MANDAN DEVELOPMENT
ASSOCIATION (BMDA) ALSO ASSISTS THE RURAL COMMUNITIES OF
BURLEIGH AND MORTON COUNTIES WITH THEIR ECONOMIC
DEVELOPMENT PROJECTS MY BASE OF KNOWLEDGE IS SOMEWHAT
BROADER.

I ALSO HAVE THE BACKGROUND OF DISCUSSIONS WITH THE ECONOMIC
DEVELOPMENT LEADERSHIP OF VARIOUS COMMUNITIES OUTSIDE OF THE
BURLEIGH/MORTON COUNTY AREA.

WHAT I WILL DO IS PROVIDE YOU WITH SOME OF THE FACTS AS THE
BMDA HAS BEEN INVOLVED AND ALSO THOSE AS BASED ON DISCUSSIONS
I HAVE HAD WITH THE ECONOMIC DEVELOPMENT LEADERSHIP OF THE
THOSE ADDITIONAL RURAL COMMUNITIES I HAVE MENTIONED.

- BISMARCK WAS PROBABLY ONE OF THE VERY FIRST NORTH
DAKOTA CITIES TO TAKE ADVANTAGE OF THE LEGISLATION

AUTHORIZING THE CREATION OF JDA'S. THE BISMARCK JDA WAS CREATED IN APPROXIMATELY 1989 IN RESPONSE TO A FUNDING NEED WE HAD TO HELP SECURE THE LOCATION OF WHAT WAS THEN KNOWN AS U.S. HEALTHCARE. TODAY IT IS BETTER KNOWN AS AETNA. TODAY THIS COMPANY EMPLOYS APPROXIMATELY 650 PEOPLE, GENERATING AN ANNUAL PAYROLL ESTIMATED AT \$18,000,000.

- AT THE TIME THE BISMARCK JDA WAS CREATED A MILL IN BISMARCK PRODUCED APPROXIMATELY \$80,000. BISMARCK INITIALLY LEVIED THE FULL 4 MILLS AUTHORIZED BY THE JDA LEGISLATION. THIS PRODUCED APPROXIMATELY \$320,000 WHICH WAS USED TO HELP STRUCTURE THE INCENTIVES PACKAGE WHICH HELPED SECURE THE LOCATION OF US HEALTHCARE, THE FIRST MAJOR NEW COMPANY ATTRACTED TO BISMARCK IN OVER 20 YEARS.
- IT IS SAFE TO SAY WITHOUT THE JDA LEGISLATION IN PLACE IT IS HIGHLY DOUBTFUL WE WOULD HAVE BEEN ABLE TO ATTRACT US HEALTHCARE. THE 4 MILLS MADE IT POSSIBLE FOR BISMARCK TO REACH THE INCENTIVE PACKAGE BUT IT WAS NOT WITHOUT SOME STRETCHING PAINS.
- THE INCENTIVE PACKAGE GAME BEGINS ON A SERIOUS BASIS NATIONALLY AND INTERNATIONALLY ABOUT THAT TIME. MY GUESS IS THAT IF THE US HEALTHCARE DEAL HAD HAPPENED TWO YEARS LATER WE WOULD NOT HAVE BEEN ABLE TO COMPETE. THAT WAS PROVEN AS WE MOVED OUR NEXT MAJOR PROJECT SYKES INC. IN THE EARLY 90'S. THAT PROJECT ALTHOUGH BERATED BY MANY BECAME WHAT I BELIEVE WAS THE BEGINNING OF BISMARCK AND MANDAN'S ABILITY TO ATTRACT OTHER MAJOR BACK OFFICE, ADMINISTRATIVE SUPPORT CENTERS AND OTHER IT RELATED CENTERS THAT IN ADDITION TO THE GROWTH WE ASSISTED EXISTING BISMARCK-MANDAN COMPANIES RESULTED IN WELL OVER 3,000 NEW PRIMARY SECTOR JOBS. MANY OF THOSE WHO FOUND JOBS WOULD HAVE HAD TO LEAVE BISMARCK-MANDAN AND THE STATE OF NORTH DAKOTA FOR JOBS.
- AS STATED THE 4 MILLS OF THE JDA SIMPLY WOULD NOT HAVE BEEN ENOUGH TO ALLOW US TO COMPETE IN A VERY INTENSE NATIONAL BUSINESS RECRUITMENT PROCESS SO AS WE WENT FORWARD BOTH BISMARCK AND MANDAN DETERMINED IT WAS NECESSARY TO UTILIZE AN ANNUAL COMMITMENT OF SOME PART OF THE ANNUAL SALES TAX COLLECTED. IN BISMARCK'S CASE THAT WAS ESSENTIALLY \$1.5 MILLION PER YEAR AND IN MANDAN IT WAS APPROXIMATELY \$300 THOUSAND.
- TODAY IN BISMARCK 1 MILL WILL PRODUCE APPROXIMATELY \$150,000, IN MANDAN 1 MILL WILL PRODUCE APPROXIMATELY \$33.7 THOUSAND DOLLARS. SOME OTHER CITIES 1 MILL GENERATES THE FOLLOWING: HAZEN-\$3,000; GLEN ULLIN-\$600; AND HEBRON-\$654.

AS YOU CAN SEE ALTHOUGH THE JDA LEGISLATION DOES PRODUCE FUNDS FOR ECONOMIC DEVELOPMENT, THE DOLLARS ARE EXTREMELY LIMITED THE SMALLER THE COMMUNITY IS.

DESPITE THESE LIMITED DOLLARS EVEN IN THE SMALLER COMMUNITIES THE LIMITED DOLLARS HAVE HAD A POSITIVE EFFECT. IT HAS ALLOWED THE COMMUNITIES TO ORGANIZE THEIR ECONOMIC DEVELOPMENT PROCESSES AND IF THEY ARE FORTUNATE ENOUGH TO BE LOCATED NEAR A LARGER CITY THEY HAVE BEEN ABLE TO MAKE PROJECTS HAPPEN THEY WOULD NOT HAVE BEEN ABLE TO DO ALONE. THE FOLLOWING ARE SOME EXAMPLES OF MORTON COUNTY COMMUNITY PROJECTS THAT THE BMDA HAS PARTICIPATED WITH, SOMETIMES IN PARTICIPATION WITH FUNDING FROM THE MORTON COUNTY COMMUNITY DEVELOPMENT FUND WHICH IS ADMINISTERED BY THE BMDA ON BEHALF OF MORTON COUNTY.

HEBRON: MAJOR EXPANSION OF THE HEBRON BRICK PLANT; LOCATION OF GRIZELLA SOFTWARE, TWO ATTEMPTS TO MAKE A CHEESE PLANT WORK; A STRONG EFFORT TO DEVELOP A STRAW BOARD PRODUCTION FACILITY.

GLEN ULLIN: EXPANSION OF ABRASIVES INC; MAJOR IMPROVEMENT OF THE GLEN ULLIN REGIONAL AIRPORT.

NEW SALEM: ASSISTANCE IN THE DEVELOPMENT OF NEW OWNERSHIP OF A CRITICAL GROCERY STORE; FUNDS TO HELP THE NEW SALEM MEDICAL CLINIC BRIDGE A FINANCIAL CRISIS TWO YEARS IN A ROW.

FLASHER: HELPED LOCATE THE CONTACT AMERICA CALL CENTER WHICH OPERATED SEVERAL YEARS CREATING 15-20 JOBS.

MANDAN: HELPED ATTRACT PRO MARK ONE WHICH CREATED APPROXIMATELY 200 JOBS FOR 5 YEARS BEFORE THE COMPANY WAS SOLD. EXPANSION OF A LONG LIST OF EXISTING COMPANIES INCLUDING NISC, CLOVERDALE, BP AMOCO, MIDWAY MANUFACTURING AND HELPED THE BMDA IN WORKING WITH THE CITY OF MANDAN IN THEIR MAJOR CBD REDEVELOPMENT PROCESS.

BISMARCK: HELPED ATTRACT US HEALTHCARE, SYKES, UNISYS, COVENTRY HEALTH SYSTEMS. HELPED LAUNCH LADUCER & ASSOCIATES. THREE EXPANSIONS OF BOBCAT MFG; CREATION OF THE NORTHERN PLAINS COMMERCE CENTRE AND A LONG LIST OF ASSISTANCE TO EXPANDING SMALL EXISTING BUSINESSES AND LAUNCHING OF VARIOUS START-UPS.

I AM VERY COMFORTABLE IN SAYING THAT BUT FOR THE SHOT IN THE ARM THAT THE ORIGINAL CREATION OF THE BISMARCK JDA HAD ON THE BUILDING THE TASTE FOR GROWTH, WE WOULD NOT HAVE SEEN THE KIND OF ECONOMIC GROWTH IN BISMARCK, MANDAN AND THE SURROUNDING AREA IF WE WOULD NOT HAD THAT FIRST SHOT AT US HEALTHCARE.

I ALSO QUESTION WHETHER THE PROJECTS IN THE SMALLER SURROUNDING COMMUNITIES WOULD HAVE HAPPENED HAD THE SUPPORT OF EVEN THE LIMITED DOLLARS GENERATED BY THE MILL LEVY BEEN AVAILABLE. AS I STATED EARLIER THOSE FEW DOLLARS ENCOURAGED THE SMALL AND THE LARGE COMMUNITIES TO ORGANIZE THEIR ECONOMIC DEVELOPMENT EFFORTS AND STRETCH TO THE VARIOUS PROJECTS WHICH THEY HAVE ACCOMPLISHED.

THE QUESTION THAT BEGS TO BE ASKED IS WHETHER THE NUMBER OF MILLS THAT THE SMALLER COMMUNITIES MIGHT LEVY SHOULD BE INCREASED. I AM NOT SURE I HAVE THE ANSWER. WE ALL KNOW THE PROBLEM FACING MOST COMMUNITIES BOTH LARGE AND SMALL REGARDING THE LEVELS OF PROPERTY TAXES.

YET CERTAINLY IF ADDING A FEW EXTRA MILLS WILL RESULT IN THE INVESTMENT OF A LARGER AMOUNT OF PRIVATE SECTOR DOLLARS CREATING NEW JOBS AND NEW TAX BASE, THEN ONE NEEDS TO SERIOUSLY CONSIDER IT.

HOPEFULLY THE AVAILABILITY OF THOSE FEW DOLLARS WILL MAKE THOSE MORE AGGRESSIVE COMMUNITIES ORGANIZE THEIR EFFORTS AND GO LOOKING FOR ADDITIONAL ASSISTANCE TO TAKE ON PROJECTS WHICH THEY WOULD NOT OTHERWISE BE ABLE TO ATTEMPT. I BELIEVE THE COMMUNITIES OF HEBRON, GLEN ULLIN, NEW SALEM AND FLASHER PROVE THAT.

FROM THE PERSPECTIVE OF BISMARCK AND MANDAN THE RESULT OF OUR EFFORTS ARE EVIDENT IN THE CREATION OF THE OVER 3,000 PRIMARY SECTOR JOBS WHICH REPRESENT AND AND APPROXIMATELY \$90,000,000 IN ANNUAL WAGES WHICH DID NOT EXIST PRIOR TO 1989 AND THE US HEALTHCARE PROJECT. MULTIPLY THAT GROWING NUMBER SINCE 1989 AND THE ECONOMIC GROWTH THAT HAS OCCURRED IN BISMARCK-MANDAN IN PART BECAUSE OF THE ORIGINAL AVAILABILITY OF THOSE FIRST 4 MILLS OF JDA FUNDS WAS QUITE A STIMULANT.

FOR THOSE OF YOU WHO HAVE WATCHED AND WONDERED ABOUT THE RETAIL GROWTH IN BISMARCK-MANDAN WHICH INCLUDES IN EXCESS OF 2.5 MILLION SQUARE FEET OF NEW RETAIL WITH PROBABLY ANOTHER 1.0 MILLION SQUARE FEET UNDER CONSTRUCTION OR COMING ALL OF

WHICH INCLUDE A MINIMUM OF 2,500 NEW RETAIL JOBS, I THINK THERE IS A PRETTY GOOD ARGUMENT THAT THERE IS A DEFINITE CONNECTION WITH THE ORIGINAL JDA LEGISLATION. HAD WE NOT INVESTED IN THOSE COMPANIES CREATING JOBS, PAYROLL AND TAX BASE, ALL OF THOSE BIG BOX STORES WOULD NOT HAVE FOUND BISMARCK-MANDAN THE ECONOMICALLY ATTRACTIVE CITY THEY DID.

I WOULD BE HAPPY TO ANSWER ANY QUESTIONS THE COMMITTEE MAY HAVE.