

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – K

DATE: October 7-8, 2015

SUBJECT: Special Bill for ADR&DL Planning Funds

The mission of the South Dakota Animal Disease Research and Diagnostic Laboratory is to protect and improve the viability of the South Dakota livestock industry, the health of animals, and the welfare of society through high quality diagnostic, research, extension and teaching activities. The ADRDL provides high quality veterinary diagnostic services as a means to promptly and accurately establish causes of animal health problems. Such diagnosis aids attending veterinarians and health officials in the treatment, control, prevention, and surveillance of animal diseases to the benefit of the South Dakota livestock industry, other animal owners and the public at large. Continued service to provide high quality animal and public health is dependent on up-to-date facilities, biocontainment of infectious agents, capacity for growth of specialized and emergency testing, research in the control, prevention and diagnosis of infectious diseases and teaching the next generation of animal and public health scientists. While the facility is assigned to SDSU, it clearly has a broad state function and mission important to the State of South Dakota. Because the facility is assigned to SDSU and is on the SDSU campus, the Board has taken the lead at this point to approve preliminary planning and select the A/E firm to start some of the planning work.

In October of 2014, the Board approved the Preliminary Facility Statement for the Animal Disease Research and Diagnostic Laboratory. In December, SDSU presented a Facility Program Plan that indicated the need for multiple additions and renovation of the existing Animal Disease Research and Diagnostic Laboratory (ADRDL) facility at an estimated cost of \$63,787,700. The Facility Program Plan with all the details is provided for reference as Attachment I. The Board approved the Facility Program Plan with the following recommendation:

(Continued)

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

I move approval of a special bill that would identify and allocate \$2,000,000 of general funds within the FY16 budget of the State of South Dakota for design and planning services to plan and estimate the Animal Disease Research and Diagnostic Laboratory Addition & Renovations project at South Dakota State University should this be identified as a priority of the State.

Approve SDSU's Facility Program Plan which will allow SDSU to investigate alternatives and options for the renovation and enhancement of the existing Animal Disease Research Diagnostic Laboratory building. SDSU is requested to develop construction/renovation options that would provide various levels of diagnostic and industry service capabilities, that in the end will provide cost options. Further, the various options should include related business plans that will show the full extent of revenues and expenses and available resources to support the facility options. The estimated \$400,000 construction planning will come from ADRDL facility funds. A funding source will need to be identified for project construction before final design.

SDSU has since partnered with a number of agencies and commodity groups to further the dialogue about the need for the upgrade and to identify the appropriate cost for a facility that will meet the state's needs. The State Veterinarian and Executive Secretary of the South Dakota Animal Industry Board, Dustin Oedekoven held a meeting on Friday, August 21. The meeting included legislators, multiple state agencies, commodity groups, staff from the Governor's Office, staff from the Office of the State Engineer, SDSU ADR&DL representatives, and the BOR executive director. The content of the meeting invite follows:

To Interested Parties of the Veterinary Diagnostic Laboratory Expansion:

Please join me in Pierre on Friday, August 21 for a discussion with other state, local, and industry leaders regarding the future of the South Dakota Veterinary Diagnostic Lab (Animal Disease Research and Diagnostic Lab, ADRDL).

Recent animal health events have once again demonstrated the critical relevance of the veterinary diagnostic lab to our state. And while there have been many discussions on the importance of the lab to livestock, companion animal, wildlife, and public health, as well as food safety, the time to address the present and future needs of the laboratory is upon us.

Topics to be addressed at this meeting will include:

- The current status of the veterinary diagnostic lab and the services provided to the public and the region.
- The need for additional space, more bio-secure facilities for worker safety, and additional capacity for identifying emerging diseases that are significant to animal and public health.
- A review of the needs assessment that has been completed, and an update on the planning process.
- A review of the parasiticide tax and its relevance to the veterinary diagnostic lab.

- Bonding options
- Where are we now, and how can we move forward together?

The meeting will begin at 10 am on Friday, August 21 at the Matthews Training Center in the Joe Foss building in Pierre. A more detailed agenda will follow. Please respond by e-mail with your availability to attend to aibmail@state.sd.us

Please take a moment to look at the [ADRDL's website](#), where you will find a video that describes some of the key work that is carried out at the state veterinary diagnostic lab. (<http://www.sdstate.edu/vs/adrdl/index.cfm>)

Sincerely,



Dustin Oedekoven, DVM, Dipl. ACVPM
State Veterinarian and Executive Secretary
South Dakota Animal Industry Board
605-773-3321
www.aib.sd.gov

Since that meeting there has been a desire by some members of the group to do further planning over the next year and develop a final cost number for the facility that can be presented to the 2017 legislature. In order to do that planning and get the project to a point where costs can be identified with some accuracy, there is a need for planning money. SDSU is requesting that the Board support planning money to provide funding for programming, schematic design, design development, construction cost estimating, retro-commissioning services, and procurement of a construction manager at risk. During the schematic design phase various options of project scope would be examined and selected. A business plan for continued operation and maintenance of the existing and new facility would be developed. Once the scope of the project is selected, the objective would be to develop the design to a higher level of detail, and utilize a construction manager at risk to provide a Guaranteed Maximum Price estimate of construction and project costs. The developed scope and project costs would be utilized to request funding and spending authority for full design and construction of this project in the 2017 Legislative Session.

Given the number of players that need to be involved in developing the plans and deciding what the state needs, and the fact that it will require state funds to build it, the State Engineer, Kristi Honeywell, was asked to put together her estimate of what it would cost to get the project to a point where the program and costs were clear and could be taken to the

legislature in 2017. Working from the assumption that the total cost will not be more than \$65M, the following options were provided to Dr. Rush and Dr. Chicoine on 9-25-2015:

Dr. Rush and Dr. Chicoine,

After speaking to the lead architect, Greg Lattig, reviewing Clark Enersen Partner's fee proposal, and having discussions with SDSU staff as well as my own, I believe there are three possible options to consider. I will try to outline the pros and cons of each of these actions to help the Board make a final decision. I think it is safe to say that the more design that is completed, the more accurate the project cost estimation. In any case, we will have to take into account fluctuating markets (if the number is developed in 2016 and the legislature approves the project in 2017 there is the potential for a lag time of over 6 months to a year).

The dollar amounts for each of these options are based on these assumptions: Total project cost will not exceed \$65 million, the construction cost is in the range of \$50 million, and the space needed is 75,000 square feet. It's my understanding these might not be the final outcome.

Option 1. \$3 million

In answer to your question, \$3 million would be sufficient to develop a cost estimate. This would bring the design through programming and conceptual design, schematic design, and design development. This amount would also include other consultant and owner related costs. As part of this approach, a Construction Manager at Risk will be hired to help with budget estimation and provide a Guaranteed Maximum Price (with a built in contingency factor relative to the level of design provided).

- a. Pros – This amount should be the most accurate of the three options, assuming the project scope is defined during the design phases;
- b. Cons - If the project scope cannot be defined, funding isn't available to build this size of project, or if the legislature believes "it's just too much to spend" then at a minimum the design development phase would probably need to be reworked. This phase accounts for about \$900,000 of the \$3 million.

Option 2. \$2 million

This amount would bring the design through programming and schematic design. This also includes other consultant and owner related costs. Again, a Construction Manager at Risk could be hired to estimate costs and provide a Guaranteed Maximum Price (built in contingency factor would be higher than in option 1).

- a. Pros – This amount should also give a fairly good cost estimate but may be preferable if the scope or funding is unknown at this point.
- b. Cons – This would not be as accurate a cost estimate but would not risk “going too far in the design process” without project funding being secured.

Option 3. \$1 million

This amount only provides design through the programming and a conceptual design phase. This also includes other consultants/owner related costs.

- a. Pros – This amount would reduce the funding request.
- b. Cons – This amount is less accurate in determining a final project cost to take to the legislature in 2017.

It’s my understanding that SDSU currently has up to \$400,000 to spend on planning and part of this funding has been spent on Dr. Wong’s program study. If I have misunderstood any of the project details, please let me know.

I hope this helps. I’m available if you want to discuss further.

Respectfully,

Kristi Honeywell, P.E.
State Engineer
SDBOA-OSE
605.773.3466

At this point it would seem that Option 2 would get the Board and the State what it needs to identify the need, scope, and cost of the facility. SDSU still has most of the \$400,000 ADR&DL local funds remaining, so the total available planning money available with a \$2.0M request would be \$2.4M.

This facility must be a state priority and the funding to support construction will need to come from the State and others as appropriate. The planning dollars for the facility and ultimately the construction costs are not included in the Board’s FY16 budget priorities to support higher education.