HB

51

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 51
(H) Publish Date: 1/10/01

Revision Date/Time (Note if correction): _____
Dept. Affected: Administration
Title: An Act related to entry into and financing of a lease purchase for a seafood/food safety lab.
BRU: Leases
Component: Leases
Sponsor: Rules
Requester: Governor
Component Number: 81

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual	0.0	0.0	0.0	(54.9)	(113.7)	(117.7)
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**(54.9)**	**(113.7)**	**(117.7)**
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	(54.9)	(113.7)	(117.7)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	**0.0**	**0.0**	**0.0**	**(54.9)**	**(113.7)**	**(117.7)**

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

The bill would authorize financing and construction of a new laboratory facility that would replace the current leased location in Palmer. The Division will execute a lease purchase agreement for the lease purchase of a new seafood and food safety laboratory in Anchorage.

Lease savings would begin mid way through (January) FY2005 when we anticipate occupying the new facility. The specific lease and current costs are shown on the attached page. Annual costs for the Palmer lease in FY2001 are budgeted in the Department of Administration's (DOA) Leases component as $98.0 of General Funds and in the Department of Environmental Conservation's operating budget and paid to DOA via a $17.7 RSA. Future years estimated lease savings have been adjusted to reflect the January occupancy date and probable Consumer Price Index adjustments.

Costs for the design, construction, acquisition and construction contract compliance are not included in this fiscal note as those costs and associated work will be borne by other state departments.

Prepared by: Chris Parce, Director — Phone (907)465-2250
Division: Division of General Services — Date/Time 12/13/00 1pm
Approved by: Commissioner Jim Duncan — Date 12/13/00
Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

(Rev 8/2000 OMB)

ANALYSIS: (continued)

Fiscal Note
State of Alaska
2001 Legislative Session

Current Palmer Laboratory Lease

Lease #	Location	Property	Sq Ft	FY2001 Cost per Year (Annual)	Annual RSA Amount	Net FY2001 DOA Budget (Annual)	*Estimated FY2005 DOA Reduction (1/2 year)	*Estimated FY2006 DOA Reduction (Annual)	*Estimated FY2007 DOA Reduction (Annual)
2359	Palmer	Palmer Lab	9,252	115,710	17,697	98,013	54,924	113,692	117,671

*Adjusted annually by the probable Consumer Price Index.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 51
(H) Publish Date: 1/10/01

Revision Date/Time (Note if correction):
Title: Seafood/Food Safety Lab Facility Construction

Dept. Affected: Environmental Conservatio
BRU: Environmental Health
Component: Laboratory Services

Sponsor: Rules Committee
Requester: Governor

Component Number: 2065

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual				97.8	178.1	184.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**97.8**	**178.1**	**184.0**
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF				97.8	178.1	184.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	**0.0**	**0.0**	**0.0**	**97.8**	**178.1**	**184.0**

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

The current Food Safety Laboratory has operated in a leased facility in Palmer for over 30 years. The facility is now inadequate for current lab operations. In addition the lease will soon expire with no opportunity for long term renewal. The bill would authorize financing and construction of a new Seafood and Food Safety Laboratory to be operated by the Department of Environmental Conservation (DEC).

The Department of Administration (DOA) pays the current lease costs for the lab. DEC reimburses DOA for a portion of these costs through an RSA. DEC will directly pay for all of the utilities and maintenance costs for the new building. These new costs are shown in the contractual line. Annual lease savings partially offset these new utility and maintenance costs as shown on the attached chart.

We expect to begin occupying the building in January 2005, therefore the costs shown for 2005 are for half a year.

Prepared by: Janice Adair, Director
Phone (907) 269-7644
Division: Division of Environmental Health
Date/Time 12/13/00 3:00PM
Approved by: Kurt Fredriksson
Date 12/13/00
Agency: Department of Environmental Conservation

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(Rev 11/2000 OMB)

ANALYSIS: (continued)

Bill NO._____

FISCAL NOTE
STATE OF ALASKA
2001 LEGISLATIVE SESSION

Line Item Description	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Contractual Line 300					
*** (Operating Expenses)**					
Utilities (estimated) DEC will incur costs for utilities at the new facility starting mid - 2005. Utility costs at the existing leased facility are included in the lease paid by DOA and DEC. These costs are offset by the lease savings shown below and shown on DOA's fiscal note.			$52,965	$105,930	$110,040
Building Maintenance (estimated) DEC will incur costs for building maintenance at the new facility starting mid - 2005. Maintenance costs at the existing leased facility are also included in the lease paid by DOA and DEC. These costs are offset by the lease savings shown below and shown on DOA's fiscal note.			$54,800	$92,700	$95,160
*** (Lease Savings -** Palmer Lab) DEC portion of current lease paid to DOA/GS through a RSA, will no longer be required after completion of the new facility.			($9,916)	($20,527)	($21,245)
Total Contractual:	$0	$0	$97,849	$178,103	$183,955

* Adjusted annually by the probable Consumer Price Index.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: HB 51
(H) Publish Date: 1/10/01

Revision Date/Time (Note if correction): _____
Dept. Affected: Revenue
Title: Bonding: Food Safety Lab Facility Construction
BRU: Revenue Operations
Component: Treasury
Sponsor: Rules Committee
Requester: Governor
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	10.0					
Contractual	8.0	7.0	7.0	7.0	7.0	7.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service	0.0	1,224.0	1,223.0	1,220.0	1,221.0	1,225.0
TOTAL OPERATING	**18.0**	**1,231.0**	**1,230.0**	**1,227.0**	**1,228.0**	**1,232.0**
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	18.0	1,231.0	1,230.0	1,227.0	1,228.0	1,232.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	**18.0**	**1,231.0**	**1,230.0**	**1,227.0**	**1,228.0**	**1,232.0**

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Authorizes the issuance of $13,655,000 in Certificates of Participation for the construction of a seafood and food safety laboratory to be operated by the Department of Environmental Conservation.

Assuming an interest cost of 6.12% (approximately 0.75% above current rates), and a 20-year term, the annual debt service payment would be approximately $1.22 million beginning in fiscal year 2003 with a total repayment of approximately $24.4 million.

It is possible that the State Bond Committee might prefer to shorten the term on these bonds by two to five years to maintain a higher credit rating on the bonds. In this event, the required annual payments could increase by as much as $200,000 per year but total repayment would be reduced by as much as $3.1 million.

Prepared by: Deven Mitchell, Debt Manager
Phone 465-3750
Division Treasury Division
Date/Time Dec. 7, 2000
Approved by: Larry Persily, Deputy Commissioner
Date Dec. 8, 2000
Agency Department of Revenue

For distribution information, call the Governor's Legislative Office

(Rev 11/2000 OMB)

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 51(FIN)
(H) Publish Date: 4/28/01

Revision Date/Time (Note if correction):
Dept. Affected: Revenue
Title: Seafood / Food Safety Lab
BRU: Revenue Operations
Component: Treasury
Sponsor: Rules Committee
Requester: House Finance Committee
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	10.0					
Contractual	8.0	7.0	7.0	7.0	7.0	7.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		1,009.4	1,007.6	1,010.7	1,012.4	1,007.8
TOTAL OPERATING	**18.0**	**1,016.4**	**1,014.6**	**1,017.7**	**1,019.4**	**1,014.8**
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	18.0	1,016.4	1,014.6	1,017.7	1,019.4	1,014.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	**18.0**	**1,016.4**	**1,014.6**	**1,017.7**	**1,019.4**	**1,014.8**

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

This legislation authorizes the issuance of $11,600,000 in Certificates of Participation, plus the use of $878,000 in investment earnings on the bond proceeds during construction and $310,000 in state General Fund dollars to pay for the construction of a seafood and food safety laboratory.

Investment earnings projections on this project are based on cash flows provided by the Department of Transportation and Public Facilities and require a rate of return of 4.1% to realize sufficient earnings for full project funding. Although the assumptions that have been used are conservative, to the extent funds are spent more quickly than anticipated or the investment return is less than 4.1% the project may require additional funding for completion.

Assuming an interest cost of 5.83% (approximately 0.50% above current rates), and a 20-year term, the annual debt service payments will be approximately $1.0 million beginning in fiscal year 2003 with a total repayment of just under $20.2 million.

Prepared by: Deven Mitchell, State Debt Manager
Phone 465-3750
Division: Treasury Division
Date/Time: April 27, 2001, 5 p.m.
Approved by: Larry Persily, Deputy Commissioner
Date: 04/27/2001
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

(Rev 2/7/2001 OMB)

SENATE HEALTH & SOCIAL SERVICES COMMITTEE DATE: 5/5/01	SUBJECT OF MEETING HB 51-LEGIS APPROVAL OF SEAFOOD/FOOD SAFETY LAB

PLEASE SIGN IN

PLEASE PRINT: NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY?
Kurt Fredriksson	410 Willoughby Juneau	Dept. Env. Conservation	Yes

SENATE COMMITTEE REPORT

DATE: 5/1/01

FURTHER: Finance

DATE TURNED IN TO OFFICE: 05/05/01

Health, Education and Social Services Committee considered CS FOR HOUSE BILL NO. 51(FIN)

LEGISLATIVE APPROVAL OF SEAFOOD/FOOD SAFETY LAB

"An Act giving notice of and approving the entry into and the issuance of certificates of participation for a lease-purchase agreement for a seafood and food safety laboratory facility; relating to the use of certain investment income for certain construction costs; and providing for an effective date."

and recommends:

Senate Bill:
[ ] same title
[ ] new title

House Bill:
[ ] same title
[ ] technical title
[ ] new: SCR #_____

[ ] be **replaced** with_____ **CS** _____ (_____)

[ ] adopt **previous** _____ **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt Letter of Intent by _____ Committee

[ ] further referral to _____ Committee

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DoA	1/10/01	x		1
DEC	1/10/01	x		2
Revenue	4/28/01	x		4

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Drew D. Leman	✓			
Bettye Davis	✓			
Gary Wilken			✓	
Lyman Hoffman			✓	
CHAIR: Lyda Green			✓	

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH
DIRECTOR'S OFFICE
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501
http://www.state.ak.us/dec/deh

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Fax: (907) 269-7654
e-mail: Janice_Adair@envircon.state.ak.us

May 1, 2001

The Honorable Lyda Green
Chairman, Senate Health, Education and Social Services Committee
Room 125, Capitol Building
Juneau, AK 99801

Re: CSHB 51 (FIN), Seafood and Food Safety Laboratory

Dear Senator Green:

I respectfully urge you to hold a hearing on CSHB 51 (FIN) which has been referred to your committee.

Adequate laboratory capacity is critically important to our seafood industry. Certain tests are required in order to sell some seafood products, and whether required or requested by the processor, the test results must be viewed as valid. The current laboratory is so overcrowded and inefficient that the validity of the test results may become questionable. Also critically important to the state and our laboratory employees is a safe work environment, particularly considering laboratory staff routinely deal with harmful pathogens. The enclosed taped tour of the current lab facility will give you an idea of just how crowded it is, and of course, we'd welcome a personal visit from you as well.

We have taken great care to ensure this proposal has the minimum impact on the Palmer area by limiting the project only to the laboratory functions, 80% of which are seafood-related. All other DEC functions and employees currently in the Mat-Su Valley will remain there. This includes the State Veterinarian, the Dairy Sanitarian, two food inspectors, the four pesticide program staff, all of whom are in Palmer, as well as four Drinking Water and Waste Water staff and one member of the Division of Statewide Public Services who are located in Wasilla.

I have been asked several times about our "ag" functions. We do not do any testing on crops; those tests are performed by DNR at the Plant Materials Center. The lab does do some testing of dairy products if the products are intended for human consumption. While these tests are required by the federal government and are as important to the dairy industry as seafood tests are to the seafood industry, the number of dairy samples run each month is extremely small and are not time sensitive as are many of the seafood samples.

I understand there has been some question as to whether or not we really have to move when our lease expires on December 31, 2003. I have enclosed a memo I received from Vern Jones the Chief Procurement Officer that answers that question. The size and cost of the facility has also been questioned. We had the work of Livingston Slone, who has been our contractor for this project,

independently reviewed by a Washington-state based consultant who managed the FDA laboratory for 19 years. His conclusion was that the laboratory is appropriately sized. A copy of that report is enclosed as well as some information on laboratory cost factors so you can see some of the reasons laboratories are larger and more expensive on a per-employee basis than an office building.

The House Finance Committee held three hearings on HB 51 and conducted an extensive review of the project. CSHB 51(FIN) reduces the overall project and changes the financing structure for the laboratory. The total cost of the project is now $12,788,000, a $1,166,690 reduction. The $12,788,000 includes revenue from the sale of certificates of participation in the amount of $11,600,000, interest income estimated at $878,000 and a general fund appropriation for non-bondable costs of $310,000. Except for two deferred items noted below, this project cost includes the total cost of facility – the design, site preparation, construction of the building itself, most of the equipment, bringing the utilities to the building, all the necessary permits and approvals, etc.

In addition to using the interest income to offset the amount of bonds that need to be sold, the reduction in the project costs includes the following:

♦ Defer equipment purchases until closer to building completion	$ 375,000
♦ Defer "Biosafety Level 3" status of microbiology lab	$ 280,000
♦ Reduce administrative/office space by 840 sq. ft.	$ 200,000
♦ Reduce shipping and receiving area by 144 sq. ft.	$ 115,000
♦ Reduce other space, 490 sq. ft. total	$ 196,690
♦ Total actual reductions or deferrals	$1,166,690

These reductions, along with the current favorable interest rates, have brought the estimated annual amount of rent under the lease-purchase agreement down to $1 million from $1,220,000 and reduced the total lease payments for the full 20 year repayment term by more than $4 million, down to $20,400,000. Northern Economics estimated that leasing a similar facility from a private developer would exceed $38,000,000 over the same 20-year period – nearly double the cost of the proposal before you.

Thank you for your consideration of this request. If you or your staff have any questions, please give me a call.

Sincerely,

Janice Adair
Director

Enclosures
- Taped Tour
- Memo from Vern Jones dated April 18, 2001
- Wiskerchen report dated April 19, 2001
- Laboratory Cost Factors
- Frequently Asked Questions
- CSHB 51 (FIN) Bullets dated April 27, 2201

MEMORANDUM

Department of Administration
Division of General Services
vern_jones@admin.state.ak.us

STATE OF ALASKA

Phone Number: 465-2250
FAX Number: 465-2189
TDD Number: 465-2205

TO: Janice Adair
Director
Division of Environmental Health
Department of Environmental
Conservation

DATE: April 18, 2001

FROM: Vern Jones
Chief Procurement Officer

SUBJECT: Palmer Seafood Safety Lab
Lease #2359

This is in response to your inquiry regarding the Seafood Safety Lab in Palmer. Lease #2359 with Astro Enterprises has a current expiration date of December 31, 2001. The State has options to extend the lease for two more years. If both of those options are exercised, the lab could occupy this building through December 31, 2003*. After that date, your agency would have no legal authority to remain in this facility.

The only way in which the lab could remain in the facility past December 31, 2003 is if an emergency procurement is authorized per AS 36.30.310. Such authorization would be valid only for the time necessary to secure replacement lab space through a competitive sealed biding or competitive sealed proposals process per our procurement code. Such an extension would be subject to the lessor's approval and negotiation of lease terms and conditions. Your agency has an obligation to prevent non-competitive procurements whenever possible. I urge you to take the steps necessary to avoid an emergency procurement for this lab.

* Upon verifying the expiration date in our lease file, I realized that this is different than the date that we discussed on previous occasions. I apologize if my office provided incorrect information or contributed to a miscommunication regarding this lease.

Review of the Proposed Seafood and Food Safety Lab Design

Introduction

The Department of Environmental Conservation contracted with me to review the programming/concept design prepared by Livingston/Stone (2/22/01) for the Seafood and Food Safety Laboratory. In the review, I looked at the design to determine if it meets the needs of the laboratory as well as space allocation. My background includes 19 years as Laboratory Director of the U.S. Food and Drug Administration Laboratory in Bothell, WA. I retired Jan 1,2000. As Laboratory Director, I was involved in the design and construction of the FDA Lab in Bothell and am currently a consultant to FDA in the design and construction of a FDA Regional Laboratory in Irvine, CA. In addition, I consult with the pharmaceutical industry on meeting FDA requirements including facility design.

Review Findings

My overall impression of the design concept of the laboratory is that it has captured the flexibility and adaptability needed to meet the current diversity of work as well as the program changes of the future. The modular layout will permit the flexibility that is needed to handle minor changes in program needs. A modular addition can be attached to the main corridor, if a major expansion is needed, for new programs. Additional utilities can be added to the existing systems. This design should meet the Laboratory's needs for many years.

In reviewing the proposed program/concept design of the DEC Seafood and Food Safety Lab several important concepts are presented that effect the size of the laboratory. The variety of work done by the Lab along with the dedicated space required to do the analyses accurately and precisely has a dramatic effect on increasing the size of the laboratory. The laboratory has a number of small programs that require less than 1 FTE but because of the uniqueness of the testing required the space must be dedicated. Some examples of specific space requirements are chemical preparation, media preparation, marine toxins, animal microbiology, seafood and food microbiology, drinking water, and wet chemistry. The dedicated space is required to avoid cross contamination that could result in false positives or false negatives in microbiological analyses or inaccurate results in chemical analyses. For example, food microbiology and animal microbiology should not be done in the same laboratory. Chemical determinations should not be done in a microbiology laboratory or vice versa. Despite a small staff, the programs covered by the DEC lab are extensive as illustrated by the following list:

- Certify in-state laboratories for microbiological analysis of drinking water. (EPA Certified)
- Conduct product and growing water sampling required by the National Shellfish Sanitation Program (NSSP) to ensure that bivalve shellfish can be marketed. (FDA Certified)

- Routinely test commercial bivalve shellfish for marine toxins including paralytic shellfish poison (FDA certified) and domoic acid.
- Analyze finished seafood and general food products for pathogenic bacterial contamination.
- Analyze fish for five toxic metals – mercury, chromium, cadmium, arsenic and methyl mercury as per the EPA fish advisory program.
- Evaluate and randomly sample finfish for chemical and bacterial contaminants and parasites.
- Perform animal testing required to maintain USDA brucellosis certification (USDA certified)
- Test for equine infectious anemia in horses intended for interstate or international shipment or entered in state fairs or other special events. (USDA certified)
- Evaluate raw and finished dairy products for bacterial contamination, antibiotics, and pasteurization (FDA certified).

The usual recommended net square feet/analyst for laboratories cannot be applied to the DEC laboratory because of the special space requirements for the variety of work. In addition, there are minimum requirements no matter the size of the laboratory with regards to safety. There are special separation requirements for solvent, chemical and gas cylinder storage. The staff size requires the analysts to do multiple tasks but to be efficient, effective and accurate they need dedicated space. The proposed design addresses these needs very effectively. The DEC laboratory has program requirements that I doubt are duplicated anywhere in the United States.

Conclusion

The proposed programming/concept design by Livingston-Stone for the State of Alaska DEC Seafood and Food Safety Laboratory captures the flexibility and adaptability of the space to meet the current diversity of work as well as program changes in the future. The variety of work and the need for dedicated space for some of the programs has resulted in the net square feet/analyst being higher than a typical laboratory. The normal space efficiencies cannot be achieved with the large variety of work and small number of analysts. I agree with the design concept and space allocations for the analytical functions as shown in the proposal. This design proposal should meet the needs of the Laboratory for many years. It is a well thought out design.

John Wiskerchen 4/19/01

John Wiskerchen
Consultant

LABORATORY COST FACTORS

(as compared to other building types)

Since square foot costs are higher for laboratory facilities, and many more gross square feet are required for the same net or usable square feet, additional costs are required. Furthermore, items in laboratory facilities not usually found in other types of buildings raise the cost again.

Elements of Construction Contributing to Higher Square Foot Costs

- *Structural System: required to carry heavier loads and be vibration resistant.*
- *Finishes: moisture resistant, cleanable, sealed from adjacent spaces, designed to contain microbes.*
- *HVAC System: requires better filtration, more air ventilation (minimum 10-12 air changes per hour for labs vs. 3-5 air changes for typical office space), 100% exhaust air, and more sophisticated control systems. Several types of exhaust systems are required, some of which require stainless steel ducts and filtration. Laboratory areas are required to be pressurized differentially from non-laboratory areas and adjacent more critical laboratory areas in order to prevent exposure to infectious diseases or pathogens.*
- *Due to the harsh climate in Alaska, we must locate laboratory HVAC internally or in an enclosed penthouse in lieu of rooftop mounted equipment common to laboratory facilities in the lower 48. Translation: more building square footage and higher costs.*
- *Gases: several types of piped gas systems are required for the testing and research conducted.*
- *Plumbing: testing and research conducted requires treated water distribution systems separate from the standard domestic distribution systems. Non-corrosive waste piping systems designed for disposal of acids and other chemicals are required in addition to the standard sanitary and storm drainage systems.*
- *Power: the equipment intensive work requires extensive power distribution and communications systems.*
- *Lighting: the type of work performed requires higher lighting levels, and much of the testing and research procedures being performed at the Seafood and Food Safety Laboratory are required to be federally certified and must maintain a minimum of 100 foot-candles at the worksurface to achieve the required certification. (More stringent than the APHL/MEF.)*
- *Security: the need to maintain a safe laboratory working environment and protect non-laboratory workers and the public from exposure to infectious diseases requires the incorporation of more sophisticated security and access control systems.*
- *Special Construction: many areas, because of the special nature of the procedures conducted, require special walls, ceilings and floors. Building systems are required to be designed to be flexible to accommodate new equipment and procedures required to test for new diseases and pathogens.*

Equipment and Systems Contributing to Higher Square Foot Costs

- *Items not typically found in other building types are special laboratory countertops/ casework, fume hoods, controlled-temperature rooms, glassware washers and dryers, autoclaves and many other types of fixed equipment are a part of the construction cost, consequently raising the square foot costs.*
- *Many operations in research and clinical laboratories are irreplaceable. Alternatively, repeating procedures is extremely costly in time and services. Therefore, redundancy is required to be built in to the utility services. Dual fans, filters and standby power generation are typical, each of which contribute to higher square foot costs.*
- *Safety features not found in other building types are required, including eyewash stations and emergency showers (both of which require a separate tempered potable water distribution system and floor drains), and specialized fire protection systems (e.g., pre-action sprinkler systems to protect equipment and procedures, dry chemical fire extinguishing systems, etc.)*

CSHB 51 (FIN) -- Seafood and Food Safety Laboratory
Frequently Asked Questions

How many employees work in the lab? We currently have 11 employees in our laboratory, and those 11 are slated to work in the new facility.

Are you proposing to add more employees? No, although the Fish Monitoring Program, if approved, will fund one additional food chemist who would work in this laboratory.

What functions will move with the lab? Only the lab functions, which are about 80% seafood related, will move.

Where is the current lab and where is the new lab proposed to be built? The current lab is in a converted grocery store in Palmer and has been there for over 30 years. The building is used both for the Seafood and Food Safety Lab and as office space for other staff. We are proposing to build the new lab facility in Anchorage by the corner of Tudor and Boniface.

How many employees will remain in the Mat-Su Valley? There are 14 DEC employees in the Valley who will remain there. Those staff include the Office of the State Veterinarian, the Dairy Sanitarian, two food inspectors, the Pesticide Program staff, Drinking Water and Wastewater staff, and one staff person with the Statewide Public Services Division.

Why can't you stay where you are? AS 36.30.083 allows the Division of General Services to do a long term lease extension under two conditions: 1) a 15% lease reduction can be achieved or 2) a 10% reduction can be achieved and the American with Disabilities Act (ADA) requirements met. In the case of our current facility, prior rent reductions in exchange for ADA-compliance have already been taken. Understandably, the landlord has told us that she cannot afford another reduction in rent, down to $.88 sq. ft.

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How does the size of the proposed lab compare with the Department's current Seafood and Food Safety Lab? The following chart compares the two. It clearly shows the highest percentage growth is in that part of the building that is not used directly by staff but instead in that part of the building that will house the HVAC, mechanical and electrical systems.

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What will be the cost per square foot of the new building as proposed? The cost per square foot is estimated to be $4.35 for the entire 20-year bond repayment term. After 20 years, the facility will be fully paid for. This rate is not significantly different from the current rent paid for the State Chemistry Lab located in Juneau, which is also managed by DEC. There, the state currently pays a per-square-footage rent of $4.26. This rental amount has increased over the years and is expected to increase further as it is tied to the Consumer Price Index.

What is the total cost of the project? $12,788,000 million with $11,600,00- million from bond sales through Certificates of Participation and $878,000 in interest income from that revenue. The sale of these COPs would be authorized with the passage of HB 51. In addition, the capital budget has a small general fund appropriation of $310,000 for nonbondable costs.

HB 51 - Seafood and Food Safety Laboratory

Prepared by the Division of Environmental Health, Department of Environmental Conservation Updated April 27, 2001

- The current Seafood and Food Safety Lab lease expires on December 31, 2003; the state cannot enter into a long term extension of this lease because the rent reduction required by AS 36.30.083 is not available.

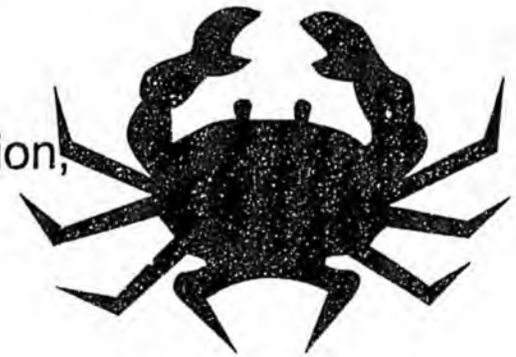
- HB 51 authorizes the sale of certificates of participation for a state-owned facility, which according to the economic analysis that was conducted by Northern Economics, is the cheapest way to replace the Seafood and Food Safety Lab.

- Only the laboratory functions, which are 80% seafood related, will move to the new facility.

What's the recommended plan?

- With money previously appropriated by the Legislature, an independent economic analysis was done.

- New state-owned laboratory located in Anchorage on state-owned land near the corner of Boniface and Tudor is the most cost-effective replacement plan.



- Lease-financing through sale of certificates of participation, Total bond sale: $11,600,000 plus $878,000 in interest income.

- General fund capital appropriation of $310,000 for non-bondable costs.

- Total project cost: $12,788,000.

Why choose this plan?

- **It's cheaper than leasing.** Over a 20 year term, leasing would cost the State 56% more than owning, even considering interest on repayment of the bonds.

- **Laboratories are unique**. They require highly specialized work environments that must be incorporated into the design of the structure.

- **Affordable laboratory services are needed on a long-term, dependable basis.** These laboratory services are critical to the growth of our shellfish, seafood and other food industries.

- **Why choose Anchorage?** We need a location that

  - can receive shellfish samples quickly from the Anchorage International Airport,

  - is on a public sewer system so wastewater can be disposed of safely, and

  - does not have excessive vibration, dust, or electromagnetic interference that will affect the analytical equipment.

What does the lab do?

- PSP and shellfish growing water analyses so **shellfish** can be sold in interstate and international commerce.

- Chemical analyses to ensure **smoked fish** meets federal requirements.

- Domoic acid analyses so **crab** can be sold in interstate and international commerce.

- Dairy product evaluation so Alaska's **dairy products** can be sold to Alaskan schools, the military, and in interstate commerce.

- **Private lab** certification so they can run drinking water analysis for public water systems.

- Work with **commercial food industry** to develop safe ready-to-eat food products.

Why not privatize these services?

- FDA does not certify private labs to conduct regulatory PSP testing.

- Federal dairy rules require certain tests to be conducted by state regulatory labs.

- The Federal Drinking Water Act requires private labs to be certified by the State.

In addition, we keep costs for industry down:

- All regulatory testing for PSP, smoked fish, domoic acid, and dairy products are free; we charge only for regulatory PSP testing of export-only shellfish.

- Testing done at the request of food manufacturers is also a bargain because of how state law requires fees be established -- not all overhead is included nor is there any profit built in.

What happens if this bill isn't passed?

- The State will have no option but to go out for an RFP for another leased space, even though this is the most expensive way to provide for these essential services.

- While the Division of General Services has contract procurement experts, they do not have the expertise to develop an RFP for a laboratory. Professional services contracts -- and the funding to pay them -- would be required. It is estimated the developing the RFP would cost about $1.1 million.

- The additional lease costs would have to be paid by the laboratory, significantly reducing the amount of funding available to do for the variety of analyses it performs for the shellfish, seafood and other food industries.

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

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Telephone: (907) 269-7644
Fax: (907) 269-7654
e-mail: Janice_Adair@envircon.state.ak.us

May 1, 2001

The Honorable Lyda Green
Chairman, Senate Health, Education and Social Services Committee
Room 125, Capitol Building
Juneau, AK 99801

Re: CSHB 51 (FIN), Seafood and Food Safety Laboratory

Dear Senator Green:

I respectfully urge you to hold a hearing on CSHB 51 (FIN) which has been referred to your committee.

Adequate laboratory capacity is critically important to our seafood industry. Certain tests are required in order to sell some seafood products, and whether required or requested by the processor, the test results must be viewed as valid. The current laboratory is so overcrowded and inefficient that the validity of the test results may become questionable. Also critically important to the state and our laboratory employees is a safe work environment, particularly considering laboratory staff routinely deal with harmful pathogens. The enclosed taped tour of the current lab facility will give you an idea of just how crowded it is, and of course, we'd welcome a personal visit from you as well.

We have taken great care to ensure this proposal has the minimum impact on the Palmer area by limiting the project only to the laboratory functions, 80% of which are seafood-related. All other DEC functions and employees currently in the Mat-Su Valley will remain there. This includes the State Veterinarian, the Dairy Sanitarian, two food inspectors, the four pesticide program staff, all of whom are in Palmer, as well as four Drinking Water and Waste Water staff and one member of the Division of Statewide Public Services who are located in Wasilla.

I have been asked several times about our "ag" functions. We do not do any testing on crops; those tests are performed by DNR at the Plant Materials Center. The lab does do some testing of dairy products if the products are intended for human consumption. While these tests are required by the federal government and are as important to the dairy industry as seafood tests are to the seafood industry, the number of dairy samples run each month is extremely small and are not time sensitive as are many of the seafood samples.

I understand there has been some question as to whether or not we really have to move when our lease expires on December 31, 2003. I have enclosed a memo I received from Vern Jones the Chief Procurement Officer that answers that question. The size and cost of the facility has also been questioned. We had the work of Livingston Slone, who has been our contractor for this project,

independently reviewed by a Washington-state based consultant who managed the FDA laboratory for 19 years. His conclusion was that the laboratory is appropriately sized. A copy of that report is enclosed as well as some information on laboratory cost factors so you can see some of the reasons laboratories are larger and more expensive on a per-employee basis than an office building.

The House Finance Committee held three hearings on HB 51 and conducted an extensive review of the project. CSHB 51(FIN) reduces the overall project and changes the financing structure for the laboratory. The total cost of the project is now $12,788,000, a $1,166,690 reduction. The $12,788,000 includes revenue from the sale of certificates of participation in the amount of $11,600,000, interest income estimated at $878,000 and a general fund appropriation for non-bondable costs of $310,000. Except for two deferred items noted below, this project cost includes the total cost of facility – the design, site preparation, construction of the building itself, most of the equipment, bringing the utilities to the building, all the necessary permits and approvals, etc.

In addition to using the interest income to offset the amount of bonds that need to be sold, the reduction in the project costs includes the following:

♦ Defer equipment purchases until closer to building completion	$ 375,000
♦ Defer "Biosafety Level 3" status of microbiology lab	$ 280,000
♦ Reduce administrative/office space by 840 sq. ft.	$ 200,000
♦ Reduce shipping and receiving area by 144 sq. ft.	$ 115,000
♦ Reduce other space, 490 sq. ft. total	$ 196,690
♦ Total actual reductions or deferrals	$1,166,690

These reductions, along with the current favorable interest rates, have brought the estimated annual amount of rent under the lease-purchase agreement down to $1 million from $1,220,000 and reduced the total lease payments for the full 20 year repayment term by more than $4 million, down to $20,400,000. Northern Economics estimated that leasing a similar facility from a private developer would exceed $38,000,000 over the same 20-year period – nearly double the cost of the proposal before you.

Thank you for your consideration of this request. If you or your staff have any questions, please give me a call.

Sincerely,

Janice Adair
Director

Enclosures
- Taped Tour
- Memo from Vern Jones dated April 18, 2001
- Wiskerchen report dated April 19, 2001
- Laboratory Cost Factors
- Frequently Asked Questions
- CSHB 51 (FIN) Bullets dated April 27, 2201

MEMORANDUM

Department of Administration
Division of General Services
vern_jones@admin.state.ak.us

STATE OF ALASKA

Phone Number: 465-2250
FAX Number: 465-2189
TDD Number: 465-2209

TO: Janice Adair
Director
Division of Environmental Health
Department of Environmental
Conservation

DATE: April 18, 2001

FROM: Vern Jones
Chief Procurement Officer

SUBJECT: Palmer Seafood Safety Lab
Lease #2359

This is in response to your inquiry regarding the Seafood Safety Lab in Palmer. Lease #2359 with Astro Enterprises has a current expiration date of December 31, 2001. The State has options to extend the lease for two more years. If both of those options are exercised, the lab could occupy this building through December 31, 2003*. After that date, your agency would have no legal authority to remain in this facility.

The only way in which the lab could remain in the facility past December 31, 2003 is if an emergency procurement is authorized per AS 36.30.310. Such authorization would be valid only for the time necessary to secure replacement lab space through a competitive sealed biding or competitive sealed proposals process per our procurement code. Such an extension would be subject to the lessor's approval and negotiation of lease terms and conditions. Your agency has an obligation to prevent non-competitive procurements whenever possible. I urge you to take the steps necessary to avoid an emergency procurement for this lab.

* Upon verifying the expiration date in our lease file, I realized that this is different than the date that we discussed on previous occasions. I apologize if my office provided incorrect information or contributed to a miscommunication regarding this lease.

Review of the Proposed Seafood and Food Safety Lab Design

Introduction

The Department of Environmental Conservation contracted with me to review the programming/concept design prepared by Livingston/Stone (2/22/01) for the Seafood and Food Safety Laboratory. In the review, I looked at the design to determine if it meets the needs of the laboratory as well as space allocation. My background includes 19 years as Laboratory Director of the U.S. Food and Drug Administration Laboratory in Bothell, WA. I retired Jan 1,2000. As Laboratory Director, I was involved in the design and construction of the FDA Lab in Bothell and am currently a consultant to FDA in the design and construction of a FDA Regional Laboratory in Irvine, CA. In addition, I consult with the pharmaceutical industry on meeting FDA requirements including facility design.

Review Findings

My overall impression of the design concept of the laboratory is that it has captured the flexibility and adaptability needed to meet the current diversity of work as well as the program changes of the future. The modular layout will permit the flexibility that is needed to handle minor changes in program needs. A modular addition can be attached to the main corridor, if a major expansion is needed, for new programs. Additional utilities can be added to the existing systems. This design should meet the Laboratory's needs for many years.

In reviewing the proposed program/concept design of the DEC Seafood and Food Safety Lab several important concepts are presented that effect the size of the laboratory. The variety of work done by the Lab along with the dedicated space required to do the analyses accurately and precisely has a dramatic effect on increasing the size of the laboratory. The laboratory has a number of small programs that require less than 1 FTE but because of the uniqueness of the testing required the space must be dedicated. Some examples of specific space requirements are chemical preparation, media preparation, marine toxins, animal microbiology, seafood and food microbiology, drinking water, and wet chemistry. The dedicated space is required to avoid cross contamination that could result in false positives or false negatives in microbiological analyses or inaccurate results in chemical analyses. For example, food microbiology and animal microbiology should not be done in the same laboratory. Chemical determinations should not be done in a microbiology laboratory or vice versa. Despite a small staff, the programs covered by the DEC lab are extensive as illustrated by the following list:

- Certify in-state laboratories for microbiological analysis of drinking water. (EPA Certified)
- Conduct product and growing water sampling required by the National Shellfish Sanitation Program (NSSP) to ensure that bivalve shellfish can be marketed. (FDA Certified)

- Routinely test commercial bivalve shellfish for marine toxins including paralytic shellfish poison (FDA certified) and domoic acid.
- Analyze finished seafood and general food products for pathogenic bacterial contamination.
- Analyze fish for five toxic metals – mercury, chromium, cadmium, arsenic and methyl mercury as per the EPA fish advisory program.
- Evaluate and randomly sample finfish for chemical and bacterial contaminants and parasites.
- Perform animal testing required to maintain USDA brucellosis certification. (USDA certified)
- Test for equine infectious anemia in horses intended for interstate or international shipment or entered in state fairs or other special events. (USDA certified)
- Evaluate raw and finished dairy products for bacterial contamination, antibiotics, and pasteurization (FDA certified).

The usual recommended net square feet/analyst for laboratories cannot be applied to the DEC laboratory because of the special space requirements for the variety of work. In addition, there are minimum requirements no matter the size of the laboratory with regards to safety. There are special separation requirements for solvent, chemical and gas cylinder storage. The staff size requires the analysts to do multiple tasks but to be efficient, effective and accurate they need dedicated space. The proposed design addresses these needs very effectively. The DEC laboratory has program requirements that I doubt are duplicated anywhere in the United States.

Conclusion

The proposed programming/concept design by Livingston-Stone for the State of Alaska DEC Seafood and Food Safety Laboratory captures the flexibility and adaptability of the space to meet the current diversity of work as well as program changes in the future. The variety of work and the need for dedicated space for some of the programs has resulted in the net square feet/analyst being higher than a typical laboratory. The normal space efficiencies cannot be achieved with the large variety of work and small number of analysts. I agree with the design concept and space allocations for the analytical functions as shown in the proposal. This design proposal should meet the needs of the Laboratory for many years. It is a well thought out design.

John Wiskerchen 4/19/01

John Wiskerchen
Consultant

LABORATORY COST FACTORS

(as compared to other building types)

Since square foot costs are higher for laboratory facilities, and many more gross square feet are required for the same net or usable square feet, additional costs are required. Furthermore, items in laboratory facilities not usually found in other types of buildings raise the cost again.

Elements of Construction Contributing to Higher Square Foot Costs

- *Structural System: required to carry heavier loads and be vibration resistant.*
- *Finishes: moisture resistant, cleanable, sealed from adjacent spaces, designed to contain microbes.*
- *HVAC System: requires better filtration, more air ventilation (minimum 10-12 air changes per hour for labs vs. 3-4 air changes for typical office space), 100% exhaust air, and more sophisticated control systems. Several types of exhaust systems are required, some of which require stainless steel ducts and filtration. Laboratory areas are required to be pressurized differentially from non-laboratory areas and adjacent more critical laboratory areas in order to prevent exposure to infectious diseases or pathogens.*
- *Due to the harsh climate in Alaska, we must locate laboratory HVAC internally or in an enclosed penthouse in lieu of rooftop mounted equipment common to laboratory facilities in the lower 48. Translation: more building square footage and higher costs.*
- *Gases: several types of piped gas systems are required for the testing and research conducted.*
- *Plumbing: testing and research conducted requires treated water distribution systems separate from the standard domestic distribution systems. Non-corrosive waste piping systems designed for disposal of acids and other chemicals are required in addition to the standard sanitary and storm drainage systems.*
- *Power: the equipment intensive work requires extensive power distribution and communications systems.*
- *Lighting: the type of work performed requires higher lighting levels, and much of the testing and research procedures being performed at the Seafood and Food Safety Laboratory are required to be federally certified and must maintain a minimum of 100 foot-candles at the worksurface to achieve the required certification. (More stringent than the APHL/MEF.)*
- *Security: the need to maintain a safe laboratory working environment and protect non-laboratory workers and the public from exposure to infectious diseases requires the incorporation of more sophisticated security and access control systems.*
- *Special Construction: many areas, because of the special nature of the procedures conducted, require special walls, ceilings and floors. Building systems are required to be designed to be flexible to accommodate new equipment and procedures required to test for new diseases and pathogens.*

Equipment and Systems Contributing to Higher Square Foot Costs

- *Items not typically found in other building types are special laboratory countertops/ casework, fume hoods, controlled-temperature rooms, glassware washers and dryers, autoclaves and many other types of fixed equipment are a part of the construction cost, consequently raising the square foot costs.*
- *Many operations in research and clinical laboratories are irreplaceable. Alternatively, repeating procedures is extremely costly in time and services. Therefore, redundancy is required to be built in to the utility services. Dual fans, filters and standby power generation are typical, each of which contribute to higher square foot costs.*
- *Safety features not found in other building types are required, including eyewash stations and emergency showers (both of which require a separate tempered potable water distribution system and floor drains), and specialized fire protection systems (e.g., pre-action sprinkler systems to protect equipment and procedures, dry chemical fire extinguishing systems, etc.)*

CSHB 51 (FIN) -- Seafood and Food Safety Laboratory
Frequently Asked Questions

How many employees work in the lab? We currently have 11 employees in our laboratory, and those 11 are slated to work in the new facility.

Are you proposing to add more employees? No, although the Fish Monitoring Program, if approved, will fund one additional food chemist who would work in this laboratory.

What functions will move with the lab? Only the lab functions, which are about 80% seafood related, will move.

Where is the current lab and where is the new lab proposed to be built? The current lab is in a converted grocery store in Palmer and has been there for over 30 years. The building is used both for the Seafood and Food Safety Lab and as office space for other staff. We are proposing to build the new lab facility in Anchorage by the corner of Tudor and Boniface.

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STATE OF ALASKA

TONY KNOWLES, GOVERNOR

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May 5, 2001

Mr. Hans Neidig
Office of Senator Lyda Green
Chair, Health, Education and Social Services Committee
Alaska State Senate
Juneau, AK 99801

VIA FAX 907-465-3805

Re: CSHB 51 (FIN)

Dear Hans:

As a follow-up to the HESS Committee hearing this morning on the above-referenced bill, I'd like to provide the following information.

Faxed with this letter are 5 pages that provide the detail of the direction given to Livingston, Sloan for their work on this project. The first two pages are the scope of work from the RFP we issued in 1998 for an economic analysis to replace the Seafood and Food Safety Laboratory. The next two pages are from the proposal submitted by Livingston, Sloan, which was ultimately accepted by the State. The 5th page is the scope of work from the second contract we entered into with Livingston, Sloan in December, 2000 to update the 1998 study by removing the concept of combining the Seafood and Food Safety Lab with the State Chemistry Lab and presuming the new facility would be built on state-owned land. These changes were made in order to reduce the cost of the project. I've indicated what I believe are the pertinent sections to demonstrate that "cost effectiveness" of the proposal was a critical part of the deliverables to make reviewing the documents easier for you.

I've also faxed the project budget, which is the last page faxed with this letter that shows everything that is included in the funding in addition to the actual construction.

You also asked me to outline exactly which positions will be staying in the Valley. We currently have two offices in the Valley, one in Palmer with 9 non-laboratory staff, and one in Wasilla with 5 staff, for a total of 14 non-laboratory staff. All will be staying in the Valley. In Palmer, we have the following non-laboratory staff:

- State Veterinarian;
- Dairy Sanitarian (classified as an Environmental Health Officer);
- Two food inspectors (classified as Environmental Health Officers);

- Four staff in the Pesticides Program (three are classified as Environmental Specialists and one is classified as an Environmental Technician); and
- One Environmental Technician who provides support primarily to the food inspectors, dairy sanitarian and the state vet.

In Wasilla, we have the following staff:

- Four staff with the Drinking Water and Wastewater Program (one is an Environmental Engineer, one is an Environmental Specialist, and there are two Environmental Technicians); and
- One staff person with the Division of Statewide Public Services (an Environmental Specialist).

Because we have to find other office space for our Palmer staff when the current lease expires, we will need to go out with an RFP for that space. At that time, Mike Conway, the Director of Statewide Public Services, and I plan to combine both offices. It is our hope that we can combine the offices in Palmer. Of course, we will follow the dictates of the Procurement Code, so I can't guarantee the office will be in Palmer but it will be in the Mat-Su Valley.

We have good reasons to want our office to be in Palmer. Many people who need water and wastewater approvals from DEC also need approvals from the Borough, so having our office close to the Borough building makes good sense from a public service standpoint. There is a lot of interaction between the State Vet and the Division of Agriculture, which is also located in Palmer. We want to keep that interaction as quick and easy as we can, and staying in Palmer would allow us to do that.

The building that we currently occupy in Palmer would be an ideal location for our combined office because it is very close to the Borough building and has plenty of parking for the public. We've estimated the square footage need for a combined Valley office to be approximately 3,300 sq. ft. however, this number was developed using standard calculations for office space. The Wasilla office has a large number of files because we keep files on all the on-site wastewater systems that are installed in the area. Therefore, the actual amount of square footage needed may be more.

Don't hesitate to call me if there is anything else you need, or if you, Senator Green or members of the committee have any other questions. I am reachable at any time at 229-2909.

Sincerely,

Janice Adair
Director

Michele Brown
Commissioner

Enclosures as noted

cc: Kurt Fredriksson, Deputy Commissioner (w/encl.)

1998 RFP

SCOPE OF WORK

SECTION SIX

6.1 Tasks

Task I: Determine Cost Effective Location for the Food Safety Laboratory

This task will include, but not limited to, the following:

a. Land availability.
b. Availability of utility, sanitary sewer, potable water and solid waste disposal that will include sharps and biological tissues not of human origin.
c. Laboratory sample delivery from the regulated community, food producers and processors.
d. Building security.

Task II: Develop a cost/benefit analysis based on best business practices and make a recommendation for the State to lease or own the Food Safety Laboratory.

This task will include, but not be limited to, the following:

a. Long-term building maintenance and repair.
b. Upgrades to the building that may be needed to accommodate changing Federal, State and local laws and changing technology.
c. Laboratory sample distribution.
d. Estimated operational costs for 20-40 year occupancy.
e. Develop lease cost versus lease purchase option for building replacement.

Task III: Develop a conceptual design and cost estimate for the Food Safety Laboratory, based on findings in Task II.

This task will include, but not be limited to, the following:

a. Land costs
b. Utilities, sanitary sewer, potable water, and waste disposal costs.
c. Construction costs to include:
    1. Building for laboratory and office space.
    2. Electrical distribution within the building.
    3. Equipment and supply delivery, i.e., loading dock, hallway width, passage door width
    4. Ventilation system for:
        (a) office space
        (b) chemical storage
        (c) chemical laboratory room
        (d) microbiological laboratory room
        (e) animal room
        (f) general storage room

5. Heating system that is regulated in individual rooms.
6. Sanitary waste to include chemical, microbiological and normal waste products.
7. Lighting for laboratory and office areas that meets the standard design criteria for both laboratory and office space.
8. Multiple telephone and computer access ports in each laboratory and office room.
9. Miscellaneous including employee and visitor paved parking and building security system with fence.
10. Modular laboratory counters, desks, and specialized equipment and other state-of the-art construction which addresses changing laboratory technology .
11. All applicable inspections for ADA, building codes and laboratory safety requirements.

This → idea has been dropped from current proposal.

Task IV: Develop a cost/benefit analysis and make a recommendation to the State for a combined Food Safety and State Chemistry Laboratory.

This will include, but not be limited to all items from Task I and II, and interaction with the associated commercial environmental laboratories.

Task V: If recommended, develop a conceptual design and cost estimate for the combined laboratory.

This will include, but not be limited to, all items in Tasks I and III.

6.2 Project Schedule

The proposer shall submit a time line showing the expected duration of the project with all significant points, milestones and products indicated. We expect to close the contract no later than November 1, 1998.

6.3 Equipment/Facilities Provided by the Contractor

All required to perform the contract.

6.4 Submittal of Report

Three copies of the final report which includes detailed findings and recommendations will be provided to the Department at the close of the contract.

6.5 Renewal Options

No renewal options will be available for this contract.

Section One: Understanding of the Project

1.1 Project Understanding

The Department of Environmental Conservation (DEC) Food Safety Laboratory serves a critical role in the monitoring and documentation of the safety of food products produced in Alaska. As a working lab, the Food Safety Laboratory is responsible for the testing of meat, drinking water, dairy and fisheries products for microbiological contaminants. Chemical analysis of these same food products is also performed and all test results must be documented, processed, and then archived for future reference. The Food Safety Laboratory is also responsible for training laboratory personnel and for the coordination of information and testing procedures with the FDA. The Food Safety Laboratory must meet changing program demands as well as seasonal testing demands.

For 30 years, staff working at the Food Safety Laboratory in Palmer have been providing this very important community service from a facility not designed to be a working lab, but rather a retail building. Personnel have gone the extra mile to make their existing facility function so as not to compromise the work being performed. Changing laboratory practices, FDA requirements, and equipment demands, however, are making the existing facility woefully inadequate. Existing laboratories are equipped with second hand and salvaged laboratory casework; and decontamination, sterilization, testing, and instrument storage areas are severely crowded. The building lacks the necessary building infrastructure to meet current laboratory standards, codes, and operational requirements.

The Food Safety Laboratory Feasibility Study will provide the DEC with the necessary framework to begin planning a new Food Safety Laboratory and it will identify the most cost effective plan of action. A site selection process will be used to identify potential locations for a new facility, and cost/benefit analysis will be conducted to established a recommended course of action. A conceptual design and cost estimate will then be developed for the recommended approach. The feasibility study will also examine the feasibility and benefits of combining the existing State Chemistry laboratory currently located in Juneau, with the proposed new Food Safety Laboratory. The feasibility study will provide a final recommendation which the DEC can take to the State Legislature.

1.2 Project Deliverables

- **Determine Cost Effective Location**

A new location for the Food Safety Laboratory and/or a combined Food Safety/State Chemistry Laboratory which is cost effective will be one of the deliverables included in the Feasibility Study. Available vacant lands as well as available lease space will be examined in the Anchorage and Palmer/Wasilla areas. A set of Site Selection Criteria will be developed with the DEC and user representatives. It is anticipated that the criteria will include, but not be limited to, items such as availability of site utility infrastructure and fire protection, laboratory sample delivery requirements, lease capabilities, future expansion capabilities, etc.

- **Develop Cost/Benefit Analysis – Food Safety Laboratory**

The Cost/Benefit deliverable portion of the Feasibility Study is key to the future success of the project. The analysis must be comprehensive and adequately address the economic issues surrounding the proposed Food Safety Lab. The analysis will address benefits over the life of the project and incorporate the site options identified in the location search, as well as long term upgrades, maintenance, and operational costs. Lease versus own costs and benefits will be analyzed.

This idea has been dropped from current proposal

- **Develop Cost/Benefit Analysis – Combined Food Safety & State Chemistry Laboratory**
Similar to above, the Cost/Benefit Analysis for a combined facility will address the economic issues surrounding this project scenario. Additional program benefits and efficiencies realized by a combined facility will be uncovered, and any cost savings will be identified.

- **Conceptual Design(s) and Cost Estimate**
A Conceptual Design will be developed for the Food Safety Lab and/or a combined Food Safety/Chemistry Laboratory. The Conceptual Design will serve to test the project on the proposed site and provide a fist level analysis of how the new laboratory may begin to take shape. The conceptual design deliverable will need to include a conceptual level facility program to establish the basic design parameters such as square footage requirements and building systems requirements. These design parameters and conceptual layout will be used to develop a conceptual cost estimate as part of this deliverable.

1.3 Timeline

The following Proposed Timeline reflects our proposed methods and a suggested time frame in which to accomplish the Food Safety Laboratory Feasibility Study. Key deliverables have been identified. The eight week planning period is flexible and will most likely be modified to reflect a more detailed Scope of Services following our initial project meeting, or during contract negotiations prior to NTP.

Assuming an early September 1998 start, the Food Safety Laboratory Feasibility Study will be finalized in early November in time for DEC to process for the 1999 legislative session and funding consideration.

12/2000 Contract Scope of Work

APPENDIX C

Scope of Work

Appendix C consists of the scope of work for services to be performed as outlined and negotiated between Livingston Slone, Contractor, and Bert Hartley, Project Director.

Overview

The Department of Environmental Conservation (DEC), Environmental Health Division is in need of relocating the Food Safety Laboratory (FSL) from its current facility. The FSL has resided at its current location for over thirty years without upgrade or renovation, and the facility lease expires in December 2000. In FY1999 the Department contracted for a feasibility study that included conceptual design, general layout with equipment requirements, relocation analysis and rough order of magnitude cost estimates for new construction. The Department is in need of updating this study with additional options, to make a determination and recommendation as to the best course of action to relocate the FSL.

Scope of Work

The Contractor, is requested to provide professional expertise and technical consultant services to assist the DEC Environmental Health Division in determining the best course of action and recommendation for relocating the Food Safety Laboratory. Contract specific scope of work includes, but may not be limited to the following:

- Re-work the matrix developed as part of the FY1999 feasibility study, to show the economic variations between leasing, lease purchasing, and building a state owned/operated FSL. Incorporate into the matrix additional options including new construction on state owned property.
- Develop criteria for selecting land suitable for a Food Safety Laboratory.
- Evaluate available state owned land parcels utilizing suitability criteria. Available state owned property to be provided to Contractor by DEC for evaluation.
- Assist DEC in the review of updated options including recommendation for best course of action.
- Obtain and review the Legislative presentation developed by DH&SS in support of the new PHS laboratory. Modify and tailor the presentation to support DEC Food Safety Laboratory.
- Contractor to attend meetings and provide briefings as required in connection with scope of work.
- Contractor will coordinate with Project Director as to schedule of activities, progress and timing of deliverables.

(Did not include combining both labs)

UPDATED FOR CSHB 51 (FIN)

PROJECT BUDGET

Date Budget Prepared: 4/26/01
PROJECT NAME: DEC Food Safety Laboratory - ANCHORAGE
Budget Revision: After Concepts
PROJECT NO: 54814
DOT&PF MANAGER: Matt Tanaka PE (269-0824)
Client Concurrence: _____ (signature & date)
CLIENT AGENCY: Dept. of Environmental Conservation
CONTACT: Bert Hartley (269-7662) FAX 269-7654
Palmer Lab. Dick Barrett (745-2236)

STAGE OF PROJECT:
___Startup __X__Programming ___Schematic Design ___Design development
___Constr. Document ___Bid Period ___Award ___Constr.(___% Complete) ___Closeout

DESIGN PHASE:	BUDGET	COMMENTS:
Design Fees	$938,829	Consulting fees for design
Design A/E Contingency	$161,529	Allowance for design amendments
Design Administration Bldg	$76,886	DOT&PF project management
Right-of-way (NB)	$12,000	Acquire land interests, easements
Utilities	$30,000	Utility permits, easements
Environmental (NB)	$14,000	Investigations and reports
Technical Services (NB)	$8,000	Advertise and award contract
Technical Services	$30,000	Plan sets reproduction costs
Pre-Award Audit (NB)	$3,500	Audit prior to contract award
MOA Plan Reviews	$35,720	Plan review fee
Misc. Meetings	$25,000	Public meetings, P&Z, UDC presentations
ICAP Design Phase (NB)	$26,710	2% for DOT administration
DESIGN PHASE TOTAL	$1,362,200	

CONSTRUCTION PHASE:	BUDGET	COMMENTS:
Construction Contract	$7,945,000	20,500 sf, Type I FPE, utilities, access
Bidding Contingency	$235,350	3% bidding contingency
Change Order Reserve	$784,500	10% change order reserve
Subtotal for Construction Contract:	$8,864,850	
A/E Bid/Constr. Assistance	$224,400	Partial bid, construction assistance by A/E
Special Inspection	$40,000	per 1997 UBC
Site Clearing	$10,000	prevention of migratory bird nesting
Constr. Administration	$330,440	DOT&PF construction administration, inspection
Artwork, AS 35.27.020	$88,050	1% for Art per ASCA
Group II Furnishing, Fixtures, Equip (FFE)	$1,021,360	Type II FFE budget per DEC
Legal (NB)	$7,800	Contract reviews and protests
Concurrent Review (NB)	$3,000	Project review and closeout
Project Contingency	$392,300	5% of constr contr for scope creep, unknowns
ICAP Construction Phase (NB)	$225,000	2% for DOT administration
Bio Safety Level 3 (BSL3) Features	$8,000	Design adjustments for future conversion of micro area to BSL3
CONSTRUCTION PHASE TOTAL	$11,225,800	

TOTAL DOT&PF BUDGET	$12,588,000	COMMENTS: Assume site on DMVA pad. Costs are adjusted from 2/14/00 estimate based on refinement of conceptual design. Budget items determined ineligible for Certificates of Participation (bonds) are identified (NB).
PROJECT FINANCING	$200,000	
TOTAL PROJECT BUDGET	$12,788,000	
(NB) BUDGET ITEMS	$310,000	
BOND ELIGIBLE BUDGET	$12,478,000	

NB = nonbonable costs: that amount, totalling $310,000 was in capital budget as General Fund.