

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 8 – D**  
**DATE: December 7-8, 2022**

\*\*\*\*\*

**SUBJECT**

**DSU Applied Research Lab Facility Program Plan (FPP)**

**CONTROLLING STATUTE, RULE, OR POLICY**

[SDCL § 5-14-1](#) – Classification of Capital Improvements

[SDCL § 5-14-2](#) – Supervision by Bureau of Administration of Capital Improvement Projects – Payment of Appropriated Funds

[SDCL § 5-14-3](#) – Preparation of Plans and Specifications for Capital Improvements – State Building Committees – Approval by Board or Commission in Charge of Institution

[BOR Policy 6:4](#) – Capital Improvements

[BOR Policy 6:6](#) – Maintenance and Repair

**BACKGROUND / DISCUSSION**

Dakota State University (DSU) requests Board of Regents’ approval of the Facility Program Plan (FPP) for the construction of a new Applied Research Lab located in Sioux Falls. The Preliminary Facility Statement (PFS) was approved at the January 27, 2022, BOR meeting. The estimated cost of the complex is \$50 million.

**IMPACT AND RECOMMENDATIONS**

This project will provide expanded Applied Research Lab facilities for Dakota State University located in Sioux Falls. The 3-story, 100,000 square foot facility will focus on creating a high-quality work environment by providing natural daylight, fostering indoor and outdoor relationships and views, and planning for a strong sense of campus between potential future structures.

The new facility would increase capacity for specialized laboratory, office, and data center space to support applied research in computer and cyber sciences. The current facilities in Madison enable DSU to have approximately 150 researchers. The new facility in the northwestern area of Sioux Falls would create capacity for 400-500 new federal and private sector positions.

Due to the highly sensitive nature of the project, no floor plans can be publicly posted.

(Continued)

\*\*\*\*\*

**DRAFT MOTION 20221207\_8-D:**

I move to approve DSU’s Facility Program Plan for the Applied Research Facility at an amount not to exceed \$50,000,000 utilizing private funds.

**Initial Cost Estimates**

Construction Costs	
Construction Costs	\$35,000,000
Soft Costs	\$10,000,000
Contingency	\$5,000,000
Total Project Costs	<u>\$50,000,000</u>
Funding Source – Private Funds	\$50,000,000

**Proposed Funding Sources**

The DSU Applied Research Lab will be funded entirely from private dollars. Funds have been received for construction of the facility.

Ongoing maintenance and repair of the facility as well as operations, estimated to be approximately \$600,000 annually, will be funded through lease/rental income. Details of operations and responsible parties will be determined through future lease negotiations.

**ATTACHMENTS**

Attachment I – Dakota State University Applied Research Lab Facility Program Plan

# DSU Applied Research Lab Facility Program Plan



Dakota State University requests approval of this Facility Program Plan for the construction of a new Applied Research Lab located in Sioux Falls. The Board approved DSU's [Applied Research Building Preliminary Facility Statement](#) at the January 27<sup>th</sup> 2022. In April of 2022, the Building Committee selected the design team of Architecture Incorporated and the Construction Manager Journey Group. The estimated cost of the Complex is \$50 million. Funding for the project will come from private donations.

## Fund Sources

The DSU Applied Research Lab will be funded entirely from private dollars. Funds have been received for construction of the facility. Ongoing maintenance and repair of the facility will be funded through lease/rental income.

## Programmatic Justification for Discrete Spaces

Dakota State University is committed to providing access to jobs for their graduates within the state of South Dakota as well as professionals with research jobs to the area. The Applied Research Lab facility will house research and office space for +/- 400 occupants and tenants along with the associated collaboration spaces and support spaces. The building amenities include a commons, catering kitchen, and training room and conference rooms that will be utilized by all building occupants.

## Gross Square Footage

The Applied Research Lab is planned at 100,000 gross square feet.

## Site Analysis

The location for the new Applied Research Lab is located in Sioux Fall in the northwestern area of the city.

## Description of Key Building Features

This project will provide expanded Applied Research Lab facilities for Dakota State University located in Sioux Falls. The 3-story, 100,000 square foot facility will focus on creating a high-quality work environment by providing natural daylighting, fostering indoor and outdoor relationships and views, and planning for a strong sense of campus between potential future structures. As described above the program does allow for common building amenities and collaboration spaces to supplement the research and office areas.

## Initial Cost Estimates and Funding Sources

The initial cost estimates include site development and construction of the new Applied Research Lab. Total cost is estimated at \$50 million. The budget is outlined in the following table:

<b>Projected Project Costs</b>	<b>Amount</b>
Construction Costs	\$35,000,000
Soft Costs (FFE, Technology, testing, planning and design, etc.)	\$10,000,000
Contingency	\$5,000,000
<b>Total Project Cost</b>	<b>\$50,000,000</b>

## Maintenance and Repair

The Board of Regents requires a plan to provide funding for maintenance and repair at an amount equivalent to 2% of the replacement value of the building. Revenue from lease income will provide the funding necessary for DSU to meet this requirement.

## On-going Operational Costs

The annual operating costs of the facility include but are not limited to janitorial, utilities and other related costs. DSU estimates these costs on an annual basis to be:

<b>Category</b>	<b>Description</b>	<b>Annual Cost</b>
Insurance, Utilities, Other operating Costs for common area	Approximately \$5.50/sq. ft.	\$601,000
Other Misc. Expenses	Other expenses	TBD

The additional operating costs will be funded from lease income or paid by the tenant. Details of operations and responsible parties will be determined through those future lease negotiations.