Bill Brief – Senate Bill 53

Sell Existing and Acquire New Real Property in Pennington County for the SDSU West River Ag Center

What does this bill do?

• The bill authorizes the Board of Regents and South Dakota State University to sell real property containing the current West River Ag Center and acquire real property in Rapid City for a new location for the West River Ag Center.

• Proceeds from the sale of existing real property will be deposited with the state treasurer, in accordance with SDCL 5-2-2.1 and 5-2.2.3, and the proceeds and any earnings from it will be applied to acquire new real property authorized by this Act.

• To acquire the property, the Board of Regents will enter into a lease-purchase agreement, with a maximum principal amount not to exceed $3.5 million and a term not to exceed 20 years.

Why is this necessary?

• Currently, SDSU has two primary facilities in the Rapid City region—the West River Ag Center and the Regional Extension Center.
  o The Ag Center houses faculty and staff involved in research, Extension, and teaching in the areas of animal science, natural resource management, and agronomy.
  o The Regional Center is home to SDSU Extension field specialists in crop and livestock systems, 4-H youth development, community development, food and families, rural and urban initiatives, and Native American programs.

• The new location will provide a facility large enough to accommodate all of the Ag Center and Regional Extension Center programs at a single location. This opportunity to house all SDSU personnel under one roof will improve the university’s public visibility and facilitate collaboration among its personnel.
  o It is quite common for people to stop by one of the SDSU facilities in Rapid City, only to learn they need to be at another place. A single, prominent SDSU facility in Rapid City brings the university to a new level of visibility and increases the number of people it serves.

• The new location for the West River Ag Center is just off Interstate 90’s Exit 60 and next to Menards. The former First Interstate Bank location (711 N. Creek Drive) offers convenient access with very suitable parking in a high-traffic area. The Regional Extension Center is already located in the lower level of this building and paying rent. Constituency groups find this location to be far more accessible than the current location of the West River Ag Center, which is on the far west side of Rapid City.
Since the bank building is on the market for sale, if SDSU does not acquire it for a combined facility, the Regional Extension Center will most certainly have to move elsewhere.

What fund sources will be used to pay for annual lease payment for the acquisition of the West River Ag Center facility?

- Purchase price for the building is being offered below appraisal cost. The building is in excellent condition with high-quality construction. At the current purchase price, SDSU will pay less than $145 per square foot for the building, compared to new construction that runs $200 to $280 per square foot.
- The annual lease payment will be made from the operating funds for SDSU Extension, operating funds for Agricultural Experiment Station, the proceeds from the sale of the existing facility, and earnings generated from the investment of the sale proceeds. With this financial arrangement, the new site is a cost-effective co-location of the Regional Extension Center and the SDSU Extension and Agricultural Experiment Station functions, which are referred to as the West River Ag Center.