

Summary from the Land Board Meeting on May 30, 2014

The 2013 Legislature – appropriated \$240 million to the Oil and Gas Impact Grant which is administered by the Land Board through the Energy Infrastructure and Impact Office (EIIO).

Of this appropriation, \$239.3 million will be available for grants to political subdivisions which are directly impacted by energy development. Additionally, \$9.6 million was appropriated to the Attorney General to assist law enforcement agencies impacted by energy activity.

The Legislature specified that \$103.5 million of the funds be granted to particular grant areas directly impacted by energy development:

- \$5 million to counties experiencing new oil and gas development

- \$60 million to airports

- \$4 million to Higher Education institutions

- \$3 million for a dust control pilot, \$1 million to each of three counties

- \$7 million for sheriff's departments

- \$7 million for emergency medical services

- \$3.5 million for fire protection districts

- No more than \$14 million collectively to the hub cities, \$Williston Dickinson, and Minot.

In addition to the funds appropriated to the Oil and Gas Impact Grant Fund, the Legislature provided \$9.6 million to the Attorney General's Office for grants to assist law enforcement agencies in oil-impacted counties or in counties impacted by energy activity. The grants will be made by the AG's Drug and Violent Crime Policy Board with the concurrence of the Land Board.

Besides a dramatic increase in the Oil and Gas Impact Grant Fund, legislation also increased the gross production tax allocation to cities and counties and "Hub cities", hub city school districts, other school districts and townships.

Grant Round Schedule and Preliminary Allocations:

In concert with the legislative designated grant areas, the Land Board has established the following grant round schedule and preliminary allocations of the 2013-2015 Energy Impact Grant Funds:

ENERGY IMPACT GRANT SCHEDULE

2013-2015 Biennium			
		2013-14 Fiscal Year (In Millions)	2014-15 Fiscal Year (In Millions)
2013	June/July	Hub Cities	\$14 Pledged
	June/July	Dust Control	\$3 Pledged
	April/July	Airports	\$25.6 Pledged
	April/July	City Infrastructure	\$40 Allocated
	June/Aug	K/12 Schools	\$12.5 Allocated
	Sept/Nov	Emergency Services & Response Assets and Training	\$20 Allocated
	2014	Dec/Jan	Higher Education
Feb-April		General (all other political subdivisions)	\$4 Allocated
		Airports (Remaining to be awarded)	\$10.4
		Contingency	\$10.10
Total For Awards 2013/14 Fiscal Year		\$143.5735	
2014		Counties Emerging into Energy Sector	\$5 Allocated
	April/July	Airports	\$24 Allocated
	April/July	City Infrastructure	\$40 Allocated
	June/July	K/12 Schools	\$12.5 Allocated
	Sept/Nov	Emergency Services & Response Assets and Training	\$4 Allocated
	Feb-April	General (all other political subdivisions)	\$4 Allocated
		Contingency	\$6.2
Total For Awards 2014/15 Fiscal Year		\$95.7	

2013-14 FISCAL YEAR TOTAL PROJECTED AWARDS = \$143.5735

2014-15 FISCAL YEAR TOTAL PROJECTED AWARDS = \$95.7

TOTAL BIENNIAL APPROPRIATION = \$240

TOTAL BIENNIAL APPROPRIATION FOR AWARDS = \$239.3

Biennial Total Remaining To Be Awarded = \$239.

*(In Millions)

Advisory Committees

During the 2011-2013 biennium, the Board was assisted in the determination of grant awards, by an energy impact grants advisory committee, made up of local city, county and township officials. This committee has proven beneficial and key in the grants process, especially during the infrastructure grants round.

In order to continue to include local information, the Land Board will continue to seek the advice of a regional advisory committee, but will also implement committees made up of members oriented toward the specific grant round purpose. As an example, during the emergency services grant round, a committee will be created from respective EMS, fire and sheriff's departments to assist in formulating award recommendations to the Land Board. The existing committee would continue with its focus on the general and the city infrastructure grants.

Dust Suppression Pledge Recommendations

The 2013 Legislature identified \$3 million of the Oil and Gas Impact Grant funds for \$1 million grants to Bowman, Dunn and Mountrail counties for a pilot project for dust control.

In coordination with the Department of Health, the Association of Oil and Gas Producing Counties and the Industrial Commission, guidelines were developed as follows:

Energy Infrastructure and Impact Office Pilot Grant Round for Dust Control Grants

The Sixty-Third Legislative Assembly appropriated funding in House Bill 1358, for the Energy Infrastructure and Impact Office (EIO), to provide grants of \$1,000,000.00 to each of three counties in oil-impacted areas under a pilot project for dust control. The three counties identified in legislative intent are Bowman, Dunn, and Mountrail. The pilot program is to assist these counties as they use different dust control products, learn from the varied use of the products and share the results through reporting. If positive results are realized, the knowledge gained will be used in potential future dust control grant rounds for other dust impacted counties in oil country.

Applications will be accepted from Bowman, Dunn, and Mountrail counties through May 22, 2012. The application form is available on the energy impact website at www.nd.gov/energyimpact. Applicants must identify the impacts being realized from dust caused by oil and gas development in their area. A project plan needs to be identified for using various types of product in an effort to address controlling dust. The applicant will be responsible for tracking the levels of success being realized and the county commission from each county is responsible for reporting the results to the EIO Director by January 1, 2014. As a matter of reference, expenses the county has incurred the previous two years for dust control should be identified in the application.

Guidelines

- Applications will only be received from Bowman, Dunn and Mountrail Counties at this time.
- Projects submitted are eligible for an award of \$1,000,000.00 for identified project costs related to this dust control trial. Expenses for dust control during the entire 2013-2015 biennium can be used toward obtaining the \$1,000,000.00 award.
- Costs allowed include purchase of a commercially obtained dust control product, cost of obtaining oil well produced saltwater that has been approved for use by the North Dakota Department of Health, cost for transporting the product, costs for applying the product including road preparation, purchase of equipment for storage of product, equipment used in the application process, contract labor and/or labor costs to manage the project efforts including to monitor and document the results and provide the report of results experienced to be submitted by the county commission to the EIO by January 1, 2014.
- The report to be filed with the EIO Director by January 1, 2014, must identify product applied (if brine where obtained, and calcium & sodium content), date applied, application rate, results experienced in comparison to other products, costs of product per mile including transportation and application costs and if weather conditions and seasonal changes affected results.

Airport Funding Commitments:

The 2013 Legislature identified \$60 million of the Oil and Gas Impact Grant funds for oil impacted airport improvement projects. The EIO and North Dakota Aeronautics Commission have collaborated to identify recommendations. The Land Board committed \$25,597,860 to airports for their projects during the 2013-2015 biennium:

- Minot Airport's Terminal Construction
- Dickinson Airport's Commercial Service Apron Expansion
- Williston Airport Planning for Future Growth
- Construction of the New Bowman Airport
- Crosby Airport's Lighting and Apron Rehabilitation
- Kenmare Airport's Runway, Taxiway, and Apron Rehabilitation
- Killdeer and New Town Airport's Runway Design Revitalization
- Mohall and Tioga Design and Construct Airport Fueling Systems
- Stanley Airport's Apron Construction
- Watford City Airport's Apron Rehabilitation

City Infrastructure Grant Requests and Hub City Recommendations

The first grant round of the 2013-2015 biennium is the city infrastructure requests. Grant applications were accepted through May 8, 2013. Non-Hub Cities submitted 82 applications for projects totaling \$474.4 million with request for \$422.1 million in funding.

Applicant meetings occurred May 21, 23, 30, 31 through June 4 at regional locations throughout the West. Scoring of the applications is scheduled to be completed by the second week of June 2013. The energy impact grants advisory committee will review the applications and assist in developing a recommendation to the Land Board for awards in time for its June 27, 2013 meeting.

Hub Cities

The Hub cities of Dickinson, Minot and Williston, submitted 32 applications for projects totaling \$349.2 million and requesting \$231.3 million of Energy Impact Grant Funds. The 2013 Legislature identified and capped funding for hub cities at \$14 million from the Oil and Gas Impact Grants Fund to hub cities.

The Land Board has provided each Hub city with a commitment of a grant for each city's priority as follows:

POLITICAL SUB NAME	SHORT DESCRIPTION	AMOUNT REQUESTED	LONG DESCRIPTION	Recommended Pledge Award
CITY OF DICKINSON	WATER AND WASTEWATER INFRASTRUCTURE TO SUPPORT NEW HOUSING AND OTHER NEW DEVELOPMENT	\$59,900,000	West Lift station & Force main to serve West Ridge, Pinecrest, diesel refinery and the City of South Heart	\$7,000,000
CITY OF MINOT	NORTH SANITARY SEWER IMPROVEMENTS - #1 PRIORITY PROJECT	\$16,474,000	PROVIDE TRUNK SANITARY SEWER CAPACITY TO OVER 8,343 ACRES OF LAND SUPPORTING CONTINUED CITY GROWTH.	\$5,000,000
CITY OF WILLISTON	SEWER PLANT UPGRADE	\$25,000,000	SEWER PLANT UPGRADE	\$2,000,000
			Total Recommended for Pledge Awards	\$14,000,000