

SENATE APPROPRIATIONS - GOVERNMENT OPERATIONS COMMITTEE

March 13, 2025

TESTIMONY OF PATRCK LENERTZ

OFFICE OF ATTORNEY GENERAL

HOUSE BILL 1487

Chairman Wanzek and Members of the Senate Appropriations - Government Operations Committee

Introduction

My name is Patrick Lenertz, and I am a Supervisory Special Agent with the Bureau of Criminal Investigation (BCI). I am here today to advocate for the passage of House Bill 1487 to transfer land between state agencies and appropriate money to construct a new office building in Minot, ND. The building would house the state employees of the Office of Attorney General, BCI, and the North Dakota Highway Patrol. This legislation is crucial for a cost-effective office building which provides stability, quicker response times, multi-use room, and enhanced security for the long-term future of two state law enforcement agencies.

History

For the past two decades, the Minot BCI office was located in various locations to include a convenience store and a downtown office building when water problems arose to the point of having to relocate as soon as possible. Former BCI Director Dallas Carlson was able to obtain space for the Minot BCI office within the North Dakota Job Service Building located on the north edge of Minot in 2017. BCI renovated a portion of the allotted space for security, confidentiality, two computer labs, group briefing area, and converted open space for eight cubicles

The current office space is now maxed out prohibiting any further expansion of personnel or evidence storage. The Minot BCI office currently contains members of the Office of Attorney General, BCI, Minot Police Department, Ward County Sheriff's Office, North Dakota National Guard, and Homeland Security Investigations. The office is also comprised of two law

enforcement task forces in the region: Ward County Narcotics Task Force and North Dakota Internet Crimes Against Children Task Force.

In the 68th Legislative Assembly (2023), ND Job Service submitted HB1092 which authorized ND Job Service to sell the property. ND Job Service planned to downsize physically and relocate to an area in Minot to better serve their customers. HB1092 passed and was signed by Governor Burgum shortly thereafter. The plan to sell and move remains to this day with no obvious timeframe.

After the 68th Legislative Assembly ended, BCI began talks of planning a future relocation of the Minot BCI office due to the eventual posting and sale of the ND Job Service building. A relocation of the Minot BCI office would not be a small feat and requires a location which provides a level of security, externally and internally, evidence storage, technical and HVAC considerations for the computer lab, and temperature-controlled vehicle storage for specialized vehicles. These specialized vehicles serve not only the immediate Minot area, but 1/3 of the state, and can be used at a moment's notice. The relocation would not only take time to search for available options but also several months to plan, design, renovate, and physically move equipment to be operational.

A search for a new location in Minot to lease office and garage space used a variety of online property search tools to find appropriate properties and finding a local realtor to verify available properties. I learned there was less than a handful of properties in the Minot area, possible in terms of size and configuration for our specialized needs, but renovations and expansions were always a necessary part of the equation. Through word of mouth, I was able to find a location in Minot with a pair of private property owners who offered to lease a commercial building to BCI. The commercial space included existing offices, space to renovate for additional offices, and garage space for vehicles and secure storage.

In December 2023, a meeting was held between the commercial property owners, BCI, Office of Attorney General attorneys, and the Office of Management and Budget. During the meeting, John Boyle, formerly with OMB, suggested BCI could buy or build a brand new building, for

similar or less cost, in lieu of leasing. The starting commercial lease rate from private entities in Minot was minimum \$18 per square foot and would range up to \$22 per square foot at the start of a lease. These numbers were taken directly from estimates, advertisements, and speaking with area realtors on commercial space. In addition, the cost to retrofit the available commercial space to accommodate the needs of the state would have exceeded \$4,300,000.

After subsequent conversations between state agencies, and upon analysis and recommendations from Mr. Boyle, the Office of Attorney General agreed that the most cost-effective and beneficial course for the state was a transition from the lease model to the possibility of buying or building (under the direction and supervision of OMB) a new office for BCI to use. I located a number of locations where office space or garage space existed but rarely together. Also, the available square footage was either too small or too large for NDBCI's use and the anticipated lease costs were 2X to 3X higher compared to the available money allocated to the current Minot NDBCI office and availability of comparable square footage. Locations were either too small or too large for BCI-only needs. As a note, the current lease rate for the Minot BCI office is \$11 per square foot. OMB suggested a lease rate from a newly built state-owned building could be as low as \$6 per square foot which would cover utility costs.

In the Spring of 2024, I learned the ND Highway Patrol was experiencing a similar office building situation in Minot. NDHP was also looking for a new space however high lease prices for commercial space in the Minot area were restrictive in finding a suitable location. From the conversations between the two agencies, an idea was born to work with DOT and potentially use DOT land in the Minot area for a new office building. The idea was to request DOT to either build an office building to house BCI and NDHP or to transfer DOT land to another state agency for an office building to be built to house BCI and NDHP.

In September 2024, a meeting was held between BCI, Office of Attorney General, NDHP, DOT and OMB. There was a consensus between all agencies the project could work and would solve office space needs in the long term for two state law enforcement agencies. BCI and OMB worked on square footage estimate between the needs of BCI and NDHP which would include

office and garage space. The agencies would have separate office areas but share some common rooms such as a multi-use room for training and operational briefings.

Agency Budget Savings

OMB estimates a minimum lease savings of approximately \$3,500,000 over 20 years leasing from a state agency compared to leasing from a private commercial landlord. A state-owned building would lease to BCI and NDHP at a \$6 per square foot rate. Private commercial landlord rates start at \$18 per square foot the first year or two and climb into the \$20-\$25 per square foot range. BCI and NDHP would effectively use less agency budget money for office lease payments.

Fiscal Impact

OMB estimated a building size of approximately 14,000 square feet would accommodate both agencies for the long term. OMB also used the figure of \$350 per square foot would be an estimate for new construction to include all finishings and office furniture. Using those two figures estimated between BCI and OMB, the estimated new building construction cost was estimated at \$4,900,000.

A recent review of the cost estimates by OMB in March 2025, revealed the building costs are more accurately represented at \$400 per square foot. Using the estimated building footprint of 14,000 square feet, the new cost estimate is now \$5,600,000.

Alternative Option

BCI and OMB conducted a financial comparison of purchasing the current ND Job Service building, renovating, and building an addition to. The property has an insured value of \$2,265,100 per the fiscal note from ND Job Service in 2023. However, one key reason the building is being sold is that it is in dire need of significant, costly maintenance and renovations. Also, it is not sufficient in its current state or size to house any expansion of ND BCI. After a complete interior renovation and building additions are completed, an alternative fiscal impact would be \$4,363,510. This number does not consider the occupants of the Minot BCI office relocating for several months at another commercial property incurring another commercial lease

and moving expenses which is estimated to be at least \$250,000 in additional costs while construction is completed. The renovated building would be approximately 50 years older compared to a new build. A cost comparison showed the costs virtually the same considering the variables of new versus buy and remodel. Also, the NDHP have stated a renovated ND Job Service building would not be a feasible option for NDHP considering the less than desirable location and response times in and around Minot.

Benefits

1. **Stability:** Long term office space for BCI and NDHP eliminating the revolving hazard of moving to a different location while occupying an office managed by the government and not a private landlord.
2. **Cost:** State agencies avoid high commercial lease rates eating at agency budgets year-over-year. Also, maintenance costs of a new building are much lower than that of a 50-year building BCI is currently located within.
3. **Co-habitation:** Housing patrol and investigative law enforcement agencies sharing resources, space, and a training area to supplement each agencies' missions and preparation.
4. **Location:** The DOT location is better situated geographically for moving in and around the City of Minot with quick access to the highway bypass encircling the City of Minot as well as the DOT site is sandwiched between Highway 2 East and Highway 52 South.
5. **Space:** The proposed location gives BCI and NDHP a building to accommodate personnel growth already incurred and the future growth of each agency. The space available for evidence, training, vehicles, equipment, and offices is already maxed out for the agencies.

Conclusion

Historically, BCI and NDHP have had worked jointly in several field offices and support each other during investigations and incidents across the state. The NDHP has expanded their criminal interdiction team to the Minot area and has paid off in several cases and operations working in conjunction with BCI and the Ward County Narcotics Task Force. BCI and NDHP have clearly defined roles in their missions, but the agencies are complementary to each other. A permanent

office building for BCI and NDHP, together at the DOT location, is not only financial responsible, but also logical and practical for the long-term future.

Thank you for your time and consideration. I urge you to support this important legislation.