

2009 HOUSE POLITICAL SUBDIVISIONS

HB 1221

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1221

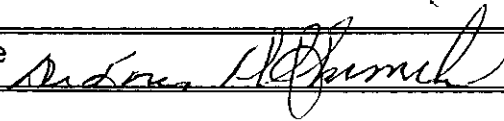
House Political Subdivisions Committee

☐ Check here for Conference Committee

Hearing Date: January 29, 2009

Recorder Job Number: 8139

Committee Clerk Signature



Minutes:

Chairman Wrangham opened the hearing on HB 1221.

Rep. Uglem: Introduced the bill. (See testimony #1) On page 3 of the bill I am thinking I am thinking of costs involved that FEMA does not covered by the Presidential Declaration.

Rep. Koppelman: It appears from the bill that interest on this would go into this fund and be distributed based on the grant process that the bill describes. What would you do with the funds from the general fund that was left over?

Rep. Uglem: It is my understanding that anything not spent would be locked up permanently.

Rep. Koppelman: Can you explain what losses were not covered either by private insurance or by emergency funds or volunteer?

Senator Art Lee: We probably won't need the money in this bill, but it would be nice to know it is available in case another emergency hits. Described the devastation that happened in Northwood.

Rep. Chris Griffin: (see testimony #2).

Rep. Koppelman: You said under some formula the size of the community did not qualify from FEMA.

Rep. Griffin: Yes it is. There will be more testifying regarding this. I know that the Grand Forks flood; after everything was paid including the uninsured liability of \$490 million. This bill would provide an appropriation of \$11.5 million. \$1.5 million would be available beginning July 1st. As time goes on there would be more money available.

Rep. Nancy Johnson: Does Northwood need more money?

Rep. Griffin: \$1.5 million would be a positive step toward what they need. The city is capped out and the school district is capped out. There is no room to do any more projects.

Rep. Zaiser: Had anyone looked into Community Development Block Grant funds? They provide funding for emergencies like this.

Rep. Griffin: I am sure that has been done.

Rep. Zaiser: would it be helpful to put an emergency clause on this bill?

Rep. Griffin: Yes.

Marcy Douglas: City Administrator for the City of Northwood: (see testimony #3).

Rep. Koppelman: Has anyone tried to bridge the gap of the funding through the Northwood disaster in regard to the gap with rural communities like Northwood?

Marcy Douglas: Yes we have. We have had many conversations with them.

Rep. Klemin: This fund would be used to reimburse a political subdivision for up to 50% of the local share. Can you tell us what local share requirement of FEMA is?

Marcy Douglas: The local share is after FEMA. It is 75% FEMA; 10% state; 15% local entity.

Kevin Coles, Superintendent of Northwood Public School: (see testimony #4). Went over the mill levy.

Rep. Kretschmar: Can you make payments now.

Kevin Coles: right now with the State Health Department we have restricted an old debt so we are barely able to meet those obligations as they exist right now. There is over \$100,000 that we are working with FEMA yet. I am not sure what we will do if we get stuck with the bill.

Rep. Kretschmar: How many mills is the safety and interest is at?

Kevin Coles: It is at 32 mills.

Rep. Conrad: How many students do you have in this school?

Kevin Coles: Right now we have 220; before the disaster we had 252 students. We have only lost about 10.

Robert Wallace: President of the School Board of Northwood: Also a business owner.

The school board had students bussed to different sites and back. We did not settle our insurance claim until November of last year. We did not hear from FEMA until April. As a school board we had to work on expenses now. The community has been very supportive. They have never turned us down on bond issues. Went over the tight budget and funding that they are using.

Rep. Kretschmar: Was your school 100%?

Robert Wallace: 100%.

Mark Sanford: From Grand Forks. I was a volunteer at Northwood after their disaster. If you would look at the pages on the Northwood Public School. Explained the debt load on the back of testimony #3. There was a lot of discussion on the Northwood disaster and how any amount of planning cannot help when a large disaster comes.

Rep. Koppelman: Was the school system insured in such a way that a disaster like this was covered?

Mark Sanford: The school district had good insurance. When FEMA gets involved they require that that insurance be used and they won't participate until all that \$7.6 million was used up on the new facility. So it could not be applied to existing loans.

Rep. Kilichowski: On your interest; it is at 32 mills now. Prior to the disaster was that still at 32?

Mark Sanford: It was at 32. Part of the interest in the RDC School Board system not to raise taxes for the home and property owners because of the serious amount of debt for replacing their homes. So all of this construction was done within the same mill levy.

Rep. Kilichowski: Is 32 the maximum on the interest?

Mark Sanford: No it is not. The maximum is the debt limitation of \$3 million, but 32 were what they had voted on in 2004 for the school improvements.

Stephanie Ostlie: Northwood School: Discussed the Northwood disaster and how the community has worked together.

Rep. Headland: Did you school board or citizens look to see if there was any opportunity to consolidate school districts in any way?

Stephanie Ostlie: Ironically prior to the August tornado we had just voted to consolidate. This had been an ongoing effort for many years to make that consolidate. The Northwood community had passed that they wanted to consolidate and by a narrow margin the Tappen community voted no. We did not pursue that after the tornado since it had just failed. I think we need to look at consolidation in the future.

No opposition

No Neutral.

Hearing closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1221

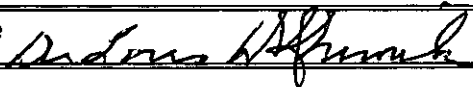
House Political Subdivisions Committee

☐ Check here for Conference Committee

Hearing Date: February 5, 2009

Recorder Job Number: 8750, 8881

Committee Clerk Signature



Minutes:

Chairman Wrangham reopened the hearing on HB 1221.

Rep. Klemin: Went over the proposed amendment. Put in an emergency clause.

Chairman Wrangham: does it change anything else on the bill.

Rep. Klemin Made a Motion to move the amendment; Seconded By Rep. Nancy Johnson

Voice vote carried.

Rep. Koppelman: How does this work with the emergency funds we receive from the federal government and reimbursement.

Rep. Zaiser: I would like to have an emergency clause attached to this bill.

Rep. Headland: If we set up this fund these monies will be the first dollars out. I think that is a dangerous thing for us to do to the state. We don't want to supersede any FEMA or Federal money available. I don't support setting aside the money.

Rep. Conrad: I understand they were not eligible for federal funds because we did not have some state policy that we were involved.

Chairman Wrangham: I think that was another bill and we did clear up that problem.

Rep. Klemin: We have large and small disasters and then we have something in between.

This is an in between one. In smaller disasters that did not meet the level Grand Forks did it is

75% federal 15% local and 10% state. This would direct 15% local and the problem they had a Northwood is that they can't meet their 15% share because all of their debts and at the top of their rate so they can't get any more because of other provisions of state law. This would split that 15% local share in circumstances described under this bill so that they could get reimbursed up to 50% of that 15% so it is 7.5% maximum.

Rep. Kilichowski: Doesn't the \$10 million stay in that account and it was only the interest and growth of that money that could be used?

Rep. Klemin: I think that is right. There is \$11.5 million in the appropriation now.

Rep. Koppelman: I thought I heard them say they did not raise their local taxes because they did not want to discourage rebuilding and all of that. That would imply that they were not at their caps, but that they made a conscious decision not to do that. The problem seems to be with the federal government's formula of when they come in and how big of disasters are big enough. I asked about changing that with the delegation and talking with the feds etc.

Chairman Wrangham: I also have an amendment that Rep. Uglem gave me. I have not looked at it.

Motion Made to add an Amendment Made By Rep. Zaiser; Seconded By Rep. Nancy Johnson to add an emergency clause.

Rep. Zaiser: There was testimony that they had a problem getting money after the disaster and this would help Northwood now.

Chairman Wrangham: this bill would benefit Northwood. I thought it was a going forward thing. I understood it would not help them, but they would like to prevent the same problem in other communities.

Rep. Kilichowski: If I understood this right the \$10 million stays in and \$11.5 million and that would make that \$1.5 million available to Northwood.

Chairman Wrangham: Let's add the emergency and then hold the bill a little bit.

Voice vote carried for emergency clause.

Hearing closed.

Job # 8881

Chairman Wrangham reopened the hearing on HB 1221. What are your wishes?

Rep. Klemin: One amendment was to just take out to pay and put in and to reimburse any other.

Rep. Klemin: The amendment is to reimburse up to 50% of any other disaster that should occur. We are amending .0101.

Motion Made By Rep. Conrad on the amendment. Seconded By Rep. Nancy Johnson

Voice vote carried.

Do Pass As Amended Motion Made By Rep. Conrad; Seconded By Rep. Kilichowski

Discussion

Rep. Klemin: I recall they did not want to levy any more taxes so they are asking us to set up a special fund so they don't have to do that. That has caused me a problem; even though they do have a disaster there.

Rep. Hatlestad: I feel sorry for Northwood since it is my home town. \$1.5 million I would vote for; the \$11.5 million I can't buy that. That is too much money setting on a shelf.

Rep. Conrad: It is a small town and they have to try to keep people there. The \$800 million dollars to put it aside; I don't like that idea.

Rep. Jerry Kelsh: I read in their testimony that they did not have a reserve fund?

Rep. Corey Mock: In Grand forks in 1997 because the damage is immense.

Chairman Wrangham: It is a success story in Northwood.

Vote: 5 Yes 7 No 1 Absent Did not pass.

Do Not Pass As Amended Motion Made by Rep. Headland ; Seconded By Rep. Klemin

Vote: 7 Yes 5 No 1 Absent Carrier: Chairman Wrangham

Re-refer to appropriations.

Hearing closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1221

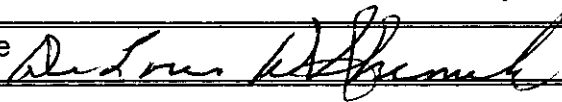
House Political Subdivisions Committee

☐ Check here for Conference Committee

Hearing Date: February 12, 2009

Recorder Job Number: 9417

Committee Clerk Signature



Minutes:

Chairman Wrangham reopened the hearing on HB 1221.

Rep. Nancy Johnson: This was on the Northwood concerns. **Requested to reconsider our action. Rep. Zaiser seconded it.**

Voice voted carried.

Chairman Wrangham: we now have HB 1221 back before us.

Rep. Nancy Johnson: I am passing around 2 different documents. One is from information from Northwood and another one is the proposed amendment. (#1) and (#2) we would like to do something for Northwood. Reminded people of the Northwood situation and trying to merge with neighboring schools. In the one handout look in the bottom box which talks about the city, airport, fire districts, park district and school district. They still have ½ of that debt and are looking for help with that. So if you look at the amendment then we hog housed the amendment and put half of that amount and it is to cover costs that FEMA disallowed.

Rep. Corey Mock: Why did we not just do a trust fund?

Rep. Nancy Johnson: My party thought a trust fund would not fly. I would prefer the bill came out of this committee with a do not pass with these changes it might help the process.

Chairman Wrangham: we have the bill back before us and we have an amendment that has been offered.

Motion Made By Rep. Nancy Johnson on amendment .0203; Seconded By Rep. Jerry Kelsh

Voice Vote Carried.

Chairman Wrangham: the amended bill is considerably different than the original bill.
Discussion on the bill as amended.

Do Pass As Amended Motion Made By Rep. Kilichowski: Seconded By Rep. Jerry Kelsh: Will be re referred to appropriation.

Rep. Koppelman: We had a measure yesterday in our Constitutional Revision hearing that makes me wonder about this. There is a provision in the constitution where it says that the state cannot make a gift to an entity or an individual etc. That is what tied up things last session when we were trying to do property tax relief.

Rep. Nancy Johnson: The money will go to the Department of Emergency Services.

Rep. Pietsch: We know where this is going because it says destruction due to a tornado in the summer of 2007.

Vote: 11 Yes 2 No 0 Absent Carrier: Rep. Kilichowski

Hearing closed.

PROPOSED AMENDMENT TO HOUSE BILL NO. 1221

Page 3, line 1, replace "to pay" with "and to reimburse any other"

Renumber accordingly

Note: The last sentence would read as follows:

The rules must provide that a political subdivision that has been included within the area of a presidential disaster declaration may be eligible for a grant from the fund to reimburse the political subdivision for up to fifty percent of the cost incurred by the political subdivision in meeting the local cost-share required by the federal emergency management agency and to reimburse any other disaster and emergency response and recovery costs associated with the disaster covered by the presidential declaration.

Date: 2/5/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1221

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS DO NOT PASS AS AMENDED

Motion Made By Rep. Klemin Seconded By Rep. Johnson

Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman			Rep. Kari Conrad		
Rep. Craig Headland, Vice Chairman			Rep. Jerry Kelsh		
Rep. Patrick Hatlestad			Rep. Robert Kilichowski		
Rep. Nancy Johnson			Rep. Corey Mock		
Rep. Lawrence Klemin			Rep. Steve Zaiser		
Rep. Kim Koppelman					
Rep. William Kretschmar					
Rep. Vonnie Pietsch					

Total (Yes) _____ No _____

Absent _____

Carrier: _____

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

*Voices
Vote
Carried!*

Date: 2/5/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1221

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS DO NOT PASS AS AMENDED

Motion Made By Rep. Zimmer Seconded By Rep. Johnson

Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman			Rep. Kari Conrad		
Rep. Craig Headland, Vice Chairman			Rep. Jerry Kelsh		
Rep. Patrick Hatlestad			Rep. Robert Kilichowski		
Rep. Nancy Johnson			Rep. Corey Mock		
Rep. Lawrence Klemin			Rep. Steve Zaiser		
Rep. Kim Koppelman					
Rep. William Kretschmar					
Rep. Vonnie Pietsch					

Total (Yes) _____ No _____

Absent _____

Carrier: _____

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

*Emergency Clause added.
Voice Vote carried!*

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1221

Page 2, line 29, after the second "the" insert "disaster, emergency, or recovery"

Page 3, line 1, remove "to pay disaster and emergency response" and after the second "and" insert "for up to fifty percent of the disaster, emergency, or recovery costs incurred by the political subdivision and not covered by the federal emergency management agency."

Page 3, remove line 2

Renumber accordingly

February 5, 2009

VR
2/6/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1221

Page 1, line 4, remove "and"

Page 1, line 5, after "appropriation" insert "; and to declare an emergency"

Page 2, line 29, after the second "the" insert "disaster, emergency, or recovery"

Page 3, line 1, remove "to pay disaster and emergency response" and after the second "and" insert "to reimburse up to fifty percent of any other disaster, emergency, or recovery costs incurred by the political subdivision and not covered by the federal emergency management agency."

Page 3, remove line 2

Page 3, after line 11, insert:

"SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

Date: 2/5/09
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1227

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0101 except Pg 3, line

Action Taken DO PASS DO NOT PASS AS AMENDED

Motion Made By Rep. Conrad Seconded By Rep. Johnson

Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman			Rep. Kari Conrad		
Rep. Craig Headland, Vice Chairman			Rep. Jerry Kelsh		
Rep. Patrick Hatlestad			Rep. Robert Kilichowski		
Rep. Nancy Johnson			Rep. Corey Mock		
Rep. Lawrence Klemin			Rep. Steve Zaiser		
Rep. Kim Koppelman					
Rep. William Kretschmar					
Rep. Vonnie Pietsch					

Total (Yes) _____ No _____

Absent _____

Carrier: _____

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

Vote Vote Carried!
Emergency Clause + 50% reimbursement

Date: 2/5
Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 10101

Action Taken DO PASS DO NOT PASS AS AMENDED

Motion Made By Rep. Conrad Seconded By Rep. Kilichowski

Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman		✓	Rep. Kari Conrad	✓	
Rep. Craig Headland, Vice Chairman		✓	Rep. Jerry Kelsh	✓	
Rep. Patrick Hatlestad		✓	Rep. Robert Kilichowski	✓	
Rep. Nancy Johnson	✓		Rep. Corey Mock	✓	
Rep. Lawrence Klemin		✓	Rep. Steve Zaiser	0	
Rep. Kim Koppelman		✓			
Rep. William Kretschmar		✓			
Rep. Vonnie Pietsch		✓			

Total (Yes) 5 No 7

Absent 1

Carrier: /

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

Date: 2/5
Roll Call Vote #: 5

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1271

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS DO NOT PASS AS AMENDED

Motion Made By Rep. Headland Seconded By Rep. Klemin

Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman	✓		Rep. Kari Conrad		✓
Rep. Craig Headland, Vice Chairman	✓		Rep. Jerry Kelsh		✓
Rep. Patrick Hatlestad	✓		Rep. Robert Kilichowski		✓
Rep. Nancy Johnson		✓	Rep. Corey Mock		✓
Rep. Lawrence Klemin	✓		Rep. Steve Zaiser		0
Rep. Kim Koppelman	✓				
Rep. William Kretschmar	✓				
Rep. Vonnie Pietsch	✓				

Total (Yes) 7 No 5

Absent 1

Carrier: Rep Wrangham

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

REPORT OF STANDING COMMITTEE

HB 1221: Political Subdivisions Committee (Rep. Wrangham, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (7 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HB 1221 was placed on the Sixth order on the calendar.

Page 1, line 4, remove "and"

Page 1, line 5, after "appropriation" insert "; and to declare an emergency"

Page 2, line 29, after the second "the" insert "disaster, emergency, or recovery"

Page 3, line 1, remove "to pay disaster and emergency response" and after the second "and" insert "to reimburse up to fifty percent of any other disaster, emergency, or recovery costs incurred by the political subdivision and not covered by the federal emergency management agency."

Page 3, remove line 2

Page 3, after line 11, insert:

"SECTION 4. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

VR
2/12/09

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1221

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the department of emergency services for providing grants to eligible political subdivisions that have experienced damage or destruction due to a tornado; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,594,567, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period beginning with the effective date of this Act and ending June 30, 2011. For the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1221

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0203

Action Taken DO PASS DO NOT PASS AS AMENDED

Motion Made By Rep. Johnson Seconded By Rep. Kelsh

Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman			Rep. Kari Conrad		
Rep. Craig Headland, Vice Chairman			Rep. Jerry Kelsh		
Rep. Patrick Hatlestad			Rep. Robert Kilichowski		
Rep. Nancy Johnson			Rep. Corey Mock		
Rep. Lawrence Klemin			Rep. Steve Zaiser		
Rep. Kim Koppelman					
Rep. William Kretschmar					
Rep. Vonnie Pietsch					

Total (Yes) _____ No _____

Absent _____

Carrier: _____

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

*Vonnie
Vote
carried!*

Date: 2/12
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1221

House Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DO PASS DO NOT PASS AS AMENDED

Motion Made By Rep. Kilichowski Seconded By Rep. Kelsh

Representatives	Yes	No	Representatives	Yes	No
Rep. Dwight Wrangham, Chairman		✓	Rep. Kari Conrad	✓	
Rep. Craig Headland, Vice Chairman		✓	Rep. Jerry Kelsh	✓	
Rep. Patrick Hatlestad	✓		Rep. Robert Kilichowski	✓	
Rep. Nancy Johnson	✓		Rep. Corey Mock	✓	
Rep. Lawrence Klemin	✓		Rep. Steve Zaiser	✓	
Rep. Kim Koppelman	✓				
Rep. William Kretschmar	✓				
Rep. Vonnie Pietsch	✓				

Total (Yes) 11 No 2

Absent 0

Carrier: Rep. Kilichowski

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

Re-refer to approp.

REPORT OF STANDING COMMITTEE

HB 1221, as engrossed: Political Subdivisions Committee (Rep. Wrangham, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (11 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1221 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the department of emergency services for providing grants to eligible political subdivisions that have experienced damage or destruction due to a tornado; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,594,567, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period beginning with the effective date of this Act and ending June 30, 2011. For the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2009 HOUSE APPROPRIATIONS

HB 1221

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1221

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 17, 2009

Recorder Job Number: 9621

Committee Clerk Signature

Carmen Hart

Minutes:

Chm. Svedjan moved the discussion to HB 1221.

Rep. Kilichowski approached the podium to discuss HB 1221 which came to Appropriations from the Political Subdivisions Committee with a Do Pass as Amended. Rep. Kilichowski distributed written testimony (Attachment A). This had to do with the costs from the Northwood tornado.

Chm. Svedjan: This bill was originally introduced with \$10 million in it.

Rep. Kilichowski: \$11.5 million.

Chm. Svedjan: This would open it up to any community and would cover up to 50% of the local share.

Rep. Kilichowski: This would only be open to the city of Northwood due to the tornado.

Chm. Svedjan: It is specific.

Rep. Kilichowski: It is specific.

Rep. Wald: Were they underinsured?

Rep. Kilichowski: They refunded the majority of their insurance. There was a new site preparation and all new infrastructure that has to be put in. That was not covered. Rep.

Uglen was asked to come up for clarification.

Rep. Wald: They rebuilt a new structure in 2004. It's not hard to estimate replacement cost.

Is this a case of being underinsured or adding on to get back in business?

Rep. Uglem, District 19: There is a question as to whether they were underinsured or not.

Some say they were. Some say they weren't. The additions put on 2004 added a portion of the school. Some of the school was 50 years old or older. The average age of the school I believe was 30-35 years. It's not that easy to put a value on it. If the school had been partially destroyed, insurance might have covered it.

Rep. Bellew: This amount would only go for the school repair?

Rep. Uglem: No. 50% of the local cost share to the city, the airport, the fire district, the park district, and the school district plus 50% of items not considered by FEMA.

Rep. Nelson: The 15% local match would become 7.5%. Do you have any idea how that affects the indebtedness that far out (to 2033)?

Rep. Uglem: Before the tornado, Northwood was \$1.8 million in debt. After the tornado and including special assessments, the debt is \$3.73 million. It's an increase in \$1.9 million in debt. This would bring the debt back into manageable level—down to about \$2.1 million.

Rep. Nelson: That would be paid off before 2033?

Rep. Uglem: I would assume this would change the debt structure.

Rep. Berg: What types of disasters would qualify? Would it just be presidential disasters?

Rep. Uglem: This only deals with the tornado.

Chm. Svedjan: It's very specific. It just doesn't name Northwood.

Rep. Pollert: What's the difference between the situation in Northwood and Cole Harbor?

Chm. Svedjan: There was a difference cited when we talked about this before.

Rep. Klein: Cole Harbor did not qualify because of the amount of damage.

Rep. Nelson: There is an emergency clause. What is the purpose of that?

Rep. Uglem: That was put on in legislative council and I can't say why.

Chm. Svedjan: It would provide for the release of money as soon as the bill is signed.

Rep. Uglem: Northwood would be alright without it because we have the debt reorganized, but it would make it easier the sooner the money would be available.

Rep. Nelson: If Rep. Berg's bill passes and is established July 1, would the money be able to be accessed from that fund?

Rep. Berg: No. If they are over a million impact, they receive 75% federal funding. The 25% is matched, 15% local and 10% by the state. The proposal here is to help out with the 15% local. In this case we are looking back at a situation and deciding if this is something that there was a gap there that we should fund? If you wanted to set up a fund to cover the personal share of these disasters--over the last ten years the personal local share has been over \$66 million.

Chm. Svedjan: This one applies to 15% of the local.

Rep. Wald: Special assessments, could you expand on that?

Rep. Uglem: The city put on a \$725,000 special assessment that they financed for the school.

Chm. Svedjan: Who is specially assessed? Is it all property owners?

Rep. Uglem: I don't that have with me.

Rep. Dosch: I think this is a bigger issue and it gets back to what Rep. Wald says regarding insurance. Normally you have to have a property insured for 90% of the value to get replacement cost coverage. If there was not proper insurance, we are setting a precedent.

We need some answers to those questions. Are we prepared to pick up the local share of any community that does not maintain adequate insurance?

Rep. Wald: There was a coinsurance penalty. I don't think it's a case for being underinsured. I think they just looked at the structure. It's hard to assess the cost per square foot. They're

between a rock and a hard place. The increase in construction costs and site preparation, I believe it is all legitimate.

Rep. Delzer: Is this half of the 15% that is the local share or half of more than 15%?

Rep. Uglem: Half of 15% and half of what was not covered.

Rep. Delzer: Have we ever covered that part?

Rep. Uglem: The GF schools in the '97 flood had no uncovered costs. They had 90% FEMA coverage. Our costs are because we are doing a new site and there were additional demolition costs that FEMA did not cover.

Rep. Delzer: Half of the local is 995 and half of the costs not covered are 600? The total 15% would not be 1.8.

Chm. Svedjan: Double the 900 figure.

Rep. Nelson: What is the situation? Is Northwood a consolidated district?

Rep. Uglem: Northwood had a consolidation vote that failed about a month before the tornado with our neighbor, Hatton. Northwood voted 97% for the consolidation, and Hatton voted against it. I expect consolidation will come in the future.

Rep. Nelson: Is consolidation a part of the new school?

Rep. Uglem: The new facility is being built for the current Northwood students.

Rep. Wald moved a Do Pass. Rep. Wieland seconded the motion.

DO PASS. 20 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING. Rep. Kilichowski is the carrier of this bill.

Date: 2/12/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1221

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

No Pass

Motion Made By

Wald

Seconded By

Wieland

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich		✓			
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch		✓			
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 20 No 4

Absent 1

Floor Assignment Kilithowski

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

REPORT OF STANDING COMMITTEE (410)
February 17, 2009 2:52 p.m.

Module No: HR-31-3143
Carrier: Kilichowski
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1221, as reengrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends **DO PASS** (20 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING).
Reengrossed HB 1221 was placed on the Eleventh order on the calendar.

2009 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1221

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No.1221

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: 03/05/09

Recorder Job Number: 10275

Committee Clerk Signature

Katie Ouel

Minutes:

Chairman Dever opened the public hearing on HB1221. Representative Gerry Uglem was there to introduce the bill.

Gerry Uglem: Representative for District 19. See attached testimony #1.

Senator Cook: The amount of the appropriation is exactly what is needed?

Gerry Uglem: That is correct. The other bill you saw was introduced in the House. This was set out to set up a disaster fund of \$10,000,000 with \$1,500,000 available for grants to cities suffering from a presidential disaster to help cover non-covered items by FEMA.

Senator Dever: Is there stimulus dollars that would be appropriate for this?

Gerry Uglem: I was unable to get an answer at this time.

Senator Horne: I see in the bill there is 2 50% line 8 and line 11. Are you going to explain what they are and how they are different?

Gerry Uglem: 50% of the 15% of the local share is one. Several items were not covered by FEMA that amounted to \$1,760,000.

Arthur Beam: Senator Art Beam, District 19. I am here to lend my support to this bill. To rebuild is quite a task.

Chris Griffin: Representative Chris Griffin, District 19. See attached testimony #2.

Senator Horne: What is the population of Northwood?

Chris Griffin: The current population is about 1,000.

Senator Horne: What percentages of the buildings were damaged?

Chris Griffin: Around 97% of the buildings.

Senator Dever: Are you aware of precedence for this?

Chris Griffin: I think that this is a unique situation. Given the situation you could never reach that level of disaster that happened in Grand Forks; that in addition to the fact that the school has just put on an addition before the tornado.

Marcy Douglas: City Administrator for the city of Northwood. See attached testimony #3.

Senator Nelson: What was the absolute total of damage?

Marcy Douglas: Over \$60,000,000. When using the federal calculation it is the uninsured is how it counts.

Robert Wallace: President of the Northwood School Board. See attached testimony # 4.

Senator Cook: What school district were you going to re organize with?

Robert Wallace: Hatton Public School District.

Senator Cook: The vote that passed, where would the school be at?

Robert Wallace: The high school would have been located in Northwood, an elementary in Hatton and Northwood, and middle school would be in Hatton.

Kevin Coles: Superintendant of Northwood Public School. See attached testimony #5.

Senator Nelson: If we can get Hatton to get 2% more of the population to vote in favor and merge the districts. Has this past 18months been encouraging to you to see that that is going to happen?

Kevin Coles: Yes it has, we have gotten along very well with Hatton. Some of our students have gotten to take classes that they would not have been able vice versa, the staff

cooperation has been phenomenal, and I believe that being together is somewhat of a silver lining for this process.

Senator Nelson: Is the construction of the new building; is it a K-12 construction?

Kevin Coles: The reorganization structure needs to be discussed we tried to be forward thinking in our planning of the new facility. We took a look at the reorganization plan and took a look enrollment of the 2 schools and we designed our building to cover the influx of K-12. As we move forward there is going to have to be a coming together when that happened.

Senator Nelson: Will that middle school be grades 6-8 or 7-9

Kevin Coles: 6-8 is the best fix, I believe. I would like to emphasize, if we can look at the financial information. If you see sight costs, there was no FEMA participation in that. There were some demolition costs that were not covered by the city. I should explain the other project worksheets. There are costs other than building relocation, portable classrooms, ect. We estimate our shares for those other costs to be right around \$160,000 so those are some areas that you may have questions in as you look through our financial data.

Gerry Uglem: I don't think that it is a problem for the state to set precedence to help in this type of disaster and I think that precedence has already been set when dyke construction money after the Grand Forks disaster. Thank you.

There was no more testimony and Chairman Dever closed the public hearing on HB1221.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No.1221

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: 03/05/09

Recorder Job Number: 10953

Committee Clerk Signature

Kate Olive

Minutes:

A motion was made by Senator Cook for a do not pass.

Senator Dever: Work that was done in Grand Forks was flood control but it seems to me that insurance is to cover these kinds of losses.

Senator Cook: I agree. There needs to be a level of accountability.

Senator Nelson: What happens is a school district goes bankrupt.

Senator Cook: There are bonds out there. This is not the first time this has happened. 1983, Belfield went bankrupt

Senator Dever: Questions that we have had on budget issues is because of the surplus.

Senator Horne: The precedent that was set in Grand Forks was because of flood control. No money was put into the schools.

Senator Dever: Timing of our session didn't allow for them to ask for the money in advance but they still went ahead with the project.

There was no further discussion and the motion passed 3-2 with Senator Oehlke carrying the bill to the floor.

Date: 3-13-09
Roll Call Vote #: 1

Carria
Cook
Oehlke

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1221

Senate Government and Veteran's Affairs

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Not Pass

Motion Made By

Cook

Seconded By

Oehlke

Representatives	Yes	No	Representatives	Yes	No
Dick Dever	<u>X</u>		Dwight Cook	<u>X</u>	
Dave Oehlke	<u>X</u>		Carolyn Nelson		<u>X</u>
Robert M. Horne		<u>X</u>			

Total Yes

3

No

2

Absent _____

Floor Assignment _____

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

REPORT OF STANDING COMMITTEE (410)
March 13, 2009 1:05 p.m.

Module No: SR-46-4826
Carrier: Oehlke
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1221, as reengrossed: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends DO NOT PASS (3 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1221 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1221

HB 1221

Chairman Wrangham and Committee members,

I am Gerry Uglem, representative from district 19- rural Grand Forks county.

After the Northwood tornado we were all amazed to see the help that poured into our community. I dare not try to make a list of the good people who came to our aid, because I would miss so many.

The community of Hatton found room for our displaced school. Volunteers came from all around to clean up debris from streets, yards, and fields. Our National Guard was there. Our governor and his representatives were there. Recovery began immediately. A presidential disaster was declared and FEMA was there to help.

But now, one and one half years later, the city, the school district and many residents are still suffering financially.

HB 1221 establishes a disaster fund to help after such a disaster. I asked Legislative Council to draw up a bill to appropriate eleven and one half million dollars. Ten million dollars to be locked away, with the interest and the other one and one half million dollars, to be available for grants to government subdivisions to cover up to one half of the "local share" of a presidential disaster, and up to one half of disaster related costs

excluded from consideration by FEMA. There is some question if that is worded correctly in this bill.

The intentions of HB 1221 is that after all alternatives for financial recovery have been exhausted, the state of North Dakota may give additional aid if deemed necessary, and the fund will grow to provide aid to any community in North Dakota that may face such a rare but devastating disaster in the future.

Please give this bill a do pass recommendation.

Mr Chairman Northwood is here to show you the need for additional aid. I will stand for any questions.

Same given to Senate

TESTIMONY ON HOUSE BILL 1221

REP. CHRIS GRIFFIN

Mr. Chairman and members of the committee, I am Rep. Chris Griffin and I represent District 19 which consists of most of rural Grand Forks County and includes the community of Northwood. I stand before you today in support of House Bill 1221.

It is well known that the town of Northwood suffered a major disaster when a tornado went through the town in the summer of 2007. Through the resiliency and hard work of the residents, some of whom are here today, and the out pouring of assistance from the region and the state, the community has made remarkable steps towards recovery. Yet, there are still obstacles that remain. Passage of House Bill 1221 can help to alleviate some of these obstacles for the community of Northwood and communities in this state that are stuck by natural disasters in the future.

The destruction caused by the tornado that struck Northwood led to the declaration of a presidential disaster. This opened the door for aid from both FEMA and the state. However, because of the size of the Northwood community, the damage did not reach the dollar amount required to get the most favorable funding formula available. This gap has put the Northwood community in a situation where its political entities need to raise over \$3 million in addition to any pre-existing debt or general operating costs.

This is a difficult situation, to say the least, for a community the size of Northwood especially given the following facts:

- Many of the residents and tax payers were under-insured
- The school district and the city are at their mill levy caps
- The school district is carrying \$1.8 million dollars of debt from an addition to the school that occurred before the tornado; and
- The property tax base has declined after the tornado

House bill 1221 would help to provide this community and its taxpayers a portion of relief that is necessary for it to fully recover while at the same time still requiring the community to shoulder a significant financial burden.

I believe that at a time when the state has a budget surplus, one of our top priorities as legislators, should be protecting and assisting the citizens and communities of this state that have been unfortunate enough to have suffered a disaster. This bill would be a step towards that pursuit. I would urge the committee member to support this bill and to give it a do-pass recommendation. Thank you Mr. Chairman and committee members, I would stand for any questions.

HB 1221
#3

**Testimony of Marcy Douglas
on behalf of City of Northwood
before the
North Dakota House of Representatives
Political Subdivision Committee**

January 29, 2009

Good morning Mr. Chairman and Members of the Committee. For the record, my name is Marcy Douglas. I serve as the City Administrator for the City of Northwood. I am speaking to you today on behalf of the City of Northwood, the Northwood Fire Protection District, the Northwood Municipal Airport Authority and the Northwood Park District.

I am speaking in favor of HB 1221 relating to the creation of a political subdivision disaster recovery fund. Northwood knows all too personally the impact of a major disaster in a rural community. Since the EF-4 tornado ravaged through our community on August 26, 2007, causing nearly \$60 million in damage, Northwood has had the opportunity to be fully immersed in disaster recovery.

We have compiled the statistics from our local agencies so you can have one simple set of numbers before you. We have also brought each of you a copy of the booklet that was put together for our one-year anniversary last August. The booklet also includes a fact sheet for your use.

We are proud to say that we have made an amazing amount of progress in this short time but there is still a long road ahead. We have been so blessed by all of the wonderful individuals, businesses, volunteer organizations and government agencies that have come to help Northwood. The largest concern in our road ahead is the financial health of our community.

There are several pieces to the financial ability of a community to recover from a disaster such as ours. Those pieces that we will cover today are the loss of tax revenue, the cash match required for disaster expenses as well as our current debt load and state of our local economy. The city received and approved \$1,309,200 in tax abatement requests from local residents and businesses due to the damage to their property. This amount could have definitely been much higher but many residents and businesses consciously chose not to file knowing the impact it would have on all of the local entities to meet the required match for the disaster recovery costs. At the same time, we do not begrudge all those who were in need and filed for the abatement. These abatements equated to a total of over \$26,000 in lost tax revenue to our local taxing entities.

The city, including airport, fire and park district, had nearly \$4 million in damage from the tornado. Of this amount, \$856,000 was covered by insurance. The fire district, airport authority and park district all had very good insurance coverage because the expenses consisted of mostly property damage. The city bore all of the costs for the debris removal, landfill operation, emergency response and repair of non-covered infrastructure items such as utilities. The local share for the city alone was over \$400,000. This does not include the items that are non-covered, or declared ineligible

by FEMA. For instance, during the removal of the dangerous buildings in the downtown area, FEMA eligibility stopped at ground level. They did not cover the removal of foundations or the issue of the exposed neighboring wall with interior brick and no support. We have been very blessed and very thankful for the ability to work with North Dakota CDBG funds to help with some of these otherwise non-covered expenses. The cost of a new site and all of the infrastructure work for the new school was not covered by FEMA. These non-covered items then become a 100% local cost rather than the 15% local cost share.

Another piece relates to the debt load of the community. Prior to the tornado, Northwood had \$2,317,800 in outstanding bond debt. The school district was at their limit for bonding due to the recent addition at the school. Therefore, the city issued new debt of \$725,000 for the infrastructure cost of the new school and the school will then have to pay the special assessment each year. Economic Development also had to take out a \$150,000 for the reconstruction of a mobile home development since the private owner abandoned our residents.

Finally, is the state of our local economy. Northwood just received another devastating blow two weeks ago as Northwood Mills has suspended operation due to the oil market. This was a loss of 20 jobs in a community of only 1,000 people. The impact far reaches beyond just the 20 full-time jobs. The loss in the local economy does not end at the walls of the mill. They contract with a Northwood trucking firm, buy fuel from the local co op and so on. Many of you come from rural communities and know how tightly knit your local economy is and how much each business depends on the next.

Northwood would ask for your approval of HB 1221. This bill would provide a political subdivision disaster recovery fund and ensure that a suffering entity would be eligible to apply for assistance with the local cost share. North Dakota is very fortunate to have a state managed emergency services division. This means each entity has someone assisting them through the disaster paperwork and requirements and ensures that all measures possible have been taken to receive the federal funding necessary to bring the entity back to pre-disaster condition. They are also very experienced in dealing with emergency management guidelines, rules and regulations and would be very qualified to administer this fund.

Northwood was fortunate to not lose a large amount of the population as is typical after such a disaster. However; population loss may be a factor in the next disaster, for the next community. Yes, there will be another disaster. Northwood would never wish this on anyone else and we pray against such times but please know that we would be the first in line to help. That is also why we are here, not just for us but for the future, the next disaster, the next community. We want all of our struggles and lessons learned to be used for the betterment of this state. Each time we learn a lesson, we have the opportunity to make adjustments that would make the next time better, even if we are referring to a natural disaster. Northwood has also tried to share our experience with as many groups as possible to help them prepare for any potential disaster. We want everyone to learn from our accomplishments but also our trials and mistakes. As I have said in many of my presentations, North Dakota is just one great big community. We just have a little more space between our blocks than most.

Northwood Debt Before and After Tornado Damage			
City		School	
Street Revenue	\$530,000.00	General Obligation	\$1,090,000.00
Sewer Revenue	\$520,000.00	State School Const. Loan	\$428,700.00
Water Revenue	\$697,800.00	Johnson Controls	\$289,500.00
Electrical Revenue	\$570,000.00		
	\$2,317,800.00		\$1,808,200.00
Issued after Tornado		Issued after Tornado	
School Special Assessment	\$725,000.00	State Loan	\$1,700,000.00
Mobile Home Development	\$150,000.00		
Totals	\$3,192,800.00		\$3,508,200.00

Taxes Lost Due to Abatements				
Entity	Mills	Value	Taxes lost	Total by Entity
City	76.1	1,309,200	\$4,482.77	\$4,482.77
County	105.0	1,309,200	\$6,187.74	\$6,187.74
Park	31.3	1,309,200	\$1,844.60	\$1,844.60
Fire	5.0	1,309,200	\$294.57	\$294.57
School Gen	185.0	1,309,200	\$10,899.09	
School S & I	29.7	1,309,200	\$1,749.75	\$13,532.55
School Bldg	10.0	1,309,200	\$589.14	
Technology	5.0	1,309,200	\$294.57	
State	1.0	1,309,200	\$58.91	\$58.91
Garrison Diversion	1.0	1,309,200	\$58.91	\$58.91
GF Soil Conservation	1.0	1,309,200	\$58.91	\$58.91
Totals	450.1		\$26,518.96	\$26,518.96

Northwood Disaster Expenses and Cost Share					
	Total Damage	Insurance	Amount After Insurance	15% Local Share	1/2 of Local Share
City	\$3,197,909.24	\$404,024.72	\$2,793,884.52	\$419,082.68	\$209,541.34
Airport	\$51,685.85	\$42,815.85	\$8,870.00	\$1,330.50	\$665.25
Fire District	\$308,709.62	\$285,113.99	\$23,595.63	\$3,539.34	\$1,769.67
Park District	\$149,075.18	\$124,540.90	\$24,534.28	\$3,680.14	\$1,840.07
School District	\$14,253,381.00	\$7,600,000.00	\$6,653,381.00	\$998,007.15	\$499,003.58
(Non-covered)	\$1,763,495.00	\$0.00	\$0.00	\$1,763,495.00	\$881,747.50
	\$19,724,255.89	\$8,456,495.46	\$9,504,265.43	\$3,189,134.81	\$1,594,567.41
*School non-covered items: land cost, infrastructure, demolition (foundation removal), bid higher than estimate					

Northwood Public School Finance Fact Sheet

MILL LEVY

Northwood Public School is at the maximum of mills it can levy in the following categories:

General Fund	185 mills
Technology	5 mills
Building Fund	10 mills
Sinking & Interest	32 mills
Total	232 mills (The State Average is 217 and Northwood is ranked 11 th among High School Districts)

DEBT LOAD

Maximum debt load for the Northwood Public School is approximately 3 million dollars. This is a maximum set by state law and is based on our total taxable valuation.

PRE-TORNADO DEBT

2004 General Obligation Bonds	2024	1,090,000
2004 State School Construction Loan	1924 Refinanced	428,700
Johnson Controls payoff	2011	<u>289,500</u>
TOTAL		1,808,200

POST-TORNADO DEBT (2009 balances)

2004 General Obligation Bonds		995,000
2004 State School Construction Loan	Refinanced	370,000
2008 State School Construction Loan	2018	<u>1,640,000</u>
SUBTOTAL		3,005,000
Special Assessment		<u>725,000</u>
TOTAL		3,730,000

BUILDING PROJECT COSTS (FEMA participation)

Total	12,851,271.00
Insurance deduct	7,600,000.00
FEMA share	3,938,453.25
State share	525,127.10
Northwood share	787,690.35

BUILDING PROJECT COSTS (ACTUAL)

TOTAL	13,415,913
Additional NW share	564,632

SITE COSTS (no FEMA participation in any site costs)

Northwood cost:	1,041,700
Land Acquisition	114,000

DEMOLITION COSTS (FEMA participation)

Total	335,443
FEMA	251,582
State	33,544
Northwood	50,316

DEMOLITION COSTS (no FEMA participation)

Northwood Cost:	43,163
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OTHER PROJECT WORKSHEETS (PW'S)

Estimated other costs, such as relocation, storage, etc:

Total	1,066,667
FEMA	800,000
State	106,666
Northwood share:	160,000

TOTAL NORTHWOOD COST OF PROJECT

New Building	787,691
Additional Bldg costs	564,632
Site Costs	1,041,700
Land purchase	114,000
Demolition	50,316
Additional Demolition	43,163
Other project wkshts	160,000
GRAND TOTAL:	2,761,502

Northwood
Tornado
One Year Later
2008

Standing
Strong.

Coming
Back.

Brighter
Better.



It was shortly before 9 p.m. on Sunday, Aug. 26, 2007, when the Night of Fury began and our city, Northwood, North Dakota, would be forever changed.

An EF-4 tornado, nearly a mile wide and 5 miles long, cut a devastating swath through our community, killing one resident and injuring 18 others. There was widespread damage to our residential and business areas. More than 90 percent of our homes, apartments and businesses were damaged or destroyed. About 89 percent of our municipal buildings were impacted. Power, telephone and cable services were wiped out. Cars and trucks were carried up to a half-mile away and slammed into corn and bean fields. Our historic downtown was in shambles. Our school was destroyed. Thousands of our beautiful trees were gone.

We were stunned.

We were grieving.

We were determined to save our city.

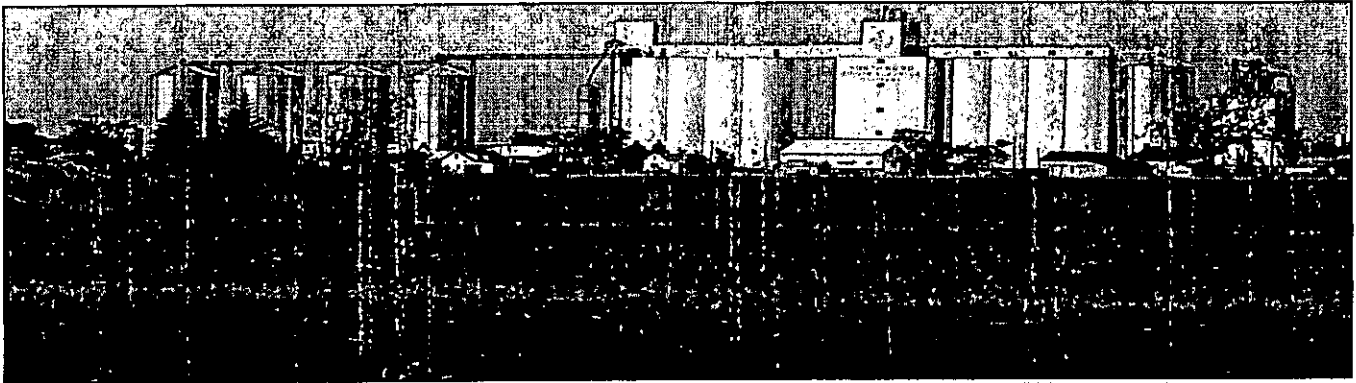
Clean-up began with the dawn. Help came from far and wide. Together, we worked hard. Not even a harsh North Dakota winter could stop us. We were going to rebuild Northwood.

Now, it's one year later. We still have work to do. Yet, many of our homes are repaired or rebuilt. There are new homes and apartments. New families have joined our community. Our fire station is rebuilt. Construction of a new school is underway. New development is on the horizon. Our grocery store is rebuilt and reopened. Two of our largest businesses have built back and are fully operational. More than 1,000 new trees have been planted. Our hospital is adding an assisted-living wing. Many of our downtown businesses quickly repaired and are reopened. Our downtown parks are restored and improved. Much of our municipal power system will be mitigated to better protect it against future storms.

Our fields are lush again. Our wounds are healing. Our spirit is strong. And we are coming back.

Thank you for being with us along the way.

With love and gratitude,
Northwood

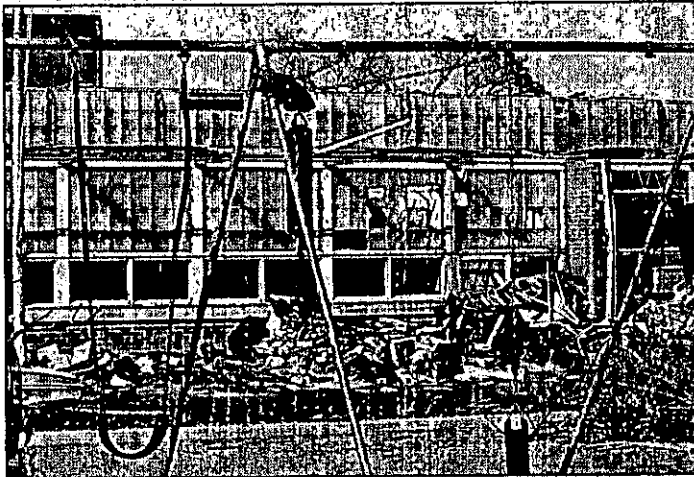


There are many stories that tell the tale of Northwood's tornado recovery.
Here is a look at some of our personal and community triumphs.

Northwood School

A night of fury turned into a dawn of reckoning for Northwood's 1,000 residents.

Among the hardest hit structures was the city's only school, grades K-12, destroyed the night before the first day of class.



After a weeklong recess, school officials launched a plan to bus children to two communities—one as far as 40 miles away—to get school started until better temporary arrangements could be made.

By early October 2007, officials were able to consolidate all grades and classes to neighboring Hatton, ND, about 13 miles from Northwood, using a combination of temporary portable modular units and extra space in some of the town's community buildings.

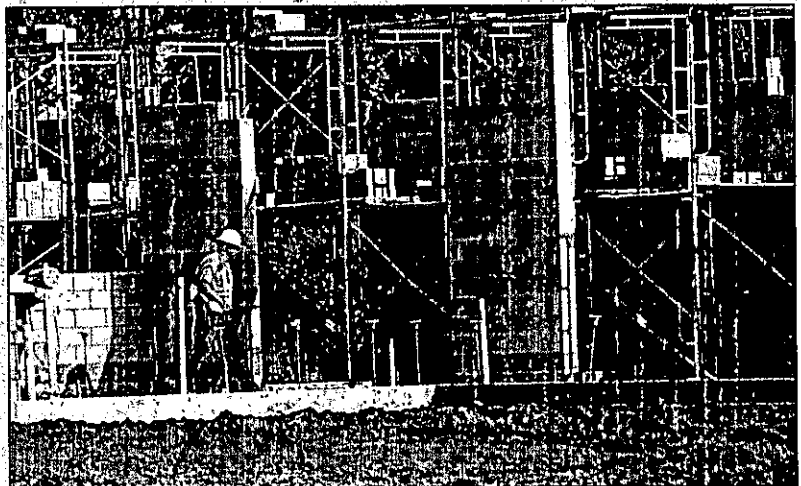
School board members got busy on plans for a new facility and in June 2008, broke ground at a new site about a half-mile from the old building.

"Our staff and students rose to the occasion, performed beyond what we thought capable and achieved what seemed to be unachievable. Tough Times Don't Last. Tough People Do."

Kevin M. Coles, Superintendent

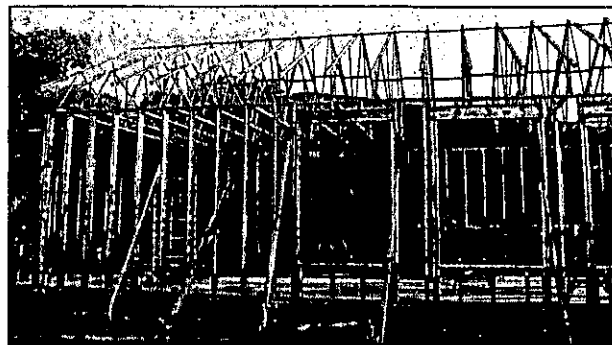
Northwood's new school, estimated to cost about \$13 million, will be about 95,000 square feet and will feature the most current technology, a beautiful library, and roomy, state-of-the-art classrooms. Project financing is coming from a \$7.6 million insurance settlement from the North Dakota State Fire & Tornado Fund, a FEMA reimbursement currently estimated at \$4 million, a \$525,000 cost share from the State of North Dakota and an \$787,000 cost share from local taxpayers.

The school is expected to be ready May 22, 2009 for commencement exercises and operate its first full academic year in 2009-10.



Northwood Deaconess Health Center

Pete Antonson, CEO of Northwood Deaconess Health Center, considers it lucky that his medical complex – a 12-bed hospital, a 61-bed nursing home and 10 independent living units – was spared the kind of tornado impact that destroyed a nearby school. The hospital, half full of patients, largely was unaffected. Some of the independent living units were damaged by water because of broken windows. The nursing home, however, sustained major water damage to one wing by wind-driven rain that forced its way in when the roof was impacted.



With an outpouring of immediate local help and good planning, Deaconess remained a beacon through the storm, serving as both a refuge and a respite in the days to come. The facility treated many of the injured, took care of its displaced residents, and kept its whole complex operating with emergency backup generators until the city could restore power three days later.



Deaconess also proved to be a major economic engine for Northwood as it fought back from the crippling devastation because the company was able to continue jobs and payroll for its 175 employees.

Today, Deaconess is bounding ahead as the city continues its recovery. The facility is opening a new telemedicine unit, debuting electronic medical records and has begun construction on six assisted-living units to fill a growing need in senior care. The one-bedroom units will be structurally connected to the nursing home, yet completely separate with private entrances and special common eating/living space areas.

Construction is expected to be complete in November 2008. Antonson says there is already a list of interested tenants. The nearly \$700,000 project is funded by Deaconess and a USDA-backed loan.

Northwood Airport Municipal Row Hangar

As the deadly EF-4 tornado made its initial approach to Northwood, there was one thing that stood in its path: the city's municipal airport. Showing no mercy, the powerful storm blew right through, damaging buildings and tossing planes around like toys. Hardest hit was a 70- x 100-foot hangar, privately owned and operated by the Northwood Hangar Club. At the time of the storm six airplanes, including two ultralights, were inside.

The club had insurance on the building but it wasn't enough to rebuild at current construction costs. Knowing the hangar was essential to the airport's operation, the Northwood Airport Authority stepped in and agreed to replace the structure.

The next challenge was to find the money. Typically, airport funding projects are planned two years in advance. The airport authority shifted some priorities and secured money from the Federal Aviation Administration (FAA) and the North Dakota



State Department of Aeronautics. Still, there was a shortfall to fund the complete \$415,000 project which includes some taxiway work.

The Pembina Municipal Airport Authority offered to transfer \$250,000 of its FAA entitlements to the Northwood Municipal Authority so that construction of a municipal row hangar could begin. The Northwood Authority will transfer a portion of its entitlements back to Pembina in the coming year.

The airport authority will break ground for the new hangar on Aug. 26, the one-year tornado anniversary, and complete work by year's end.

Northwood Municipal Airport – Vince Field is a General Aviation I airport with a 3,160-foot runway, pilot-controlled lighting, rotating beacon and PAPI system. It is now home to about 16 aircraft and averages 13 landings a day.

Lessons Learned from a Night of Fury



Disasters can strike anywhere at any time. We learned that lesson on Aug. 26, 2007! We learned a lot of other things as well—especially the value of being prepared and conducting regular training and exercises before you have a disaster.

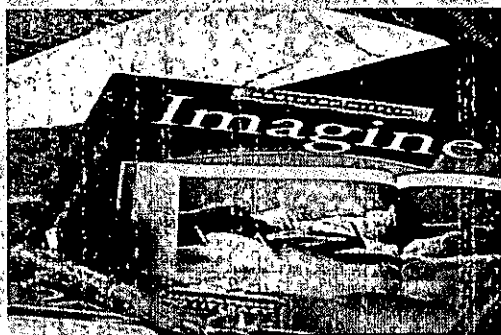
If your community is not ready, it's not too late to get started. Evaluate your vulnerabilities and take steps to correct them.

We hope that what our city has endured in the face of tragedy will benefit other communities in North Dakota and beyond. Here are our lessons learned ...

*— Marcy Douglas
Northwood City Administrator*

Before a Disaster:

- **Document.** Make a pre-disaster record of all infrastructure such as utilities and other key assets. Use maps, photos & GPS designations.
- **Secure mutual aid.** Have written & signed mutual aid agreements with entities you'll need help from.
- **Get contacts.** Create contact list of key people/entities, i.e. loader operator in a neighboring city. Include after-hours phone numbers.
- **Check insurance.** Know your policy better than your agent. Keep values up-to-date. At a minimum, insure for replacement cost. If possible, increase coverage. Repairing in the aftermath of a disaster will cause higher-than-normal costs.
- **Have an Emergency Plan.** If you don't have one, write an emergency plan immediately. Check with your county emergency manager to see if there's a countywide plan that includes specifics for your city. If not, put one together.
- **Be redundant.** Have power backup for essential services. Back up computer systems regularly. Store an additional copy of critical files off site. Put everything in an electronic format. If needed, scan old documents such as minutes, ordinances, and other permanent records.
- **Create financial reserves.** Give yourself some cash flow (6-8 months of expenditures), especially for utility items likely to need major repairs in a disaster. Insurance and potential disaster funding, NEVER come fast enough.
- **Get organized.** If it's not your strength, get help.
- **Train.** Exercise, exercise, exercise...



During a Disaster:

- **Follow your Emergency Plan.** It's there for a reason. You practiced it for a reason. Use it. HOWEVER, be very flexible. Try as you might, something will not go right.
- **Rely on those smarter than you.** Use local, county, state and federal resources. You are not alone.
- **Use volunteers.** Get a CERT program. Use professional volunteer and religious organizations. This is what they do and they do it very well.
- **Communicate.** This is everything, your very breath. Know how to reach the public. Talk to them. In a disaster, information is as critical as food and water.
- **Let the media help.** Press conferences can be your friend. Write down what you want to say. Others can help if you give them the right tools and put information at their fingertips.
- **Document.** Documentation is real money. So write it down. Log it. Use a spreadsheet. Take photos or video.
- **Stay organized.** Don't let things slide because you're in a disaster.

After a Disaster:

- **Document.** Continue to document everything. Take photos often. Every passing moment erases an image forever.
- **Be organized.** Surprise. You still need it.
- **Share what you learned.** Everyone can learn from experience. It could save a life.
- **Take time to plan.** It is easy to be in a hurry to 'put things back.' But a band-aid will not fix a broken bone. The saying, 'Failure to plan is a plan to fail' also applies in disaster recovery. Every local committee, board and organization must work together.

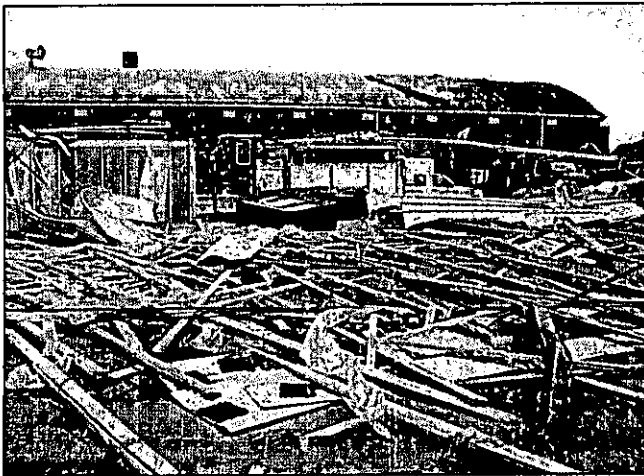
Today and Every Day:

- **Keep up your health.** Your citizens are relying on YOU to take care of them.
- **Keep your teams well-rehearsed.** You won't be perfect but all lessons apply.
- **Pray.** You can't do it all. Keep a miracle worker on staff.



Produced by the City of Northwood, ND • Aug. 26, 2008 • Photos courtesy of: City of Northwood, Barb Sturmer of FEMA, Eric Hylden of the Grand Forks Herald, North Dakota National Guard, Penny Altendorf, Becky Johnson, Jerry Reynolds, Debbie Swanson

Northwood Tornado One Year Later • Standing Strong. Coming Back. Brighter. Better.



Northwood Fire Department

Northwood Fire Chief Rod Pederson was about one block from the fire station when the rescue rig he was in suddenly was blown to the side of the road. Next, a piece of flying tin from a nearby seed plant hit the truck. After that, he says, there was a 'a whole lot of shaking going on.' The bad weather Pederson had been looking for suddenly had found him—namely an EF-4 tornado.

Pederson managed to get to the fire station only to find the building in pieces. Four firefighters who had been in the station were able to scramble to the basement of the old fire station in an adjoining brick building that also houses City Hall. But two other firefighters couldn't take shelter fast

enough and literally rode out the storm in the new fire station as it was breaking apart around them — one holding onto the knob of an interior connecting door, the other underneath a fire tanker clinging to the drive shaft. Miraculously, all survived.

Pederson quickly assessed the situation and tried to organize his personnel and resources. The fire trucks had remained in place but five of the department's nine units were significantly damaged, leaving just a fraction of the fleet operational. An estimated \$13,000 in equipment, such as bunker gear and truck accessories, was simply gone with the wind.

The Grand Forks Fire Department — no strangers to disasters — quickly responded with fire equipment and personnel and remained for about 10 days to answer emergency calls while Northwood tried to get back on its feet. Grand Forks is about 40 miles from Northwood and suffered a devastating flood and fire in 1997 that severely impacted about 80 percent of the city.

Northwood began to repair and rebuild its fleet. Some trucks were able to be put back in service within a few weeks. A new 1,250-gallon-per-minute pumper truck, ordered eight months earlier, was delivered in October 2007 after the manufacturer learned of the tornado and prioritized the remaining work.

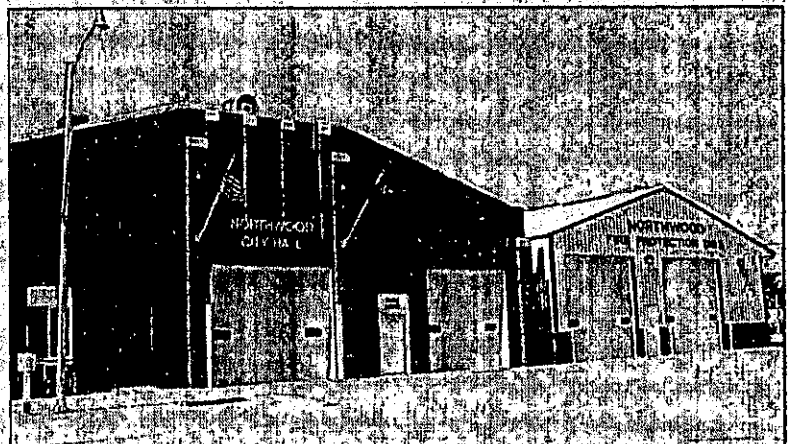


There was yet another challenge — how and where to house the equipment in a town where most buildings of any size also were being repaired or rebuilt. For the first few months, the fire equipment simply sat outside on all that remained of the new station — a concrete slab. The onset of winter, however, meant that trucks had to be protected to keep the onboard water from freezing and breaking lines. So the city moved some of its equipment from the scarce space in other municipal buildings outside to make room for the fire and rescue apparatus.

A new fire station was begun in early 2008 and essentially completed in March. Some finish work remains. The department still is working to replace one tanker and an ambulance/rescue unit. Insurance proceeds and city money replaced the building and is repairing most of the units. A grant has been submitted to replace one of the damaged tankers.

As for Pederson, he remains humble and grateful for all that the fire department has accomplished in just a year and is quick to praise his firefighters and EMTs.

"I think everyone who was touched by this disaster found that you can't imagine what you can withstand until you have already accomplished it," Pederson said. "The whole area, not just the town, fought and conquered this tornado. It was a miraculous sight to see people from all over respond to the needs of Northwood... something I pray I never see again, and yet want to be first in line if that need arises."

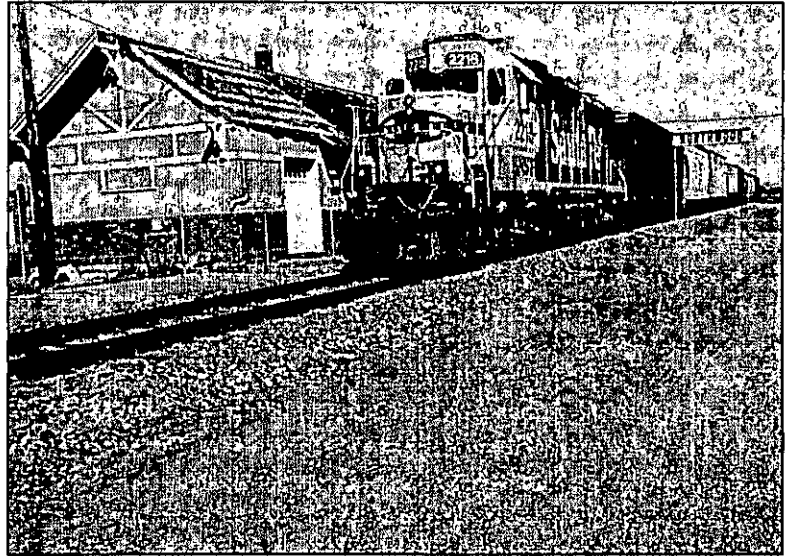


Northwood Train Depot

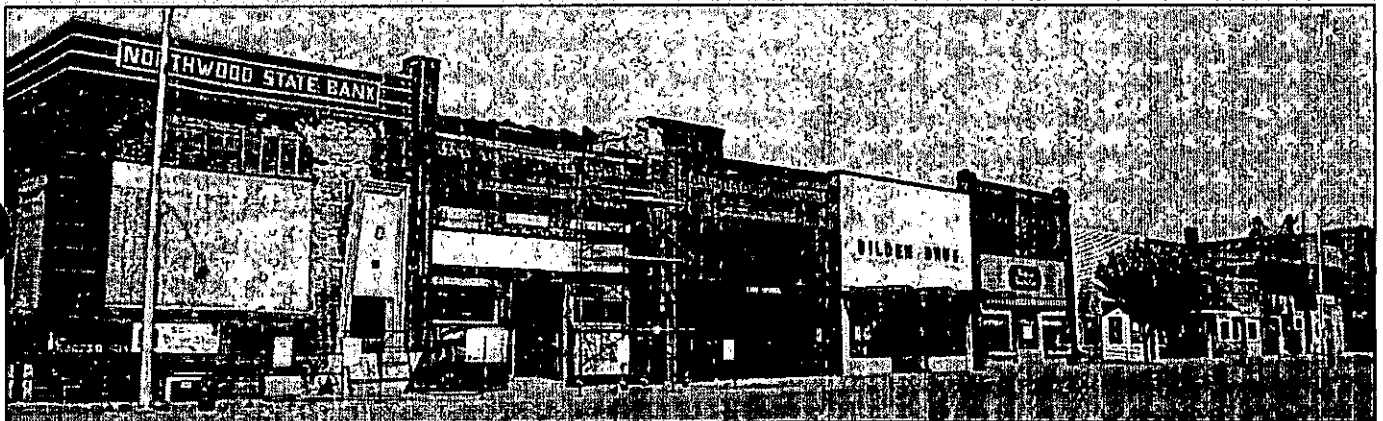
Northwood's historic train depot, home to rail passengers and cargo for more than a century, suffered its share of structural damage when the tornado blew through.

A section of roof, windows, parts of the ceiling and some walls were damaged by wind and rain. The city wasn't about to tear it down. Instead, plans are underway to restore the building to its original architectural splendor, including a reproduction of the original signage. The city is working with an architect who specializes in historic projects for the renovation. The depot was last restored in 1942.

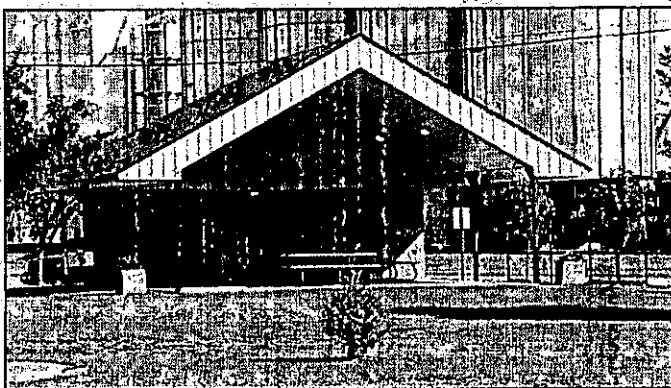
The \$75,000 project is being financed by insurance proceeds, a reimbursement from FEMA and a grant from the North Dakota State Historical Society. Additional restoration funds are being sought. In 1984, the building was used as a general store for the city's Centennial celebration. Prior to the storm, the city used the building for storage. Once it's restored, the depot likely will be used for city meetings and public functions.



Downtown Main Street



The tornado was brutal on the city's downtown business district. Five historic buildings were damaged beyond repair and are slated for demolition in fall 2008. Many businesses, however, quickly repaired and reopened. For them, there was never a question of going anywhere else. One business owner in a tornado-damaged building bought another business and expanded it to add a coffee shop. Guenther's SuperValu grocery store, which anchors one end of the business district, was rebuilt and in January 2008, opened its doors once again. Economic development expertise and funding to help restore the downtown district are in the works. A tornado pocket park is planned for a portion of the space now occupied by the Northwood State Bank building.



The city's public picnic shelter and restrooms in the downtown Veteran's Memorial Park are repaired and reopened. Antique lightposts have been replaced. New seating areas with tables and benches have been installed. New trees have been planted, including a 15-foot Black Hills spruce that replaces the city's storm-damaged community Christmas tree. A second, new Christmas tree also has been planted at the city's main entrance.

Post-storm Housing



Deaconess Twin Homes

One of Northwood's tornado biggest impacts – and recovery challenges – was the city's housing stock. More than 90 percent of all combined housing was damaged or destroyed. Many of the city's residents found a way to repair or rebuild. But the more vulnerable among them, renters, mobile home owners and senior citizens, were facing an uncertain future. Here are three housing initiatives that helped fill a critical void for many Northwood residents:

Deaconess Twin Homes: Local developer Rick Meland and his wife Maureen built the first senior-friendly twin home in 2006 on three acres they purchased from Northwood Deaconess Health Center. He sold one unit in July 2007. The week after the tornado, he sold four more units, three of which were purchased by widows who had lost their homes to the tornado. The two-bedroom units are on one level with handicapped-accessible features. A fourth twin unit is already sold and under construction. A fifth and final twin unit is planned for 2009.

Northwood Mobile Home Estates: All 20 mobile homes in the former Valley View Trailer Court were damaged or destroyed. When the park owner opted not to rebuild, the Northwood Economic Development Foundation stepped in to create a much-needed manufactured housing development. Infrastructure for a new park of 15 units is almost complete; the first homeowners will move in the first week of September 2008.

Danzl Apartments
2007



Northwood Village: The devastation to the 14-unit Danzl Apartments both from the tornado and from an aged silver maple dealt a major blow to the complex owners, the tenants and to the city's rental housing stock. Through the efforts of several housing entities and nonprofit organizations, a 16-unit complex is being built on the old site. It will be the largest multi-family housing complex in the city and will provide affordable rental housing to low- to moderate-income families. The apartments are scheduled to open in fall 2008.

Northwood Village—2008



Tornado Recovery Fact Sheet

August 2008

Standing
Strong.
~
Coming
Back.
~
Brighter.
Better.

Facts & Figures:

- ♦ Aug. 26, 2007, about 8:45- 8:50 p.m.
- ♦ EF-4 tornado, 5 miles long, about eight-tenths of a mile wide through town. Peak winds of 120-150 mph. Highest-recorded winds 170+ mph.
- ♦ Deaths: 1 Injuries: 18
- ♦ Widespread EF-3 and EF-4 damage to main residential and business areas in town.
- ♦ Most damage: *northeast side of the tornado track*, where AGVISE Laboratories and Gabriel Construction buildings were total losses.
- ♦ Cars and trucks carried up to one-half mile into corn and bean fields.
- ♦ Residential impact: About 90 percent of the 362 single-family homes, 80 percent of 110 multi-family homes, all 20 mobile homes.
- ♦ Public infrastructure impact: About 89 percent of municipal buildings damaged, fire station and lone school destroyed, power, telephone and cable wiped out.
- ♦ Business impact: Widespread damage to downtown business district; lone grocery store (Guenther's SuperValu) closed down.



Recovery:

- ♦ 170 building permits issued
- ♦ \$20 million in permits for private projects (demolition, rebuilding or new construction)
- ♦ \$20 million in public projects (city, school, park, nonprofits)
- ♦ About \$1.3 million decrease in assessed property value because of requested abatements (residential/commercial). City's pre-storm assessed property values for both residential and commercial properties were \$31.5 million
- ♦ An estimated \$30.2 million paid out in public and private insurance claims. *
 - Personal property and loss-of-use: \$21 million
 - Renter claims: \$34,000
 - Public property through State Fire & Tornado Fund: \$9.2 million
- ♦ About \$10.1 million* to date paid for debris removal, emergency protective measures and to repair or replace damaged infrastructure/public buildings.

Note: Some additional FEMA funding for Northwood School is pending; cost-shares for the \$10.1 million are: 75 percent FEMA; 10 percent State of North Dakota; 15 percent City of Northwood.

* Numbers are rounded to nearest tenth.

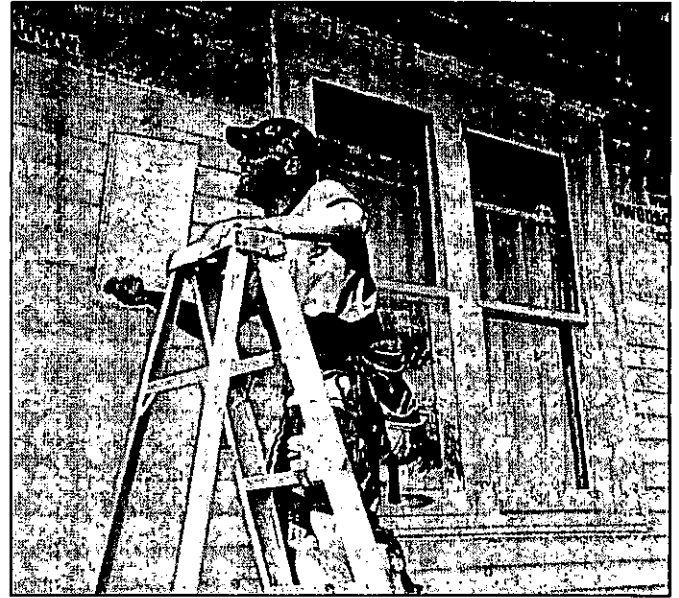
Recovery (cont.)

- ◆ Nearly \$5 million paid out to help individuals and families recover.*

- 294 FEMA registrations for assistance
- FEMA Housing Assistance: \$306,633
Note: Paid to 44 applicants. This money is for individuals to cover eligible housing costs/repairs not covered by insurance or other programs.
- FEMA/State Other Needs Assistance: \$125,372
Note: Paid to 42 applicants. This money helps with serious disaster-related needs such as medical, dental, transportation and lost personal property not covered by insurance or other programs.
- Disaster Unemployment Assistance: \$2,244
- U.S. Small Business Administration Loans:
\$4,479,000
Residential: \$2.2 million Commercial: \$2.3 million

* Numbers are rounded to nearest tenth.

- ◆ Unmet Needs:
 - \$419,000 in donations to Northwood Relief Fund for unmet needs. 164 total cases filed; all but 1 case completed.
 - \$500,000 in Community Development Block Grants (CDBG) allocated for housing needs
 - \$500,000 in CDBG allocated for economic development needs



- ◆ More than 5,400 loads totaling more than 83,000 cubic yards of debris hauled to near-capacity city landfill.
- ◆ More than 1,000 new trees planted citywide.



- ◆ All utilities have been restored to full service.
- ◆ Street sign replacement nearly complete; street and sidewalk repairs underway.
- ◆ Northwood Deaconess Health Center (hospital) has completed repairs of tornado damage. Now also building an assisted-living wing.
- ◆ Grocery store (Guenthner's) re-opened in January 2008.
- ◆ New fire station was substantially complete and operational in March 2008.

- ◆ Groundbreaking for a new school was held June 2008. Demolition of the old school scheduled for fall 2008. Expected to open for commencement May 22, 2009.
- ◆ AGVISE Laboratories resumed on-site testing September 2007; opened a small, temporary facility on site in November 2007, opened a new, \$2-million main laboratory June 2008.
- ◆ Gabriel Construction rebuilt and expanded its operation on the original site.
- ◆ Ground will be broken for a new municipal row hangar at the Northwood Municipal Airport Vince Field in August 2008. Airport has been operational since September 2007.
- ◆ Demolition of some downtown business buildings is slated for fall 2008.

Post-Storm Recovery Support

American Red Cross

19,000+ meals and 7,600 snacks served

334 Outreach visits

247 cleanup kits distributed

4,329 bulk items distributed

Short term emergency services: Sheltering, feeding, health & mental health services, financial assistance

Long term services: Long-term recovery casework & management, feeding for volunteer work weekends.

Salvation Army

21,500 meals (breakfast, lunch, dinner) served

11,498 snacks and 28,992 bottles of water served

2,355 volunteer hours

Short-term basic needs and spiritual counseling

Long-term care services provided through state/federal Disaster Recovery Center.

Lutheran Disaster Response, United Methodist Disaster Response:

Established, coordinated and managed volunteer efforts for Northwood

More than 2,300 volunteers of all ages registered through the center, logging more than 18,000 volunteer hours in Northwood from Wed. Aug. 30 through Mon. Sept. 14. [City estimates that about another 2,000 volunteers came to town on their own.]

Coordination of long-term recovery services

Adventist Disaster Response

Coordination of donated food, clothing, tools and supplies

19 semi-tractor trailer loads and 100+ individual vehicle loads of donated items received, unloaded and categorized

2,586 families served with donated food and other goods

167 volunteers logged 3,000+ hours unloading goods, restocking the donations supply center, assisting families.

Methodist Disaster Response:

Provided case managers to work with clients impacted by the tornado so the cases could benefit from gifts of Long-Term Recovery

Worked with Lutheran Disaster Response to provide Christmas totes to those impacted by the tornado to make the celebration of Christmas more joyful in those homes

Purposefully continued the appointment of Pastor Mark Ellingson so that his presence in the area could foster stability and pastoral care. This was a strategic decision of the Dakotas Conference Cabinet in response to the disaster.

ND Psychological Association Disaster Response Network:

Provided orientations to volunteers and supported staff at the Volunteer Center

Offered emotional support to community members

Eight volunteers provided about 200 hours of service during cleanup and the "Button Up Northwood" weekends.



Donations came from far and wide to help Northwood during our recovery. Nearly 100 private contractors volunteered their equipment/personnel to help with emergency debris removal in the first 72 hours after the storm. Businesses and individuals from neighboring communities provided an estimated 10,000 meals just in the initial hours after the storm. Untold amounts of food, materials and supplies were generously provided from throughout North Dakota and our neighbors in Minnesota, South Dakota and Canada.

Many of you came as strangers and left as friends. We may never know you all, but we are grateful from the bottom of our hearts for every bit of help.

Northwood

4

Testimony of Kevin Coles
on behalf of
Northwood Public School District #129
before the
North Dakota House of Representatives
Political Subdivision Committee

January 29, 2009

Mr. Chairman and Members of the Committee. For the record, my name is Kevin Coles and I am the superintendent of Northwood Public School. I am speaking to you today on behalf of the Northwood Public School, staff and students.

I am speaking in favor of HB 1221 relating to the creation of a political subdivision disaster recovery fund. The EF-4 tornado that destroyed our school, one day before classes were to begin, has had a devastating effect on staff, students and community. We are extremely proud of the fact that we had all of our students in school five days after the tornado. This was accomplished by staff, students, and many volunteers, particularly the community of Hatton. It has been a challenge over the past year and one half, but we have survived.

We have compiled a fact sheet of the financial issues that the Northwood Public School is facing. We have also included some pictures of the devastation.

The road to recovery has been difficult. Our students and staff have been going to school in Hatton, N.D. Our school is located on the third floor of Hatton High School, in a church, in five portable classrooms, a community center and a lumberyard. We have bussed all of our students for over a year and one half. Needless to say we are looking forward to going home.

After the tornado, we faced the major task of rebuilding our school. We worked diligently with FEMA, North Dakota State Emergency Services, and State and Federal officials. We are fortunate to have the assistance of so many that helped us achieve the building of a new school. The volunteerism that was demonstrated throughout our local area and across the state and beyond was phenomenal.

Despite the 7.6 million dollar insurance money, FEMA and State assistance, we still faced many financial hurdles. The Northwood School District

is responsible for 15% of the building costs and all of the costs for land acquisition, site costs and infrastructure.

Our biggest concern became how to finance the building of a new school. We had significant existing debt of over 1.8 million dollars on an addition to the school that was built in 2004. Our mill levy was already at a maximum. Through the effort of state officials, we were able to borrow some new money and restructure our old debt. This debt schedule now extends through 2033. Due to the overwhelming debt, all of our operating and capital improvement funds are fully dedicated, leaving no leeway for year to year operating expenses. Although our building will be new, our debt load is daunting.

I would ask you to support HB1221. We will gladly welcome the additional financial support. We have survived this disaster through hard work, volunteerism and the support of the communities all around the great state of North Dakota. This bill not only provides an opportunity for our school and community to be made whole again, but it will set a standard that will make it possible for the next community that suffers a disaster of this magnitude, to be able to recover much quicker than possible without this bill. This bill, if passed, will provide a sense of security that will be long appreciated by the people of North Dakota.

Thank you, Mr. Chairman, for the opportunity to speak with the Committee.

HB 1221

Mr. Chairman, Committee members,

I am Gerry Uglem, District 19 representative.

The community of Northwood greatly appreciates all the help it received after the tornado struck. Help came from the state of North Dakota, other communities-near and far, and individuals.

On the outside the community looks terrific. A new school is being built, the firehall has been rebuilt, a large number of homes have new shingles, windows, and siding. The trees are noticeably missing.

On the inside the community is suffering financially. Many resident were underinsured. The school district is at its maximum mill levy and at its maximum debt load. I do not think it is reasonable to ask the citizens to vote to increase taxes when a large number of them are facing their own personal financial challenges.

The school district just went thru a consolidation effort, which our neighbor voted down one month before the tornado. I expect consolidation will occur in the not too distant future.

I think it is reasonable and proper for the state of ND to step forward to help the government subdivisions in this community get back on sound financial ground.

A do pass recommendation on this bill would be greatly appreciated. We do have our school superintendent and city auditor here to provide testimony.

Testimony of Marcy Douglas, City of Northwood
before the
North Dakota Senate
Government and Veterans Affairs Committee

March 5, 2009

Good morning Mr. Chairman and Members of the Committee. For the record, my name is Marcy Douglas. I serve as the City Administrator for the City of Northwood. I am speaking to you today on behalf of the City of Northwood, the Northwood Fire Protection District, the Northwood Municipal Airport Authority and the Northwood Park District.

I am speaking in favor of HB 1221 relating to the appropriation to the department of emergency services for providing grants to eligible political subdivisions that have experienced damage or destruction due to a tornado. Northwood knows all too personally the impact of a major disaster in a rural community. Since the EF-4 tornado ravaged through our community on August 26, 2007, causing nearly \$60 million in damage, Northwood has had the opportunity to be fully immersed in disaster recovery.

We have compiled the statistics from our local agencies so you can have one simple set of numbers before you. We have also brought each of you a copy of the booklet that was put together for our one-year anniversary last August. The booklet also includes a fact sheet for your use.

We are proud to say that we have made an amazing amount of progress in this short time but there is still a long road ahead. We have been so blessed by all of the wonderful individuals, businesses, volunteer organizations and government agencies that have come to help Northwood. The largest concern in our road ahead is the financial health of our community.

There are several pieces to the financial ability of a community to recover from a disaster such as ours. Those pieces that we will cover today are the loss of tax revenue, the cash match required for disaster expenses as well as our current debt load and state of our local economy. The city received and approved \$1,309,200 in tax abatement requests from local residents and businesses due to the damage to their property. This amount could have definitely been much higher but many residents and businesses consciously chose not to file knowing the impact it would have on all of the local entities to meet the required match for the disaster recovery costs. At the same time, we do not begrudge all those who were in need and filed for the abatement. These abatements equated to a total of over \$26,000 in lost tax revenue to our local taxing entities.

The city, including airport, fire and park district, had nearly \$4 million in damage from the tornado. Of this amount, \$856,000 was covered by insurance. The fire district, airport authority and park district all had very good insurance coverage because the expenses consisted of mostly property damage. The city bore all of the costs for the debris removal, landfill operation, emergency response and repair of non-covered infrastructure items such as utilities. The local share for the city alone was over \$400,000. This does not include the items that are non-covered, or declared ineligible

by FEMA. For instance, during the removal of the dangerous buildings in the downtown area, FEMA eligibility stopped at ground level. They did not cover the removal of foundations or the issue of the exposed neighboring wall with interior brick and no support. We have been very blessed and very thankful for the ability to work with North Dakota CDBG funds to help with some of these otherwise non-covered expenses. The cost of a new site and all of the infrastructure work for the new school was not covered by FEMA. These non-covered items then become a 100% local cost rather than the 15% local cost share.

Another piece relates to the debt load of the community. Prior to the tornado, Northwood had \$2,317,800 in outstanding bond debt. The school district was at their limit for bonding due to the recent addition at the school. Therefore, the city issued new debt of \$725,000 for the infrastructure cost of the new school and the school will then have to pay the special assessment each year. Economic Development also had to take out a \$150,000 for the reconstruction of a mobile home development since the private owner abandoned our residents.

Finally, is the state of our local economy. Northwood received another devastating blow in January as Northwood Mills has suspended operation due to the oil market. This was a loss of 20 jobs in a community of only 1,000 people. The impact far reaches beyond just the 20 full-time jobs. The loss in the local economy does not end at the walls of the mill. They contract with a Northwood trucking firm, buy fuel from the local co op and so on. Many of you come from rural communities and know how tightly knit your local economy is and how much each business depends on the next.

FEMA rule CFR 206-47 states that when an entity reaches \$100 in damage, per capita of state population, they are eligible for more than the standard 75% federal assistance. (Using current census, uninsured eligible costs would have to exceed \$64,220,000 in North Dakota). In 1997, Grand Forks met this threshold and received 100% Federal funding on Category A and B emergency work and 90% Federal funding and 10% State funding for other categorical work thus having no local match on the eligible items. Yes, this was a very different case due to the size and nature of the disaster. Many did not have flood insurance at all and a standard homeowner's policy does not cover flood damage. In a rural community, you would never be able to meet that threshold due to the smaller size of the community and with a tornado most homeowners do have some insurance coverage. Our residents and businesses ran into the underinsured category due to the gap in costs to build in a rural community and the market value once construction is complete. Many had their house insured for what they paid for the property and not today's construction cost.

Northwood would ask for your approval of HB 1221. This bill would provide an opportunity to apply for assistance with the local cost share. North Dakota is very fortunate to have a state managed emergency services division. We have had someone assisting us through the disaster paperwork and requirements and ensuring that all measures possible have been taken to receive the federal funding necessary to bring us back to pre-disaster condition. They are also very experienced in dealing with emergency management guidelines, rules and regulations and would be very qualified to administer this appropriation.

Testimony of Robert Wallace
On behalf of
Northwood Public School District #129
Before the
North Dakota Senate
Government and Veterans Affairs Committee

March 5, 2009

Mr. Chairman and Member of the Committee. For the record, my name is Robert Wallace and I serve as President of the Northwood School Board, resident of the City of Northwood and a Business Owner in Northwood. I am speaking in favor of HB 1221.

August 26, 2007 is a date that will never be forgotten to the residents of Northwood, N.D. For some individuals, everything in ones lifetime disappeared due to a natural disaster that hit our "rural" state, "rural" community, in a matter of minutes.

Not only did we have physical damage in Northwood. Many citizens were without jobs, homes, and public utilities. Also remember, one life was also lost in this event. Mr. Weist was one of my co-workers.

As a member of the school board, I believe our priorities were in proper order. First, get our children back into a school setting as soon as possible. Secondly, figure out what we had to do to bring out children home again and minimize the cost to our citizens.

Northwood is no different than any other community in North Dakota. We are faced with declining enrollments. We are additionally challenged with the reductions at the Grand Forks Air Base.

Northwood had spent five years pursuing reorganization efforts with a neighboring school district. In July 2007, the measure was put to a vote in both districts. Northwood approved the reorganization by 96%, however the neighboring district defeated it by 58%. Therefore, the reorganization effort was defeated and could not be brought forward again until the following July at the earliest.

When the tornado destroyed Northwood Public School, we had two options. Repair the existing structure or proceed with a new building. Irregardless of which option we were to pursue, our children would not be back to Northwood for 18 to 24 months at a minimum.

Regardless of which route we were to proceed with, we were faced with 2 different issues: Scope of the project (code issues) as dictated by the state versus budget restraints by FEMA.

Total cost to the patrons of Northwood Public School District in rebuilding our facility equate to \$2,761,502.00. This dollar amount includes 15% of the local cost

(\$998,007.00) and 100% of the cost not shared by FEMA (1,763,495.00). This does not include the existing debt of \$1,800,000 from the addition added in 2004. FEMA would not allow that debt to be retired with insurance monies, therefore that debt continues to be serviced.

Our mill levies are at a maximum. We have restructured debt obligations through the year 2033. Residents filed for abatements to reduce their own personnel burdens. Is it fair to ask for additional tax monies from a devastated community? Had we been a larger city, such as Grand Forks, the debt obligation of FEMA would have been 90% vs. 75%, thus reducing the local share to \$0.00.

I would ask that you support HB1221.

Thank you, Mr. Chairman for the opportunity to speak.

**Testimony of Kevin Coles,
Northwood Public School District #129
before the
North Dakota Senate
Government and Veterans Affairs Committee**

March 5, 2009

Mr. Chairman and Members of the Committee; for the record, my name is Kevin Coles and I am the superintendent of Northwood Public School. I am speaking to you today on behalf of the Northwood Public School, staff and students. I am speaking in favor of HB 1221. On this day, our students were scheduled to attend legislative sessions, so coincidentally, many are present at today's hearing and will also attend sessions this afternoon. Some will also testify before this committee.

Imagine that you live in one of the many small North Dakota communities that have a viable school and a vibrant business district. Your community had just supported a 32 mill levy increase three years earlier (2004) to do a 1.8 million dollar remodeling of its school. When completed, they were proud of their efforts and accomplishments. After all, the education of their students was most important. Then on Sunday evening, August 26th, the day before the first day of school, an EF-4 tornado destroys your school, many homes, businesses and a majority of trees are gone. The first day of school was not to be, not this year. This was the devastating situation that was faced by the community, staff and students of Northwood, North Dakota.

School officials met and determined two goals: Get our students back in school as quickly as possible and work on a plan to repair our school. We are extremely proud of the fact that we had all of our students in school five days after the tornado. This was accomplished by staff, students, and many volunteers, particularly the community of Hatton. It has been a challenge over the past year and one half, but we have survived.

In regard to our second goal of repairing our school, much more time was needed. We worked diligently with FEMA, North Dakota State Emergency Services, and State and Federal officials. We were fortunate to have the assistance of so many that helped us achieve what was necessary to provide a safe, adequate learning environment. The volunteerism that was demonstrated throughout our local area and across the state and beyond was phenomenal. Eventually a determination was made that building a new school was the next step. We then proceeded to make informed decisions to proceed in building our new school.

With the support of the Governor, our congressional delegation and the Department of Public Instruction, we sought and received permission to proceed with building our new school. This news was a breath of fresh air for our community. It represented the first step to the recovery of our community.

The road to recovery has been difficult. Our students and staff have been going to school in Hatton, N.D. Our school is located on the third floor of Hatton High School, in a church, in five portable classrooms, a community center and a lumberyard. We have bussed all of our students for over a year and one half. Needless to say we are looking forward to going home.

Despite the 7.6 million dollar insurance money, FEMA and State assistance, we still faced many financial hurdles. The Northwood School District is responsible for 15% of the building costs and all of the costs for land acquisition, site costs and infrastructure.

I would ask you to support HB1221. We will gladly welcome the additional financial support. We have survived this disaster through hard work, volunteerism and the support of the communities all around the great state of North Dakota. This bill not only provides an opportunity for our school and community to be made whole again, but, if passed, will provide a sense of security to other communities that may suffer a similar future fate.

Thank you, Mr. Chairman, for the opportunity to speak with this Committee.

HOUSE APPROPRIATIONS COMMITTEE

HB 1221

REP. KILICHOWSKI

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. FOR THE RECORD I AM REP. KILICHOWSKI AND I REPRESENT DISTRICT 16 WHICH CONSISTS OF WALSH COUNTY AND PART OF PEMBINA COUNTY.

THE CITY OF NORTHWOOD WAS DEVASTATED BY A TORNADO IN THE SUMMER OF 2007. THE DAMAGE DID NOT REACH THE DOLLAR AMOUNT REQUIRED TO GET THE MOST FAVORABLE FUNDING FORMULA AVAILABLE, SO THE CITY WAS LEFT WITH 15% OF NON-COVERED EXPENSES. NORTHWOOD ABSORBED THE COSTS FOR THE DEBRIS REMOVED, LANDFILL OPERATIONS, EMERGENCY RESPONSE AND REPAIR OF NON-COVERED INFRASTRUCTURE ITEMS SUCH AS UTILITIES.

THEIR BIGGEST CONCERN WAS HOW TO FINANCE THE BUILDING OF A NEW SCHOOL. THEY HAD A SIGNIFICANT EXISTING DEBT OF OVER \$1.8 MILLION ON AN ADDITION TO THE SCHOOL THAT WAS BUILT IN 2004. THEIR MILL LEVY WAS ALREADY AT A MAXIMUM. THROUGH THE EFFORT OF STATE OFFICIALS THEY WERE ABLE TO BORROW NEW MONEY AND RE-STRUCTURE THEIR OLD DEBT. THIS DEBT SCHEDULE EXTENDS THROUGH 2033. THE COST OF THE NEW SITE AND ALL OF THE INFRASTRUCTURE WORK FOR THE NEW SCHOOL WAS NOT COVERED UNDER FEMA. ALSO, NORTHWOOD CITY IS AT THEIR MILL LEVY CAPS.

HB 1221 APPROPRIATES \$1,594,567 TO THE DEPARTMENT OF EMERGENCY SERVICES FOR THE PURPOSE OF PROVIDING GRANTS TO ELGIBLE POLITICAL SUBDIVISIONS UP TO 50% OF REQUIRED LOCAL COST SHARE.

YOUR POLITICAL SUBDIVISIONS COMMITTEE WOULD URGE THE ASSEMBLY TO SUPPORT THIS BILL.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE.