



Study of State Labs at MSU Bozeman Interim Committee

65th Montana Legislature

SENATE MEMBERS

TOM FACEY
FREDERICK (ERIC) MOORE
GORDON VANCE

HOUSE MEMBERS

BRADLEY MAXON HAMLETT
KERRY WHITE

COMMITTEE STAFF

SHAUNA ALBRECHT, Lead Staff

MINUTES LOG

Aug. 14, 2018
Room 152, Capitol Building
Helena, Montana

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COMMITTEE MEMBERS PRESENT

SEN. GORDON VANCE
REP. KERRY WHITE

COMMITTEE MEMBERS EXCUSED

SEN. TOM FACEY
SEN. FREDERICK (ERIC) MOORE
REP. BRADLEY MAXON HAMLETT

STAFF PRESENT

SHAUNA ALBRECHT, Lead Staff

[AGENDA \(Attachment 1\)](#)

CALL TO ORDER AND ROLL CALL

00:00:01 Chair White called the meeting to order noting a quorum was not present. Sen. Facey, Sen. Moore and Rep. Hamlett were absent. ([Attachment 2](#))

Review the Report & Recommendations from Consultants

00:00:57 Shauna Albrecht, LFD, presented the consultant's report. ([Exhibit 1](#))

00:07:52 Chair White asked about the main funding source for the seed and pulse labs?

00:08:33 Ms. Albrecht said the seed lab was funded mostly through general fund, with a bit of state special revenue and one time only funding. She said the pulse crop lab is university-funded as it's part of the plant science division.

00:09:11 Chair White said he saw a drastic square footage increase for the pulse lab and asked what the cost increase will be for the university?

00:09:42 Ms. Albrecht said she did not have that calculation figured at this point but would look into it.

00:09:57 Chair White said all the different labs have different funding sources and it would be good to have an idea where it's coming from and what the increases are.

00:10:30 Ms. Albrecht said she will follow up.

00:10:37 Chair White asked Sen. Vance if that was of interest moving forward?

00:10:48 Sen. Vance said yes. He asked Chair White if Ms. Albrecht's report for the interim committees would include all options for their review? He said this is their last meeting and they can't nail down the options.

00:11:34 Chair White said the report would go to the subcommittees and would include options. He said if other committees want to bring forward a committee bill in support of options that would be up to the committees. He said the report will contain information they've gathered and the proposal of possibilities by the engineering firm.

00:12:40 Sen. Vance said that is what he thought. He said rather than trying to narrow it down, they need to pass along all options to the interim committees. He said Cathy Duncan's memo also needs to be involved. ([Exhibit 2](#))

00:13:09 Chair White agreed and said some of the buildings the state has for different agencies are based on a cost-recovery system -- a public-private partnership. He referred to a presentation by Charles Robinson at the last meeting. He mentioned funding was available for chronic wasting disease and a bill is under consideration. He asked Ms. Albrecht if there is an update on Sen. Tester's bill.

00:15:41 Ms. Albrecht said she reviewed the most recent bill and it talks about funding for state entities for research but didn't clearly state whether funding would be available for new facilities. She said back in February the subcommittee requested that Sen. Tester include funding for the lab in the bill. She said she did not receive a response and the Environmental Quality Council also submitted a request.

00:16:44 Chair White asked Joe Kolman, legislative staff for EQC, if they had received a response.

00:16:53 Mr. Kolman said no.

00:17:06 Ms. Albrecht said she would continue outreach to Sen. Tester's office.

00:17:48 Ms. Albrecht continued her presentation.

00:21:03 Chair White asked if the wool lab included a first floor basement and warehouse.

00:21:14 Ms. Albrecht said correct.

00:21:19 Chair White asked about a machine in the basement that they could use to grow their testing to a national level and bring in more revenue. He asked if this report included bringing in the other machine online?

00:21:58 Ms. Albrecht said she would confirm. She said much of the renovation allows access to equipment and flow for better function.

00:22:25 Chair White asked her to confirm. He said it sounds like an opportunity missed due to the current location of the equipment.

00:22:50 Ms. Albrecht said location is a problem. She said she will follow up.

00:23:05 Ms. Albrecht continued her presentation.

00:24:32 Chair White asked her to include FWP information including blood and fluids from animals going down the drain during necropsies. He asked where it goes? He asked if it goes through a sand filter and then through the wastewater treatment plant? He said make sure that's included in the plan. He said there was also some discussion on renovation of the space where the freezers were. He said they were doing necropsies in a separate garage that has not been updated. He said there is also a concern about structural issues and wall cracks. He asked to follow up with the engineers to see if a structural analysis has been done on the building.

00:26:02 Ms. Albrecht said they did do some renovations on the monorail that assists with necropsies, it should now be functioning.

00:26:31 Chair White said when they took a tour the support system on monorail did not

have sufficient capacity in building. He said maybe that has been upgraded, but he asked to make sure that was contained in report. He said they want to make sure they clearly look at the condition of that and that their waste facility and ventilation updates are well-vetted within report.

- 00:27:34 Ms. Albrecht said she would include that information.
- 00:27:44 Chair White said FWP is open to a cost recovery situation such as renting the space vs. putting money in for construction cash.
- 00:28:17 Ms. Albrecht said yes, but the Pitman Robertson funding states the space would have to be dedicated to them. She said there was some discussion surrounding if there was space completely dedicated to FWP that might work, but sharing with other entities presents challenges.
- 00:29:01 Chair White said when the engineers report came out there were alternatives listed for FWP to have dedicated space within a new facility. He said the report shows the space currently occupied by FWP is not sufficient.
- 00:29:57 Ms. Albrecht said correct. She said they felt FWP could utilize more space if it was available.
- 00:30:18 Chair White asked if existing square footage listed is just the front building, not including upstairs and back garage?
- 00:30:42 Ms. Albrecht said she would confirm.
- 00:31:00 Andy Stepp, Park Enersen, said a portion for FWP was identified for a molecular diagnostics laboratory. He said there are certain procedures and wildlife pathogens they requested to have dedicated space for -- a little over 1,000 square feet for that function.
- 00:32:14 Ms. Albrecht continued her report.
- 00:34:57 Chair White asked about the 10 percent design contingency.
- 00:35:37 Steve L'Heureux, LPW, said the 10 percent design contingency takes into account that some things will change. This allows budget built in to cover changes, it doesn't have anything to do with design fees.
- 00:36:26 Chair White said 25% was design fee, 10% was for change orders, etc.
- 00:36:54 Mr. L'Heureux said 10% for permits, fees, etc. He said a construction contingency was built in for change orders, etc. The design contingency allows for some room if they haven't been able to address everything up to this point because of timing.
- 00:38:01 Ms. Albrecht continued her presentation.

Discussion of Options

- 00:39:25 Ms. Albrecht discussed the options in the report.
- 00:42:00 Chair White said the general scope proposed net square footage of 37,000 for the Vet Diagnostic Lab but on the diagram it's 40,000 plus?
- 00:42:31 Ms. Albrecht said that was to factor for proper mechanical systems, hallways, etc. She said the architectural piece outlines things like the fact that there are new guidelines like walkways need to be wider to allow for movement of carts.
- 00:43:36 Ms. Albrecht continued her presentation.
- 00:45:11 Chair White asked about chemical containment and if there is adequate ventilation in the existing lab?
- 00:45:36 Ms. Albrecht said the goal would be to add air handlers to the top of the building. She said there are some renovations that would take place for that space.
- 00:46:04 Chair White asked where the wool lab is in this option?
- 00:46:12 Ms. Albrecht said they would remain in existing facility for this option.
- 00:46:26 Ms. Albrecht continued her presentation
- 00:48:35 Chair White asked if the wool lab did not get upgrades in this option and there was no upgrade for the analytical lab, would FWP stay put?
- 00:49:11 Ms. Albrecht said correct and continued her presentation.
- 00:51:27 Mr. L'Heureux presented the pros and cons of the options.
- 00:52:58 Sen. Vance said option 3 was \$26 million and asked for the cost of option 1.
- 00:53:16 Ms. Albrecht said \$37.9 million.
- 00:53:30 Chair White said one good thing about option 1 was getting the wool lab into a facility that is accessible. He said he is disappointed in all options where there is no option for FWP to be a partner. He is concerned about where tissue/blood/fluids are going, backup generation, moving tissue samples and diseased animals in public realm. He asked what is the reason there is no option for FWP in overall scheme of three options?
- 00:55:15 Mr. Stepp said the situation with FWP is they have just now completed a renovation that did address some of their concerns including the flow of the entrance onto the necropsy floor, before the renovation there was no airlock

between public area and necropsy area, that has been alleviated. He said the renovation also added a prep lab and fume hood. He said some of the air flow issues are alleviated. He said backup power generation is still an issue especially for the freezer and walk-in cooler, and structural deficiencies to move around large carcasses. He said one of the main things they heard was a need for transportation of carcasses from FWP to incinerator at VDL, it is not ideal to take them across the road.

- 00:59:10 Chair White asked about taking an animal with possibly deadly diseases to be incinerated, and those fluids from the necropsy are going into Bozeman's wastewater system and that is not going to change?
- 00:59:53 Mr. Stepp said that is his understanding.
- 01:00:03 Chair White asked Ms. Albrecht if she had a letter stating FWP's unwillingness to partner?
- 01:00:46 Ms. Albrecht said she does have a letter from FWP. She said they are interested in being a part of the process but a major concern was they just received funding from Pittman Robertson and were unsure if they could go back and request additional funding. She said it was not an unwillingness but they really wanted to see the greater scope. She said she would share the letter with the committee.
- 01:01:46 Chair White said he has concerns about the safety and health issues of the current facility despite the upgrades.
- 01:02:22 Sen. Vance said he agreed with Chair White's concerns. He said he is interested in a definitive response from FWP. He said there is a lot of info out there, they should be able to say yes or not interested.
- 01:03:02 Chair White asked Ms. Albrecht to draft a letter with that basic request to FWP.
- 01:04:06 Ms. Albrecht said she would.
- 01:04:19 Mr. Stepp circled back to two issues: 1. It is easy to include FWP in options; 2. Regarding the wastewater from blood, carcass and tissues; there are effluent sterilization systems and over last 5-10 years the popularity of those systems has waned. He said those systems are finicky and maintenance is expensive. He said these days the labs have an installation of a holding tank that can be chemically treated before being released into wastewater and are used on case by case basis. He said modern VDLs also have a protocol where the drain system has a sand pipe that can be plugged temporarily where they can treat it before pulling the plug and releasing into city system.
- 01:09:13 Chair White asked if that was factored in?
- 01:09:29 Mr. Stepp said the assumption in these estimates is that the VDL would use one of the cheaper options, not heat sterilization.

01:09:57 Chair White said he would agree with that but we have to make sure -- they are talking CWD, brucellosis, possible anthrax -- they don't know what's on the horizon. He said they need a facility capable of containing that and the FWP upgrade did not include it.

01:11:41 Mr. L'Heureux returned to the pro/con discussion.

01:12:41 Chair White said the more entities and partners they can get involved including at the federal level shows it's a priority for the state and the entities involved. He said even option 3 with the smaller cost is still a large amount of money.

01:13:27 Sen. Vance said he agreed, funding would be an issue regardless of the options.

01:13:40 Mr. L'Heureux asked if funding is not a particular issue for any particular option, should it not be a consideration?

01:14:00 Sen. Vance said even the least expensive option is expensive depending on what they can find for funding.

01:14:22 Mr. L'Heureux said he is just trying to help them decide which option makes the most sense to them.

01:14:52 Chair White said another strength is using an existing facility for square footage. He said they don't have any idea what MSU's plans are moving forward.

01:17:34 Mr. Stepp said he thought MSU would be interested in reclaiming the space in McCall Hall if it was left available to them.

01:17:51 Mr. L'Heureux continued his discussion.

01:21:05 Chair White asked if the vacated space analysis includes the wool lab building and McCall Hall?

01:21:13 Mr. Stepp said in option 1 he should have listed the wool lab square footage as vacated space and it should be added.

01:22:09 Chair White said the other two options look correct as far as vacated space.

01:22:58 Ms. Albrecht said the modular behind Marsh Lab belongs to the Montana State Seed Growers Association.

01:23:36 Chair White said those structures would remain in use and are separate from this proposal.

01:23:50 Ms. Albrecht said correct.

01:24:11 Mr. L'Heureux asked if the discussion was successful or if they needed more time to

- think about the strengths and weaknesses of options.
- 01:24:26 Ms. Albrecht recommended she send an email to the committee to send her feedback.
- 01:24:54 Chair White agreed and to set suggested a deadline of Friday for feedback. He also asked her to draft a letter to FWP.
- 01:25:39 Sen. Vance said that was acceptable since he and Chair White were the only two on the call. He asked the dollar amount for option 3.
- 01:25:59 Ms. Albrecht said \$33.4 million.
- 01:26:25 Sen. Vance asked to move on to funding options.

Funding Options

- 01:26:43 Ms. Albrecht said options include bonding, general fund, finding another revenue source, federal funding, increasing fees, in-cap loan. She said Ms. Duncan responded to their questions from last meeting.
- 01:29:58 Chair White asked Mr. Kolman to followup on letter from EQC to Sen. Tester's office. He said information on the USDA loan program and public-private partnerships should be included in the report.
- 01:30:23 Ms. Albrecht said that sounds good. She said for the report itself, LFD staff will do some followup, get information from Charles Robinson, and will overview options in report.
- 01:30:56 Chair White said he agreed with that.
- 01:31:07 Sen. Vance said looking at Ms. Duncan's information, options are limited with the two-thirds vote requirement. He said he would like to see Ms. Albrecht look deeper into federal funding and reach out to Sen. Daines & Rep. Gianforte to see if there is support in that direction. He said he didn't see much of a possibility of getting funding at the state level.
- 01:32:01 Ms. Albrecht noted letters were also sent to Sen. Daines and Rep. Gianforte along with Sen. Tester.
- 01:32:19 Chair White said Sen. Vance had a good point regarding Ms. Duncan's letter. \$34 million-\$26 million for options will need creative funding ideas. He said this report will go to three different committees in the interim so any and all information on options is good. He asked if Ms. Albrecht had a response from the Board of Regents or MSU?
- 01:34:19 Ms. Albrecht said she presented an update to the Board of Regents in May when

the consultants were in the middle of the process. She said the next meeting is Sept. 12-13 in Billings. She said she could see if there is space for her on the agenda.

- 01:35:20 Chair White said this draft study with the three options would be OK to share with President Cruzado and the Board of Regents. He said if they have questions or a response, Ms. Albrecht could get it for her report.
- 01:36:05 Ms. Albrecht said yes and the consultant's report is public. She said it's a work in progress.
- 01:36:30 Sen. Vance said reaching out to the Board of Regents is a good idea. He said they should get a definitive response one way or the other.
- 01:36:53 Chair White agreed. He said he would like to see an option where FWP is incorporated.
- 01:37:46 Mr. Stepp said they could take one of the options and add FWP to look at the numbers.
- 01:37:54 Chair White said it would be good for all the interim committees to look at that comparison. He said that he knows that FWP is a big user of the VDL, 40-60% of their work is done there. He said they are sending CWD testing to Colorado -- it takes longer than expected and there are costs associated with it. He said it is only going to increase going forward. He said FWP needs to be put in the mix.
- 01:40:03 Sen. Vance said he agreed they should look at adding FWP to option 1. He said option 3 focuses on the diagnostic lab, it might be good to look at FWP.
- 01:40:40 Chair White asked Stepp to roll that option in to option 3 as well.
- 01:41:09 Mr. Stepp said he can do that.

Direction to Staff & Committee Report

- 01:41:43 Ms. Albrecht confirmed she should send the consultant's report and additional information to Montana State University and the Board of Regents.
- 01:41:54 Chair White said yes, make sure they are up to date and we are reaching out. He asked for thoughts on presenting to the EQC and BOR meetings on the same day? He said he thought it was important for Ms. Albrecht to be at EQC meeting.
- 01:43:04 Ms. Albrecht said she would be at the three committee meetings including LFC. She said, as for BOR if there is a need to attend, she could go and present an update if there is space on the agenda.
- 01:43:32 Chair White said in the letter she could ask if there is interest by BOR to have

information presented at their next meeting and to let her know.

01:44:25 Ms. Albrecht said she would.

Adjourn

01:46:08 Chair White adjourned the meeting.

DRAFT