

1999 SENATE APPROPRIATIONS

SB 2030


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2030

Senate Appropriations Committee

Conference Committee

Hearing Date January 27, 1999

Tape Number	Side A	Side B	Meter #
1		x	2410-end
2	x		0-877
2/2/99	1	x	3,160
Committee Clerk Signature 			

Minutes:

KEN BAKER: Explained the fact sheet distributed concerning SB 2030 (attached) (tape 2410-3128)

SENATOR NETHING: Could you give us some thoughts on the four common points from the letter I received from concerned citizens and that you have referenced?

1. traffic studies
2. environmental impact
3. green space - maintain looks of campus
4. integrated and coordinated plan so that buildings and total development merge together for an attractive site

KEN BAKER:

1. We have created an advisory committee which is focused on the development of the property. The advisory includes two representatives from that neighbor group, with whom we met and went over the details. We are concerned about the general plan, particularly with the arena. (Passed around preliminary drawing).
2. The arena will take up 32 acres of the 148 acres that is available. We had to start thinking about developing the entire property, not just the Barnes and Noble part of it. We are at work with the architects and the representatives of Barnes and Noble on the development of a site plan of the entire area, showing different developments. We expect to have some alternative suggestions within the next two weeks about what the integrated plan would look like.
3. The green space areas in the plan represent our efforts to maintain the green space. We want this to be a village that will retain the university atmosphere, not a strip mall.
4. The traffic study is underway and is being carried out by the city planner in conjunction with the city, keeping traffic impact to a minimum.

PEGGY LUCKY: A traffic study is to be completed before that property can be developed. Grand Forks currently has a contract for a traffic study, and we are negotiating with the city to participate in that study. No study has been initiated yet on our property, and we are negotiating a price in an addendum to the city's contract. There could be a draft report by the end of March.

KEN BAKER: Our commitment to the neighbors has been to try to mitigate and try to minimize those impacts, which is why they are included in our advisory committee. We are involving neighbors to address concerns.

SENATOR BOWMAN: My concern is the "other retail businesses. What is to prevent, for example, a bar to buy space, and is that good for the university's image? I don't see anything to stop that from happening.

KEN BAKER: The notion of the creation of a university village derives from the flood. We lost 900 students as a result of the flood, and we are working very hard to get those students back. One of the things students have told us is that they would like to have services adjacent to the university. Now they have to go downtown to access these services, which the village would be able to provide. We believe this will help retain current students and recruit future students. We will develop city covenants with the prime developer of the city.

SENATOR BOWMAN: Have you checked into privatization?

KEN BAKER: We are hoping that the whole thing will be privatized, except since we're using public land we have to have the authorization of the legislature to allow those private facilities to use the public land.

SENATOR ANDRIST: How much of the space is Barnes and Noble going to utilize?

KEN BAKER: The store will be 32,000 square feet, which is all of the building. My response to Senator Bowman had to do with the rest of the space in the entire 148 acres.

SENATOR ANDRIST: Does Barnes and Noble have an exclusive market?

KEN BAKER: They do have an exclusive market as far as the sale of books on our campus, but students may access books from other sources. An emerging market is via the Internet. UND would get a portion of Barnes and Noble on line sales.

SENATOR SOLBERG: The 10-year lease?

KEN BAKER: Ten years renewable for ten more years.

SENATOR KRAUTER: Where did the existing \$1,088,000 come from?

PEGGY LUCKY: The bookstore is an auxiliary, a self supporting entity. As such it is compelled to provide resources for its ongoing operations and earnings are retained in a reserve fund.

SENATOR KRAUTER: What's going to happen to the existing book store?

KEN BAKER: We are exploring possibilities. Barnes and Noble indicated that they would like to retain some of that space, but it won't use all of the space. A possibility is the sale of computers; Barnes and Noble does not want to be in the business of selling computer hardware. Students have told us that this is something that they would like to have, and we feel we need to provide this service. We have a task force in place to examine the possibilities, reporting in March.

SENATOR KRAUTER: Barnes and Noble is 32,000 sq. ft. What is the size of the current book store?

KEN BAKER: 16,000 square feet

SENATOR KRINGSTAD: Since you're going to take the renovation aspects out of the \$1,088,000, will you be coming back to us for additional moneys for renovations to this area?

KEN BAKER: We are not anticipating that.

SENATOR NETHING: As I understand it, the steps needed are for the legislature to pass this bill, the Board of Higher Education authorizes, then you develop the plan, then you go back to the Board for final authority. Is that the process?

KEN BAKER: The Board has approved us for bringing this bill to you, but as we do construction, we would do the normal processes, including the review at the moment.

SENATOR NETHING: So the Board is the ultimate authority, I mean, you folks do all of this, but with their approval.

KEN BAKER: We have to follow all of the prescribed Board and state procedures.

SENATOR TALLACKSON: Is the bookstore open to the public also?

KEN BAKER: Yes. This whole concept derives from the flood, and this is going to help develop the north end of Grand Forks in terms of commercial capability. We expect Barnes and Noble to be a regional store. We get 12% of gross sales.

SENATOR BOWMAN: My concern is that I do not want to see a liquor establishment on public land. Would you be opposed if amended to exclude any liquor business on this?

KEN BAKER: No, I certainly feel your concerns. I would have some concern about the amendment because we do anticipate a restaurant as part of the complex. It is possible that these establishments might want to have liquor availability, and so I wouldn't want to prevent that from happening.

SENATOR ANDRIST: Is there the possibility that you will be back two years from now and want some bond issue support so you can build an additional facility for this restaurant, and have you explored the potential? I'm uncomfortable with the idea that the state is going to build infrastructure to lease out any number of businesses; I'd be more comfortable with a condominium-type ownership, and let the private industry build their own buildings.

KEN BAKER: We heard from our local business people who made it clear that we would not be putting in subsidized infrastructure paid for by taxpayer and then a certain few businesses would get to use it. We are trying very hard to avoid that. What we are anticipating is that we will be able to enter into an agreement with the developers who will be responsible for completing the infrastructure issues.

REPRESENTATIVE POOLMAN: District 42 to testify in support of SB 2030 and SB 2220. I represent individuals who sent letters concerning north side campus development. I don't believe the legislature should address surrounding citizens' concerns relating to development in a community. We need to trust our university officials to be able to allow for growth and take into account the concerns of the neighborhood. There is a concern of the neighborhood that they don't want liquor establishments on the university property, but once the Barnes and Noble and winter sports facility are built there will be a lot of commercial development on the north side; built with private dollars that are going to include some of those types of facilities. But they will not be on university land. We anticipate many types of businesses to build on the north side, such as hotels, motels, restaurants, etc., lending itself to the development of the north side.

SENATOR BOWMAN: I think that if that growth is going to happen, let us let those kinds of establishments build on the private land and keep the university image away from that. That is why I want to include that kind of legislation.

REPRESENTATIVE POOLMAN: I agree, but we need to trust the university system to protect their image and limit their liability that can occur on their property. I would encourage you to allow some local control on that matter.

LARRY ISAAC: The Board of Higher Education supports the bill. It is a progressive idea, an example of privatization.

SENATOR NETHING: Closed the hearing of SB 2030 (tape 877)

2/2/99

(tape 1 3160)

SENATOR NETHING: Reopened the hearing on SB 2030 and called for the motion on the amendment.

SENATOR BOWMAN: Moved do pass the amendment to SB 2030 restricting off-sale of alcoholic beverages.

SENATOR HOLMBERG: Seconded the motion.

**ROLL CALL: 12 YEAS; 1 NAY; 1 ABSENT & NOT VOTING
AMENDMENT CARRIED**

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Senate Appropriations Committee

Bill/Resolution Number SB 2030.lwp

Hearing Date ~~1/27/99~~ 2-2-99

SENATOR NETHING: Called for the motion on SB 2030 as amended.

SENATOR HOLMBERG: Moved do pass SB 2030 as amended.

SENATOR BOWMAN: Seconded the motion.

**ROLL CALL: 13 YEAS; 1 ABSENT & NOT VOTING
SB 2030 CARRIED AS AMENDED**

CARRIER: SENATOR HOLMBERG

SENATOR NETHING: Closed the hearing on SB 2030

Date: 2/2/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2030

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 90228.0301

Action Taken NO PASS

Motion Made By SENATOR BOWMAN Seconded By SENATOR HOLMBERG

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson		✓			
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter					
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 12 No 1

Absent 1

Floor Assignment _____

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

To insert restriction on "off-sale of alcoholic beverages"

Date: 2/2/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2030

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By SENATOR HOLMBERG Seconded By SENATOR BOWMAN

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter					
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 13 No _____

Absent 1

Floor Assignment Sen Holmberg

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

REPORT OF STANDING COMMITTEE

SB 2030: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2030 was placed on the Sixth order on the calendar.

Page 1, line 7, remove "other" and after "businesses" insert "other than for the off-sale of alcoholic beverages"

Page 1, line 11, remove "other"

Page 1, line 12, after "businesses" insert "other than for the off-sale of alcoholic beverages"

Page 1, line 13, remove "other" and after "businesses" insert "other than for the off-sale of alcoholic beverages"

Renumber accordingly

1999 HOUSE APPROPRIATIONS

SB 2030

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2030

House Appropriations Committee

Conference Committee

Hearing Date March 8, 1999

Tape Number	Side A	Side B	Meter #
2	x		17.5-38.3
Committee Clerk Signature <i>Paulette Gustafson</i>			

Minutes:

A Bill for an Act to provide an appropriation for the construction of a building on the university of North Dakota campus; and to declare an emergency.

17.3 Chairman Dalrymple opened committee hearing for SB 2030. All members present.

17.4 Ken Baker (President of UND) presented the bill about adding a bookstore.

34.7 Rep. Monson asked if the building would be in the flood plain. Mr. Baker states that they wouldn't be they moved the building for North and South to East and West.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2030

House Appropriations Committee

Conference Committee

Hearing Date March 16, 1999

Tape Number	Side A	Side B	Meter #
1	x		2.0-14.0
Committee Clerk Signature <i>Roxanne Kone</i>			

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2030.

1A: 2.2 Chairman Dalrymple commented that lines 16-18 are the committees biggest concern... Neither the board nor the university may use funds other then revenue derived from the lease of the building for the operation and maintenance of the building. Further commented that it would seem that would protect us from extraordinary expenses within relation to the building.

1A: 2.9 Rep. Byerly asked about the residential properties in the area regarding development.

1A: 3.9 Rep. Poolman replied the residents in the area are not opposed to development. They are working with the university on a traffic study, to study the flow of traffic to the facilities that are going to be located there. Possibly looking at an off-road off of 6th avenue north.

1A: 5.6 Rep. Huether asked if UND owns all the land that is underdeveloped up to Highway 2. Rep. Poolman replied yes.

1A: 6.5 Rep. Carlson commented he has one objection to the project and that is the improvements that went into that area. They took \$1.7 million dollars of flood recovery money and paid for the infrastructure of the subdivision. Personally, doesn't feel that is what the FEMA money was used for. Doesn't object to the project.

1A: Rep. Poolman also commented that he doesn't necessarily agree with how the money was spent. But UND had flood damage, participated with flood recovery, housed people from the community during the flood recovery and felt those areas were flood related.

Page 2

House Appropriations Committee

Bill/Resolution Number 2030

Hearing Date March 16, 1999

1A: 8.0 Rep. Svedjan commented and agreed with Rep. Poolman regarding UND component to Grand Forks. The \$1.7 million could not be used for the dyke or flood protection. The city had to decide where to put the money to use. Further commented on residential area north of UND. The whole area is not all residential: some occupied by Greek system and commercial/business property.

1A: 11.3 Rep. Poolman moved the amendments. Rep. Carlisle 2nd the motion. On a voice call vote the motion carried.

1A: 12.0 Rep. Poolman moved for a DO PASS AS AMENDED. Rep. Svedjan 2nd the motion.

1A: 12.2 Rep. Delzer asked about the payoff and the contract with Barnes and Noble with UND. Rep. Dalrymple replied there is a fairly long lease and payoff provisions.

On a Roll Call Vote the motion carried.

16 voting Yes

3 voting No

1 voting Absent

Rep. Poolman: Carrier

Date: 3-16-99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2030

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number 90228.0401

Action Taken DO PASS AS AMENDED

Motion Made By POOLMAN Seconded By SVEDJAN

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols	✓	
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold			Svedjan	✓	
Bernstein	✓		Timm	✓	
Boehm		✓	Tollefson	✓	
Carlson		✓	Wentz	✓	
Carlisle	✓				
Delzer		✓			
Gulleson	✓				
Hoffner	✓				
Huether	✓				
Kerzman	✓				
Lloyd	✓				
Monson	✓				

Total (Yes) 16 No 3

Absent 1

Floor Assignment REP. POOLMAN

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

REPORT OF STANDING COMMITTEE

SB 2030, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2030 was placed on the Sixth order on the calendar.

Page 1, line 9, after "by" insert "or a loan from"

Page 1, line 10, remove "alumni"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 230 - UNIVERSITY OF NORTH DAKOTA

HOUSE - In addition to other available sources of funding for construction of the university bookstore building, this amendment authorizes the University of North Dakota to spend funds resulting from obtaining a loan from the University of North Dakota foundation for the project.

1999 TESTIMONY

SB 2030

1/27/99

FACT SHEET
University of North Dakota
Senate Bill 2030

- The 32,000-square foot building, owned by the University of North Dakota, will house the University Bookstore (operated by Barnes and Noble) and a Barnes and Noble Super Store.

- The building will be funded from the following sources:

Proceeds from the sale to Barnes and Noble of UND's bookstore inventory (\$1.2 million to \$1.4 million).

Existing bookstore building reserve funds that are cumulated for renovation purposes (\$1,088,000).

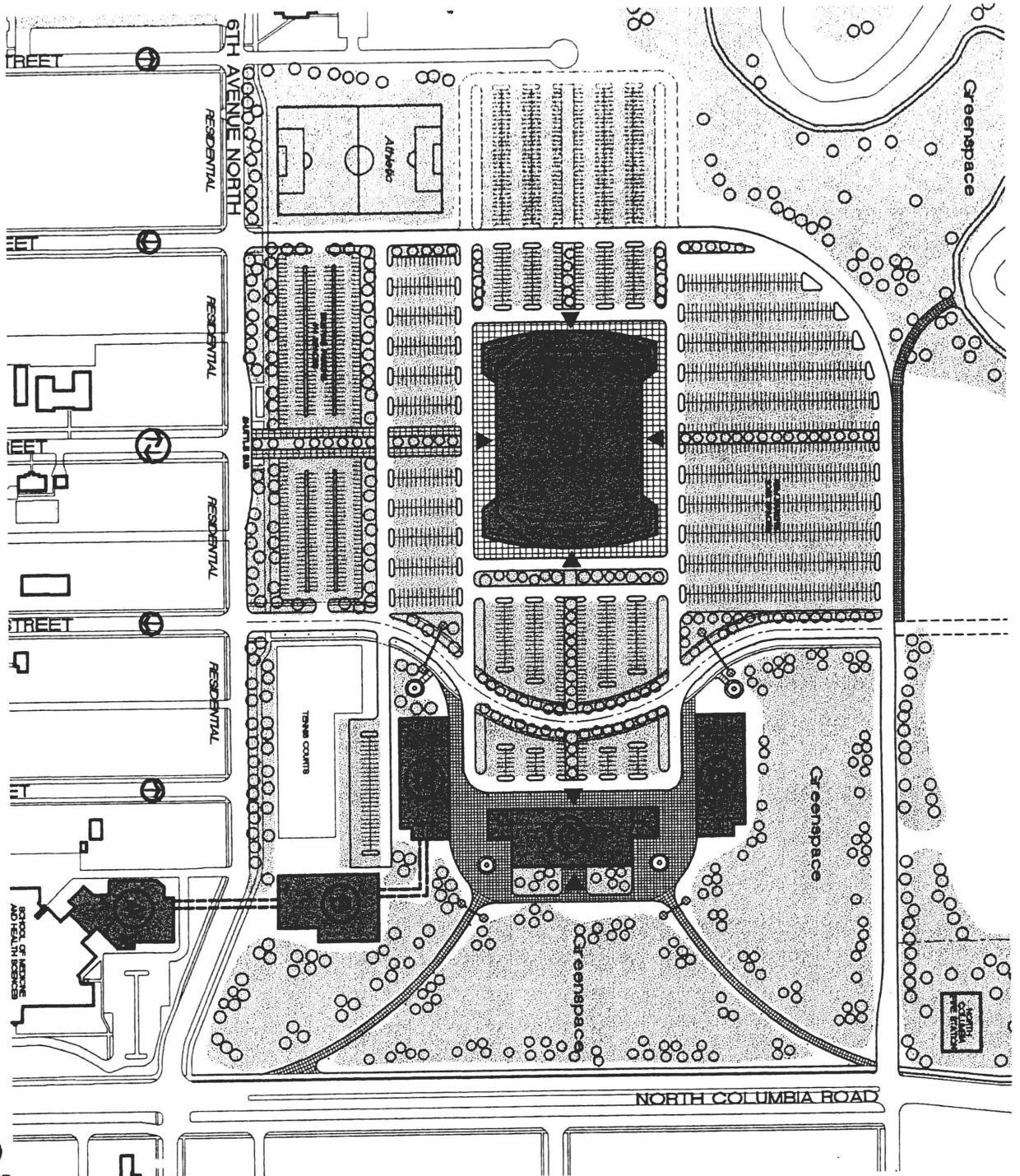
The balance, as needed, from the sale of revenue bonds by the University of North Dakota Alumni Foundation, up to a total project cost of \$4.5 million.

- UND will receive 12% of all Barnes and Noble sales up to \$10 million, 13% of all sales between \$10 million and \$13 million, and 14% of all sales in excess of \$13 million. [Barnes and Noble has guaranteed a minimum annual payment of \$707,017 for ten years]. Hence, we anticipate that UND's share of gross revenues from both bookstores, assuming stable enrollment, will be \$1,020,479 in the first full year of operation, rising to \$1,840,889 in year ten. [Assuming a five percent decline in enrollment, UND's share would be \$915,100 in the first year of operation].
- The bonds will be retired from UND's share of the gross revenues that it will receive annually. For example, assuming that the Foundation sells between \$1.1 million to \$1.8 million in bonds and the annual interest rate is 6.5%, with the bonds amortized over a 10-year period, the annual bond payments would be between \$151,312 and \$250,388.
- Barnes and Noble will be responsible for its own interior maintenance and janitorial services. The University will be responsible for utilities, exterior maintenance and parking lot maintenance and snow removal, estimated at \$62,000 in year one. UND will fund these costs from its share of gross revenues.
- In addition to generating new sales taxes for the city and the state, the building will generate real estate taxes for the community, estimated between \$60,000 and \$70,000 annually. Barnes and Noble has agreed to pay \$20,000 annually, with the balance paid from UND's share of the revenues.
- Gross revenues over expenses will be allocated to programmatic needs of the University. This net figure before the bond payment is projected at \$908,079 in year one, rising to \$1,701,077 in year ten.
- The emergency clause is sought to allow construction to begin as soon as possible.

Proposed amendment to SB 2030

Line 9: Change "the sale of revenue bonds by the university of North Dakota alumni foundation" to "**the sale of revenue bonds by or a loan from the university of North Dakota alumni foundation**".

MASTER SITE PLAN



- LEGEND**
- Ⓐ BIO-MEDICAL RESEARCH FACILITY (IN PROGRESS)
 - Ⓑ PROPOSED HEALTH SERVICES
 - Ⓒ PROPOSED BARBERS & HOULE
 - Ⓓ ENGINE STADIUM HOCKEY STADIUM
 - Ⓔ FUTURE EXPANSION

1" = 200'-0"

SITE PLAN
DATE 02/25/99

PROGRAM
PRELIMINARY

PROGRAM
PRELIMINARY

SCHOEN ASSOCIATES
ARCHITECTS



UNIVERSITY OF NORTH DAKOTA
UNIVERSITY VILLAGE

GRAND FORKS, NORTH DAKOTA 58201