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**Agency 365 – Washington State University**  
**2011-2013 Operating Budget Request**

Building the Washington State Economy  
Performance Level Decision Package – PL MU

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**Maintenance & Operations for New Facilities (Policy Level)**

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**Agency Recommendation Summary:**

Washington State University is requesting maintenance and operations funding for the WSU Spokane Riverpoint Veterinary Specialty Teaching Clinic which is housed in an existing 1946 building that was acquired by the university and the state in 2004. It had been leased to a plumbing company until 2006. Since the expiration of that lease, the space has been serving as campus storage and no maintenance and operations funding associated with it. Private contributions for the development of a satellite veterinary teaching facility were the catalyst and combined with some minor capital funds the facility was converted into the teaching clinic. The renovation was complete and the facility occupied in December 2009.

The university is also providing information about the federally-funded Agricultural Research Services facility (an advanced Plant Phenomics Laboratory) in Pullman. Full design and construction funding is pending and the university will request maintenance and operations funding when the building is complete and occupied.

**Background:**

The 2004 supplemental appropriations act (ESHB 2573, Sec. 907) recognized that *“one incentive to attracting non-state funding of facilities might be the state sharing in the ongoing operating and maintenance costs through the operating budget and sharing future capital maintenance costs.”*

The House of Representatives capital budget committee 2002 interim workgroup on higher education facilities asked institutions to request maintenance and operations funding before construction begins on a building provided with federal or private resources. This decision package is intended to serve as that formal notification.

**Fiscal Details:**

<b>By Fund</b>	<b>2011-12</b>		<b>2012-13</b>		<b>2011-13</b>
	<b>FTE</b>	<b>Dollars</b>	<b>FTE</b>	<b>Dollars</b>	<b>Biennium</b>
General Fund State	1.1	111,000	1.1	113,000	224,000
<b>Total</b>	<b>1.1</b>	<b>\$ 111,000</b>	<b>1.1</b>	<b>\$ 113,000</b>	<b>\$ 224,000</b>

**Package Description:**

**1. Spokane Riverpoint Veterinary Specialty Teaching Clinic**

Maintenance and operation funds are requested for the College of Veterinary Medicine's fourth-year veterinary specialty teaching clinic opened in Spokane December 2009.

Currently 100 WSU veterinary students must take on-line programs to gain required clinical training in ophthalmology, dermatology and dentistry. The students now

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go to Spokane Riverpoint campus and get hands-on training in these veterinary specialties important to veterinary practice. Before this facility was opened, students learned the theoretical aspect of these subjects on-line but received little or no clinical training in them, due to the lack of faculty with specific expertise in these disciplines. Senior veterinary students will work alongside private veterinary specialists, treating animals in ophthalmology, dermatology, dentistry, and oncology.

Cost for maintenance and operations of the building are \$111,000 in 2011-12 and \$113,000 in 2012-13 and thereafter (See Attachment E). These costs are far lower than the alternative of hiring, providing benefits, and equipping new faculty in these fields.

WSU used private funds and minor capital for renovation of an old plumbing and warehouse building on the Riverpoint campus that was acquired by the university and the state in 2004. The building was not in use and there was no maintenance and operations budget associated with it.

The building, built in 1946, will now be used for veterinarians who are WSU adjunct faculty and relocating to Spokane to practice their targeted medical specialty. It allows them to meet the specialty demands of Inland Northwest pet and other animal owners, teach and work with WSU students, and form a close link with WSU veterinary faculty. Spokane currently has no veterinary specialists in ophthalmology, dermatology and dentistry with the exception of the current veterinary ophthalmologist in the specialty clinic.

While the program will provide many benefits to the state, teaching is the prime mission of the satellite project. WSU would have to make substantial new investments in salaries and benefits and equipment to attract faculty in ophthalmology, dermatology, and dentistry. Without the satellite facility or making that investment, WSU's College of Veterinary Medicine could run into accreditation problems in the future. The specialties are considered essential in a world-class veterinary program and recent assessments of the effectiveness of the existing curriculum indicate the need to enhance the clinical training of students in these disciplines. At present, these specialties are not available at the Pullman campus.

At the time the building was acquired, it was being leased to BPS Plumbing and that arrangement continued until 2006. Building maintenance and operations costs were covered by the associated lease revenues. Since the expiration of that lease, the space has been serving as storage space for WSU Spokane.

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### **Why the state should fund M&O costs of the clinic building:**

- **Saves operating funds.** The clinic saves the state expense related to the cost of filling high-priority needs in four-year specialty teaching programs in the state's College of Veterinary Medicine. Many of those needs will now be filled by the veterinary specialists who will teach and use this facility.
- **Reduces capital investment.** It leveraged privately-donated funds to convert an under-utilized state building into a facility that will serve 100 veterinary students and improve veterinary care and instruction in the region. That saves state capital construction dollars addressing this need.
- **Increases patient access.** The state's pet owners, especially those in the Inland Northwest, will get local access to specialized fields of medicine that are currently not served or are underserved by the area's private sector. These specialty areas include ophthalmology, dermatology, and dentistry.
- **Supports local veterinarians.** Inland Northwest Veterinarians will get more access to WSU's College of Veterinary Medicine, as the clinic will often host visiting students and faculty from Pullman.
- **Strengthens WSU's teaching program.** The addition of the specialties planned for the Spokane facility will greatly enhance WSU's teaching effort in a high-priority program and allow the university to teach at a level expected by students and constituents.
- **Strengthens priority WSU research programs.** The Clinic, located in the larger Spokane metropolitan area, will allow for expanded research options not currently available at the WSU Veterinary Teaching Hospital in Pullman.
- **Increases outreach.** The clinic will be a base for additional continuing education and community outreach programs, giving the state's veterinary college more opportunity to serve the region.
- **Adds a new professional Health Sciences program to the Riverpoint Campus.** Health sciences is the focus of programs offered on the Riverpoint Campus by Washington State University and Eastern Washington University.

### **2. Agricultural Research Services (ARS) Facility**

Washington State University is requesting maintenance and operations funding for the federally-funded Agricultural Research Services facility. Completion of this Pullman facility could be possible by July, 2013 if the federal appropriations are secured for the construction cost balance.

Consistent with prior capital legislation, a similar narrative and justification was included in the University's 2005-07, 2007-09, and 2009-11 budget request to keep the legislature and OFM informed about the progress of the facility being

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constructed by the federal government (U.S. Department of Agriculture - ARS) and the University's associated request for maintenance and operations funding.

Given the level of federal funding to date, the project has been modified to include two phases. The current plan is to build an advanced Plant Phenomics Laboratory facility for approximately \$20 million. The original plans for a \$43 million research and office Facility remains a federal request priority, but as a second phase. The Plant Phenomics Laboratory coincides with the federal government's focus on 21<sup>st</sup> Century agriculture in which new technology is used to produce plants with shorter breeding time. Research will be done to shorten current plant breeding time from 10-15 years to 5-10 years, or less. The applied crop research activities associated with the facility will include that of wheat and other cereals, tree fruit, and oilseed crops, such as camelina.

The Plant Phenomics Laboratory will include advanced, environmentally controlled plant growth spaces, with a large number of environmental chambers in which research plants will be exposed to anticipated future climate conditions such as elevated levels of carbon dioxide, and modified temperature and moisture regimes that are consistent with the widely anticipated changes in Washington's climate. These plant growth facilities will also contain robotically operated sensors that provide real-time assessment of technical aspects of plant physiology and phenotypic response to the environmental stresses imposed on them – hence the proposed title of Plant Phenomics Laboratory.

**Supporting legislation:** The 2004 supplemental appropriations act (ESHB 2573, Sec. 907) recognized that *"one incentive to attracting non-state funding of facilities might be the state sharing in the ongoing operating and maintenance costs through the operating budget and sharing future capital maintenance costs."*

The legislation identified Washington State University's agricultural research facility, constructed using federal funds, as such a project, and said it will consider providing funds for operating and maintenance on the facility "when the project nears completion. Considerations will include the appropriate amount of such assistance, particularly given the research nature of the facility and the potential for indirect cost recovery associated with the research grants coming to the institution as a result of the facility."

**Federal funding received:** Funding has been incremental. Between 2004 and 2007, the federal government appropriated \$12.4 million toward design and construction of this facility. In August 2008 Senator Patty Murray announced that a bill that included an additional \$1.87 for the ARS facility passed the full Appropriations Committee and subsequently passed the Senate. Since 2008, an additional \$5.9 million has been appropriated for a total, to date, of \$20.2 million.

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Currently an additional \$3 million is being requested from Congress to bring the total to about \$23 million. The funding secured is a result of the long and effective research partnership between the U.S. Department of Agriculture's "Agricultural Research Service (ARS)" and Washington State University.

**Relationship between WSU and ARS:** As Washington's land-grant university, WSU is able to attract federally paid scientists to the state. The federal Agricultural Research Service (ARS) agency hires scientists to work on the WSU Pullman campus performing many of the same roles as WSU faculty, but with no direct cost to the State of Washington. The State reaps huge rewards.

Consider the career of the former and now retired Dean of the College of Agricultural, Human, & Natural Resource Sciences. Dr. R. James Cook began his professional career in Pullman in 1965. For the next 33 years, the federal ARS paid his salary as he worked alongside WSU faculty members doing research on issues of importance to Washington farmers, food processors, and consumers. While ARS paid his salary, he brought grants to WSU, he trained WSU graduate students, and he solved agricultural problems for Washington State citizens. He brought to Washington producers world-class knowledge in biological control of plant pathogens, cropping systems, and integrated crop health management.

Dr. Cook was elected to the National Academy of Sciences in 1993, bringing honor to both ARS and WSU. In 1998, Dr. Cook was appointed to the Endowed Chair in Wheat Research and was paid by WSU until his retirement. He continued the same type of research and graduate training, but as a WSU employee rather than a federal employee.

As a second example, Dr. Orville Vogel, who developed the dwarf wheat for Washington growers and is now credited for his role in the green revolution, was an ARS scientist for his entire 42 years on the WSU campus.

Presently there are over 70 USDA-ARS scientists and staff located on the Pullman campus with others in Prosser and Wenatchee. The partnership with USDA-ARS is enduring and valuable, allowing federally funded personnel to address critical agricultural issues of significance to Washington while participating extensively in WSU's graduate education and collaborative extramural grant funded activities.

#### **Federal contributions to building maintenance**

The federal government will provide design and construction funding for a building but will not provide operating budget. Facilities and administration (F&A) revenue for paying facility operating costs from grant and contract activity conducted within the building is expected to be small because much of the research is for Washington state agricultural commissions and the USDA (ARS). Neither the state commissions nor ARS fund indirect cost recovery.

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**Reasons why the state should fund maintenance of the ARS building:**

- Under a unique agreement with WSU and the federal government, half of the scientists in these facilities will be state-funded WSU researchers. So state priorities will be addressed in this building as well as federal priorities.
- The Plant Phenomics Laboratory and the subsequent laboratory and office building will provide modern laboratory and work space for 15 WSU scientists as well as 15 federal Agricultural Research Service scientists.
- Federal laboratories typically have larger equipment budgets. Much of the equipment provided to federal laboratories is shared by both WSU scientists in the building and WSU faculty elsewhere on campus.
- The Plant Phenomics Laboratory and the subsequent laboratory and office building is expected to expand job and research opportunities for WSU students. Most USDA laboratories on the WSU campus employ both university undergraduate and graduate students thus enriching their education through hands-on research experience.
- Attracting these facilities to Washington is a significant state benefit and the state should match that commitment by maintaining the building.
- This Plant Phenomics Laboratory and the subsequent laboratory and office building provides facilities for integrated WSU programs in Soil and Crop Sciences, and Plant Pathology. Scientists within each program are separated in current facilities. This building will bring scientists into shared research environment. This will allow greater potential for collaboration essential in today's research. The university has found that these research conditions make its faculty more competitive. WSU expects the building to lead to more federal grants to the university.
- The federal government is paying for a modern facilities and scientists that will promote economic development in Washington that could alternatively be located in other states.
- The research being conducted helps the state's farmers, food processors, and consumers.
- University graduate and undergraduate students receive valuable training and an essential part of their education from working with both WSU faculty and ARS scientists.

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**Calculations:**

FISCAL DETAIL TABLES - M&O POLICY LEVEL					
By Program	2011-12		2012-13		2011-13
	FTE	Dollars	FTE	Dollars	Biennium
Plant	1.1	111,000	1.1	113,000	224,000
<b>Total</b>	<b>1.1</b>	<b>\$ 111,000</b>	<b>1.1</b>	<b>\$ 113,000</b>	<b>\$ 224,000</b>
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By Object	2011-12		2012-13		2011-13
	FTE	Dollars	FTE	Dollars	Biennium
Salaries					
A/P	0.1	4,000	0.1	4,000	8,000
Classified	1.0	41,000	1.0	41,000	82,000
Benefits		15,000		16,000	31,000
Goods/Services		51,000		52,000	103,000
<b>Total</b>	<b>1.1</b>	<b>\$ 111,000</b>	<b>1.1</b>	<b>\$ 113,000</b>	<b>\$ 224,000</b>

**Attachment E**

**Maintenance & Operations Costs**

**For New Facilities Projected to Come On-Line in 2011-13**

**Institution: Washington State University, Agency #365**

Total gross square feet of campus facilities supported by State Funds: 9,525,500

Total net assignable square feet supported by State Funds: 8,491,441

**Policy - Performance Level**

Project Name	Capital Budget Project Code	Total Project Gross Square Feet*	Gross Square Feet		Projected Occupancy Date	Projected % of Year Occupied		Proposed State-Supported Cost Per Square Foot**		Requested State Support		
			Replaced by Project	Renovated in Project		FY 12	FY 13	FY 12	FY 13	FY 12	FY 13	TOTAL
Riverpt Veterinary Specialty Teaching Clinic		10,151			12/1/2009	100%	100%	\$ 10.90	\$ 11.11	\$111,000	\$113,000	\$224,000
										\$0	\$0	\$0
										\$111,000	\$113,000	\$ 224,000

Component	Proposed Rate per GSF		Estimation Basis for Proposed Rate
	FY 12	FY 13	
091 - Utilities	\$3.60	\$3.66	Actual cost, plus projected increases, inflation factor
092 - Bldg & Utilities Maintenance	\$2.27	\$2.33	APPA rates, inflation factor
093 - Custodial & Grounds Svcs.	\$1.70	\$1.73	APPA rates, inflation factor
094 - Ops & Maintenance Support	\$3.33	\$3.39	APPA rates, inflation factor, plus Safety, Fire contract, Info Tech
<b>TOTAL</b>	<b>\$10.90</b>	<b>\$11.11</b>	