



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
KELLY MCCARTHY
KERRY WHITE

COMMITTEE STAFF

SHAUNA ALBRECHT, Lead Staff

MINUTES LOG

Feb. 22, 2018
Room 172, Capitol Building
Helena, Montana

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COMMITTEE MEMBERS PRESENT

SEN. TOM FACEY
SEN. FREDERICK (ERIC) MOORE

REP. BRADLEY MAXON HAMLETT
REP. KELLY MCCARTHY
REP. KERRY WHITE

COMMITTEE MEMBERS EXCUSED

SEN. GORDON VANCE

STAFF PRESENT

SHAUNA ALBRECHT, Lead Staff

VISITORS' LIST ([Attachment 1](#))

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

- The committee voted to create a four-member review committee (including representatives from the Department of Livestock and MSU, Mr. Katherman and Ms. Albrecht) to select three RFQ finalists to move forward.
- The committee voted to send letters to Montana's congressional delegation requesting funding for capital improvements be included in Senate Bill 2252, Chronic Wasting Disease Support for States Act.

CALL TO ORDER AND ROLL CALL

00:00:02 Chair White called the meeting to order. Sen Moore and Sen. Vance were excused. ([Attachment 3](#))

Discussion of Correspondence – Shauna Albrecht

- 00:00:57 Shauna Albrecht, fiscal analyst, went over correspondence to agencies with labs including the Department of Livestock, Department of Agriculture, Montana State University, the Board of Regents and the Montana Wool Growers Association. ([Exhibit 1](#))
- 00:04:10 Marty Zaluski, Department of Livestock, said the agency was engaged and supported the effort.
- 00:05:18 Kim Mangold, Department of Agriculture, said the agency was interested in cooperation.
- 00:05:29 Tracy Ellig, Montana State University, said MSU will largely defer to the Board of Regents. But the university is interested in project scope and the results of the RFP.
- 00:06:25 Tyler Trevor, Office of Commissioner of Higher Education on behalf of the Board of Regents, said the predominant view of the board was they are open and willing to engage in the discussion. He said the regents will weigh all sides of the equation including available land, campus mission, master plan, and service to students.
- 00:07:51 Jim Brown, Montana Wool Growers Association, said the existing wool lab in a historic building would benefit from improvements. He said they support the concept of a lab complex but they are OK if the committee chooses to move forward with a lab concept and keeps the wool lab out of it because they have an

existing facility that is well-run that they would ask for help in modernizing at a later date.

FWP Update

- 00:10:11 Rep. Hamlett updated the group about a meeting he and Chair White had with Fish, Wildlife and Parks (FWP). Hamlett said for FWP to participate in the lab complex, it would be better for them to pay rent and operate their own equipment. He said they also talked about AIS and chronic wasting disease testing -- timeliness is important because sometimes it takes two to three weeks for test results to come back from out of state labs. Rep. Hamlett said he felt FWP was willing to participate.
- 00:12:18 Chair White said the committee would get a letter from FWP indicating they would participate. He said there was interest or commitment from all parties.
- 00:13:44 Chair White said some labs across the country were connected to universities systems and some were not, they are all unique and different. He asked if it would it be a benefit to public, university and students to have educational opportunity included in design? He noted the wool lab had said as much.
- 00:16:10 Mr. Ellig said typically the university builds after it has identified an area of expertise and has filled out that expertise with faculty. He said they don't do construction thinking somewhere down the road they will create a program. He said there is an expense that comes with that -- faculty, lab equipment, etc. -- to build a curriculum. He said in the past 50 years they have not had a strong curricular connection to what was going on in the lab. He noted students tour the labs and lab personnel serve on doctoral review committees, but a strong curricular connection that would warrant building classroom space was not on the university's radar.
- 00:18:32 Chair White asked if students observing vs. doing wasn't something MSU had on its radar? He said he thought there was value in students observing how things are done in the facility and noted there are part-time employees who help in different portions of lab. He said this input gives the committee an idea of where MSU stands. Chair White said at one point, MSU had offered to supply land and he hopes that is still a possibility.
- 00:20:29 Rep. Hamlett asked if all state labs currently are located on MSU property?
- 00:20:51 Mr. Ellig said the labs under discussion are all on university land but to clarify there are other state labs in Montana, such as the forensics lab in Missoula.
- 00:21:29 Rep. Hamlett asked Mr. Trevor if there was a problem in changing location of the labs.
- 00:21:53 Mr. Trevor said he didn't see a problem. He said the Board of Regents is

agnostic on location and said symbiotic relationships might change things.

00:22:46 Rep. Hamlett asked Mr. Brown when the wool lab was built on the MSU campus.

00:23:04 Mr. Brown said the 1950s.

00:23:14 Rep. Hamlett asked if the building was historic.

00:23:22 Mr. Brown said yes, it was on the National Register of Historic Places. He also said it was part of the university system and not a state facility. He said he would like the wool lab taken out of the discussion to move the lab. He said it is in statute that the lab be part of a university facility.

00:24:11 Rep. Hamlett asked if it would suit Mr. Brown's comfort level for the wool lab to stay at MSU.

00:24:24 Mr. Brown said yes, as long as the lab was not treated as second class citizen. He said he has spoken with MSU President Cruzado and she is supportive of the wool lab and mission, it is part of the teaching system.

00:25:00 Rep. Hamlett asked if a newer, safer lab would be more beneficial.

00:25:15 Mr. Brown said yes, the current facility is adequate but there are only two or three wool labs left in the U.S. and he said they believe it is an opportunity for the MSU lab to be the leader in sheep and wool research.

RFQ – Russ Katherman, A & E Division

00:26:26 Mr. Katherman said six firms were interested in the RFQ, next the committee should form a smaller group to interview several of the firms. By statute, they then would take the three most qualified to the Department of Administration. He recommended looking at the five firms that submitted in the manner requested: A&E Architects, Dowling Studio Architects, LPW Architecture, NE45 Architecture and Perkins+Will. ([Exhibit 2](#))

00:30:16 Chair White said LPW noted it had a database of construction costs for specific labs. He said he questioned a couple of engineers who said one of the main components of a lab project would be to ascertain construction costs. He asked about the cost to build in specific areas, is there a schedule per area?

00:32:14 Mr. Katherman said it was good on the firm's part to point out costs by location. He said there are national cost databases firms can pull from. He said in the Bozeman market, construction costs are very expensive -- the same project in a different location might not be as expensive.

00:34:12 Chair White asked Mr. Ellig if construction labor and costs were high at MSU.

- 00:34:39 Mr. Ellig said labor costs are very high in Bozeman right now and contractors are having a hard time finding workers. He said he heard that crews for private projects were coming in from Texas, contractors were housing them in hotels and still making money. He said cost per square foot is expensive for laboratory space because of ventilation, gases, fume hoods, and different power requirements. He said it was easily north of \$500 per square foot when you start talking institutional lab space.
- 00:36:45 Chair White said laboratory costs, HVAC and waste disposal, and sewer was a concern. He said what this subcommittee and legislature does with this facility is critical to human and animal health. He asked if a firm's track record on estimated costs vs. percentage over/under was important to consider when evaluating a bid.
- 00:38:58 Mr. Katherman said it was a topic they like to ask firms about in interviews.
- 00:40:10 Rep. Hamlett asked if an architectural firm's fees go up if construction costs increase?
- 00:41:04 Mr. Katherman said statute dictates they negotiate with the firm. He said if bids come in higher they set budget figures early. He said the short answer is they don't give them an additional fee. He said if the scope changes, they negotiate a fee for that additional work.
- 00:43:34 **MOTION:** Rep. Hamlett moved the committee create a four-member review committee (including representatives from the Department of Livestock and MSU, Mr. Katherman and Ms. Albrecht) to select three finalists to move forward.. **VOTE:** Sen. Facey, Sen. Moore, Rep. Hamlett, Rep. McCarthy and Chair White voted yes. Sen. Vance was excused. Motion carried.
- 00:45:25 Mr. Brown clarified the wool lab was built in 1946.

Funding Research – Shauna Albrecht

- 00:46:24 Chair White said they have reached out to a number of places for possible funding, Albrecht will update committee on funding sources.
- 00:47:08 Ms. Albrecht said the first place she has inquired for potential funding is the USDA.
- 00:48:09 Ms. Albrecht asked if the committee was comfortable sending a letter to Montana's congressional delegation asking for funding for capital improvements to be included in Senate Bill 2252, Chronic Wasting Disease Support for States Act.
- 00:48:32 Chair White asked for comments on the letter, there were none.

- 00:49:00 **MOTION:** Rep. Hamlett moved to have Ms. Albrecht send the letter to Montana's congressional delegation. **VOTE:** Motion carried. ([Exhibit 3](#))
- 00:49:37 Chair White said he discussed funding with a rural economic development group but funding capital projects in metropolitan areas such as Bozeman was not their forte. He said an option is a long-term low-interest loan used by private company or individual to borrow money to build the facility and then pay that back through rental income. He said it was a possibility going forward, it would be up to the legislature.
- 00:52:06 Chair White said there are industries interested in what the committee is doing. He asked Ms. Albrecht to draft a letter letting different industries around the country know what the committee is looking at and possibly engaging with as contributors. There were no objections.

Chronic Wasting Disease update – Rep. Kerry White ([Exhibit 4](#))

- 00:54:23 Chair White said Sen. Vance had gotten updates on chronic wasting disease and testing: Montana has contracted with the University of Colorado for testing and it takes as much as three weeks to get samples back.
- 00:55:46 Dr. Zalusky, Department of Livestock, said he was not familiar with details of that conversation but said they can cut down on shipping duration and can have samples within two weeks or less. He said that is a significant decrease for hunters waiting to see if they want to consume meat from those animals. Regarding the turn-around time, he would have to defer to Dr. Steve Smith who could not attend the meeting as he was working with students.
- 00:56:57 Chair White noted that Dr. Smith is instructing MSU students at the veterinary diagnostic lab in Bozeman.
- 00:57:12 Chair White said moving forward with the lab is critical for getting a handle on CWD. He asked Ms. Albrecht to look into whether the new lab could test fish, noting fish are currently tested in Great Falls. He said they need to look at water sampling, AIS, chronic wasting disease, brucellosis, etc.
- 00:58:13 Chair White said Sen. Vance gave him a December 2017 Ag Reporter article regarding work Sen. Daines had done in getting a contract with China for beef. He said it was important to keep disease out of the beef industry for out of state markets.
- 00:59:57 Chair White backed up to the funding discussion to allow Stuart Doggett, a representative of the Montana Veterinary Medical Association, to comment. Mr. Doggett said the organization's members are supportive of the lab and want to see the diagnostic lab continue. He said he recently toured the lab and it was very eye-opening, the employees work under unusual conditions. He said it was an older building with challenges and appears to need to be updated. He said

the members understand the lab might combine with others and they are OK with that change. He said he was working on a survey to ask what is most valuable to their members at the lab.

- 01:03:43 Rep. Hamlett asked about the overall opinion by the veterinary association of chronic wasting disease.
- 01:03:59 Mr. Doggett said he is not a veterinarian, but the general sense is there is concern. He deferred to Dr. Zaluzky.
- 01:04:29 Dr. Zalusky said CWD is another disease event that underlines the importance of local capacity. He said there is a strong desire to know the level of disease.
- 01:05:56 Chair White asked about CWD testing.
- 01:06:33 Dr. Zalusky said the agency responsible for monitoring CWD is FWP and they have been working closely together. He said he does know the surveillance design was intentionally targeting a small area for hunt so the samples they would get would be meaningful. He said FWP has focused on northwest and southeast Montana for now. He said once a disease is in, it can be very difficult to get rid of.
- 01:08:09 Chair White asked if in the future we would see an increase in sampling.
- 01:08:31 Dr. Zalusky deferred to FWP, but said if it is a small pocket it's possible to eradicate the disease. If a disease is here to stay and there is no intervention, he said the sampling will decrease to a monitoring stage. He said if it is more broadly disseminated, a similar surveillance effort will take place.
- 01:10:29 Chair White said a map of disease in Canada and Wyoming is like an ocean -- Montana is a barren area and testing just had just begun, they don't know how much is out there. He said as much as 70 percent of bison have brucellosis in Yellowstone Park and in areas close to the park, it is as high as 50 percent in elk. He asked if they are testing for CWD on those elk as well as brucellosis?
- 01:12:59 Dr. Zalusky said it was fair to say there is sufficient interest in how broadly CWD is disseminated. He said we would probably see a sustained increase. Regarding current testing, he said they could take advantage of current sampling but blood samples are not sufficient for CWD testing. He said starting this fall, FWP samples will look at brucellosis and TB.
- 01:14:29 Chair White said if you are going to handle livestock/wildlife you can reduce stress levels by doing multiple tests, it is more efficient and cost effective.
- 01:15:26 Rep. Hamlett asked Dr. Zalusky if they know where CWD originated?
- 01:15:50 Dr. Zalusky said he doesn't know the history of the disease.

VDL accreditation & performance audit update – Shauna Albrecht and Dr. Steve Smith

01:17:03 Ms. Albrecht said an accreditation team was at the Vet Diagnostic Lab in August when the committee first met. They did receive one-year accreditations with some follow-up. She said if the response is adequate, they will extend it to a five year accreditation. She said a performance audit also recommended some changes including fee structure and staffing to make the lab more efficient. She said four of five recommendations have been fully implemented, one is in process. ([Exhibit 5](#))

Research of VDL's in peer states – Shauna Albrecht

01:20:55 Ms. Albrecht reached out to peer states and some others to get an understanding of how state labs are organized and operate. She said some are fully integrated with universities, others, like Montana, operate with another agency even though the lab is located on a university campus. She said there was no funding tied to the university and no connection to education or research. She said there are lots of different models and no perfect situation.

01:26:36 Ms. Albrecht said the committee had requested she tour the labs, but later it was decided not to tour. Chair White noted LSD research analyst Hope Stockwell had provided a virtual tour.

01:27:44 Chair White asked Ms. Albrecht if the labs she researched were self-supported or if operation and management costs were subsidized by state or federal agency?

01:28:25 Ms. Albrecht said most labs tried to be self-sufficient, but most received state or federal funding to keep operations of the lab maintained.

01:28:53 Rep. Hamlett commented about the research component connected with problem-solving and education. He said it ties to MSU, a land grant university, and its mission dealing with plants and animals. He said the legislature spends money funding research and that brings more research into the MSU community -- to the benefit of the university as well as undergraduate and graduate students doing research.

01:30:37 Chair White said this is an opportunity for research, education and benefit to people of Montana. He said the protection of health, safety and welfare is something this committee and the legislature should strongly consider.

Other updates

01:32:17 Chair White asked when the committee can get three recommendations to move forward in a timely manner. He noted they need to get the recommendations in front of this committee and move on to the three other interim committees the subcommittee members serve on to make a recommendation before the next

legislative session.

- 01:33:45 Ms. Albrecht said the goal is to have a report from the consultant by September.
- 01:35:26 Chair White said he'd like to set a date for the next meeting after choosing the three proposals to be held either in Helena or Bozeman.
- 01:36:47 Rep. Hamlett said he would like LFD staff and EQC do some research on the history of CWD.
- 01:39:31 Chair White asked Ms. Albrecht to research the history of CWD.
- 01:40:16 Ms. Albrecht said malt barley testing information and a brucellosis audit was provided to the committee. She said she spoke to the Board of Livestock for an update on the labs study. She said they thanked committee for taking on the project. ([Exhibit 6](#))

Public Comment

- 01:41:38 Tracy Ellig, Montana State University, He said MSU does a lot of research on zoonotic diseases and work in that area is ongoing. He said just because lab space gets built, doesn't mean it ends there -- lab space is very expensive, millions of dollars per year. He said at MSU, faculty compete for federal grants (90 percent of all research is funded by the federal government) and it's not a slam dunk researchers will be given grants to conduct research in any given area. He said the cost to conduct research any given year will far exceed the cost of the lab facility, human labor is the largest cost.
- 01:43:38 Corey Anderson, Montana Stockgrowers Association. He reiterated support of the study and VDL. He said it was crucial to industry.
- 01:44:33 Chair White asked Mr. Ellig if research grants are limited to non-capital.
- 01:45:09 Mr. Ellig said it is very hard to get capital improvement research grants.
- 01:47:12 Chair White asked Mr. Ellig if a major infectious disease outbreak occurred, would they receive more grants?
- 01:47:51 Mr. Ellig said the vast majority of research at MSU is basic science the commercial industry doesn't want to conduct. He said it is rare that a piece of research can be turned during a crisis.
- 01:51:34 Sen. Moore texted Ms. Albrecht question for Dr. Zalusky: How would the new lab affect foot and mouth disease response plan?

01:51:55 Dr. Zalusky said foot and mouth disease is a foreign animal disease the national labs can test for. He said the Montana lab can participate in that network, but the capacity is limited. He said a modern facility would make researchers feel much more confident testing for highly contagious pathogens.

01:54:28 Rep. Hamlett asked if staff could ask FWP to be specific about testing for fish species going forward.

01:54:47 Chair White said FWP did mention fish/aquatics reduced Dingle Johnson funding. He said they have got to protect that industry in the state.

Adjourn

01:55:42 With no further business before the committee, Chair White adjourned the meeting.

DRAFT