



# VERMONT DLC & LOTTERY MERGER STUDY

## PRESENTATION TO DLC & LOTTERY TASK FORCE

2018 LEGISLATIVE SESSION



# Lottery Commission Snapshot

- 15 FTE + 6 PT in 2015; 17 workstations
- 13,300 sf includes staff, retail & warehouse
- Lease in Berlin until 8/31/19; may extend until 8/31/24 if renew by 9/1/18.
- \$156,834 annual rent (\$172,517 annually after renewal) = \$11.79/sf (\$12.97/sf after renewal)
- Additional annual costs = approx. \$53,000
- Total: \$15.79/sf (\$16.97/sf after renewal)
- FY18 FFS office space is \$17.77 (Montpelier) and \$11.64 (Barre); warehouse space is about \$6/sf.

# Dept. Liquor Control Snapshot

- 41 employees in 2015; about 1/3 are in the warehouse or in the field.
- 46,646 sf includes 37,381 sf warehouse space.
- FY 2018 fee for space: \$19,244.77 plus approx. \$4/sf for DLC-paid expenses
- Total: approx. \$4.61/sf

# DLC & Lottery: What path forward?

## Some of the issues to explore:

- Delivery and retail models for each group
- Opportunities to improve site security and reduce loss of inventory
- Possibility of adding regulation, storage, delivery, and enforcement for marijuana to the two groups already identified
- Opportunities to reduce operational and administrative costs.

# DLC & Lottery: What path forward?

## **Steps taken so far:**

- DLC has produced their own analysis for a new warehouse
- Act 160 (FY17) appropriation of \$75,000 for planning and siting options for DLC offices and warehouse

## **Next steps:**

BGS recommends a feasibility study before looking at siting options.

# Some background on feasibility studies



Agency led; facilitated by  
BGS

## Purpose:

- Examine service models, define performance measures;
- Identify future business models with costs and benefits of each model;
- Preliminary details (such as a space program) for the recommended model.

# Feasibility Study: Recent Example



## Problem definition:

- Both ANR and AAFM were displaced by TS Irene.
- Both agencies identified inefficiencies in their service models.
- The consultant interviewed stakeholders, toured facilities and inventoried services, examined the history of each agency's services and researched what is being done in other states.

# Feasibility Study: Recent Example

Water Quality Monitoring Program- Laboratory Services in Other New England States

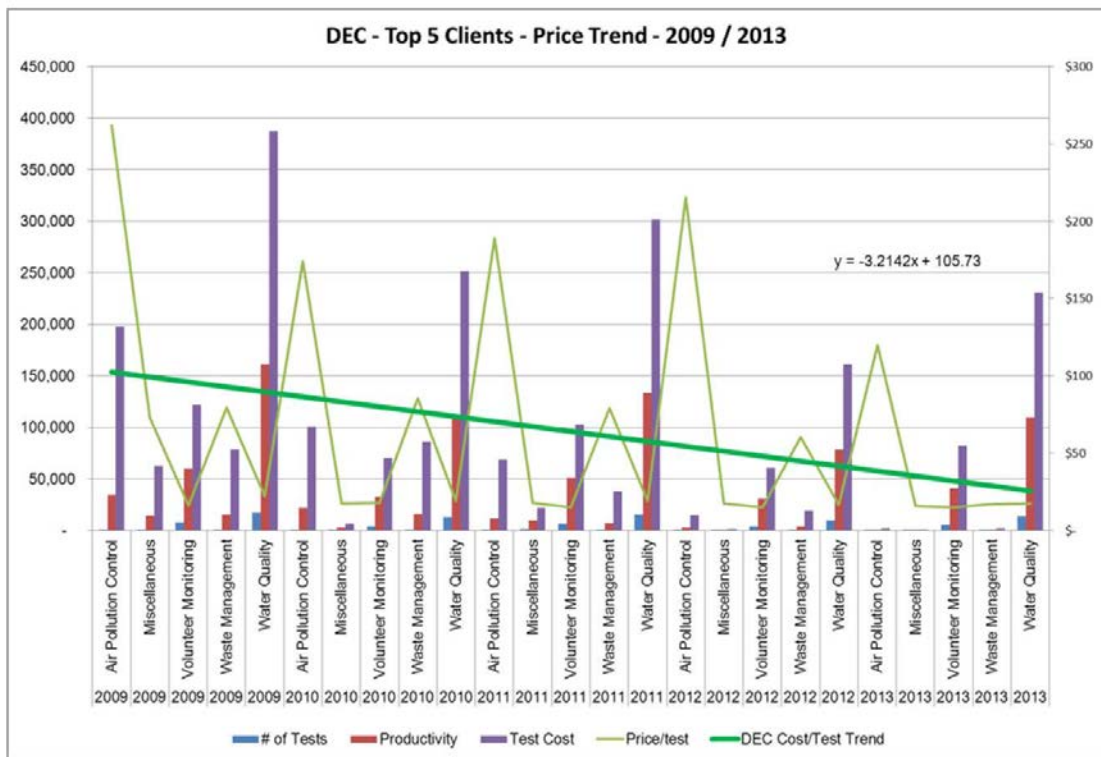
State	Relevant experience	How adaptable is this system if you suspect a new environmental threat?	Data transfer smooth?	How are lab services funded?	Asked to describe ideal lab services
CT	Changed from state DOH state lab 5 yrs ago to UCONN & CBL (Maryland state lab)	Not very	Get electronically as Excel and put into Access. DOH had old hospital billing sys that took a lot of work to set up system with, but worked until lab personnel laid off	State and Federal money, mostly Federal (EPA)	Vermont is the model
ME	Consolidated Envir & Health Labs in 1992	Adaptable, after 5 yr hiccup due to changing labs	Have not gotten to electronic data transfer yet.	State general fund for lake assessment	Described Vermont's set up, what they used to have until 1992
RI	Changed from University of RI contract to state DOH lab & contract out since DOH can't meet their detection limits	Adaptable, but constrained on biological side the DOH microbiological lab geared around disease and not zooplankton	Working toward it, behind VT.	Federal money (EPA)	Described Vermont's set up, 'always been envious of Vermont'
MA	State Environmental Lab	Adaptable	Yes, Get electronically	State and Federal money (EPA)	Described the Vermont set up. Having their state lab on site with more capacity.
NH	State Environmental Lab on site	Very, if the state chem lab can't do it, they can adapt their limnology lab to do method.	Yes, get electronically. LIMS system similar to Vermont's	State and Federal money, mostly Federal (EPA). Lake Assoc pay for Lay Monitoring Samples	What Vermont and NH have now
NY*	Lost access to DOH lab services in 1990s, use private contract labs now	Not very, any parameter w/ short holding time needs to be planned out far in advance.	Not asked	A contract line in the budget. Full-time Laboratory Coordinator in charge of bidding and payments	"I do know that we are envious of your (Vermont's) facility."

Other states' practices

*Contacts for each state's water quality monitoring programs were: CT DEP: Ernie Pizzuto 860-424-3715; ME DEP: Linda Bacon 207-287-7749; RI DEM: Sue Kiernan 401-222-4700 x7600; MA DEP: Bob Nuzzo 508-767-2809 and Rich Chase 508-767-2859; NH DES 603-271-3414. NY DEC: Fred Dunlap and Scott Quinn (\*NY was not asked exact questions as other states so table uses most relevant response that addresses column question).*

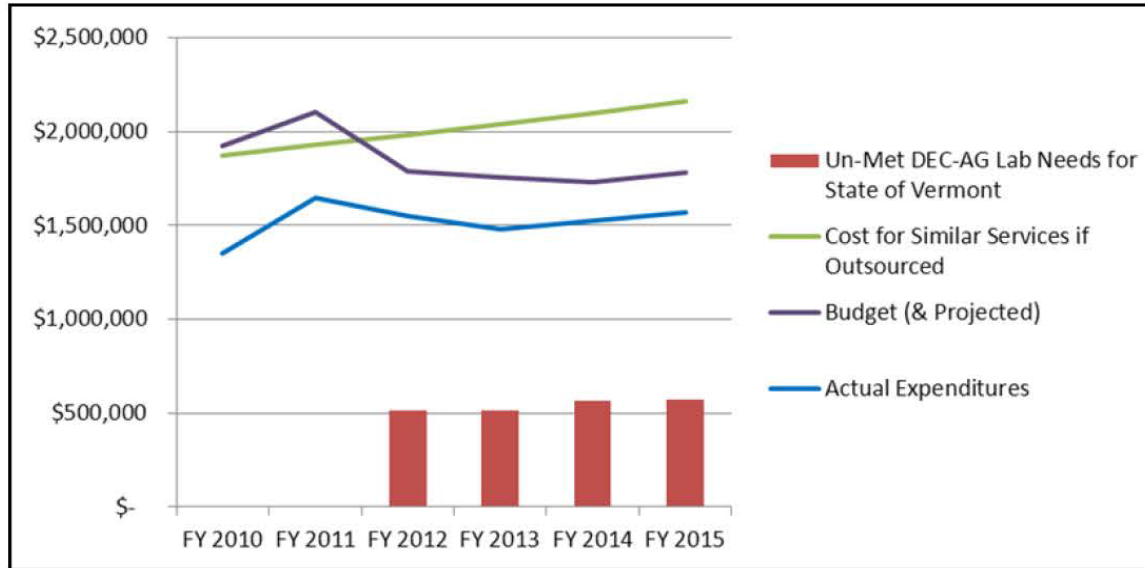


# Feasibility Study: Recent Example



Existing business model for all relevant services for each agency.

# Feasibility Study: Recent Example



Cost modelling  
for each  
business  
model option

DEC - VAAFM Lab	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Budget Estimate (No Storm Irene)	\$1,927,626	\$2,106,648	\$2,300,152	\$2,275,300	\$2,293,824	\$2,354,491
Budget (& Projected)	\$ 1,927,626	\$ 2,106,648	\$ 1,786,974	\$ 1,758,687	\$ 1,729,484	\$ 1,781,368
Actual Expenditures	\$ 1,353,655	\$ 1,648,550	\$ 1,548,692	\$ 1,480,441	\$ 1,524,854	\$ 1,570,600
Un-Met DEC-VAAFM Lab Needs for State of Vermont	\$ -	\$ -	\$ 513,178	\$ 516,613	\$ 564,340	\$ 573,122
Lab Tests Only	\$ 1,217,243	\$ 1,252,031	\$ 1,287,813	\$ 1,324,618	\$ 1,362,475	\$ 1,401,413
Additional Field Handling/Mailing Etc.	\$ 149,600	\$ 154,088	\$ 158,711	\$ 163,472	\$ 168,376	\$ 173,427
Lab Services Management/QA/Analysis (5 FTEs)	\$ 260,000	\$ 267,800	\$ 275,834	\$ 284,109	\$ 292,632	\$ 301,411
LIMS Mgmt & IT Support (1 FTE)	\$ 52,000	\$ 53,560	\$ 55,167	\$ 56,822	\$ 58,526	\$ 60,282
Benefits, Taxes, Overhead, etc (40%)	\$ 124,800	\$ 128,544	\$ 132,400	\$ 136,372	\$ 140,463	\$ 144,677
Facility Services (2100 SF)	\$ 42,000	\$ 43,260	\$ 44,558	\$ 45,895	\$ 47,271	\$ 48,690
FFE /Year including general IT	\$ 28,000	\$ 28,840	\$ 29,705	\$ 30,596	\$ 31,514	\$ 32,460
Cost for Similar Services if Outsourced	\$ 1,873,643	\$ 1,928,123	\$ 1,984,188	\$ 2,041,884	\$ 2,101,259	\$ 2,162,361

DEC - VAAFM Lab Budget, Expenditures, Projection

# Feasibility Study: Recent Example

## Lab Title: Inorganics & Nutrients

Contact: Dan McAvinny, Anne Charbonneau

Description of work activities:

- 99% of tests are surface water, with some ground water samples, and have done soils in the past. Sampling from VT, NY and Quebec.
- Automated nutrient and inorganic analysis- spectroscopic analyses (autoanalyzer)
- Digestion occurs in small, square autoclave- due to volume of samples and frequent use, autoclave ideally would be located in/near lab.
- Ion chromatography- separate instrument and separate test. Occasionally used for drinking water testing.
- Testing for:
  - \* Phosphorous
  - \* Nitrates
  - \* Chlorides
  - \* Others

Major required equipment:



- Automated colorimetric instruments (autoanalyzers)- had plenty of room at Waterbury facility.
- Ion Chromatograph (bench top unit)
- Floor autoclave, box model for racks of stacked tubes.
- Nitrogen gas cylinders- one cylinder lasts a year- no need to have this piped in from a central tank/cylinder room.



- Sinks on one or both ends of the bench.
- One large fridge.
- TKN may require hot-block either in separate wet lab, or in a hood in the inorganics section .
- Nitrogen combustion analyzer (for Ag)- need H and CO2 gas- would require a little bench space with gas cylinders.

Desired equipment and other resources:

- Fume hood would be nice, but not essential, but is needed if TKN is to be prepped here.
- Hood should be big enough to accommodate TKN (above).
- Can generate up to 60-80 L of waste/week.

Space and/or laboratory requirements:

- Space at Waterbury was sufficient- could handle 3 people.
- Need sufficient bench space for phosphorus analysis, associated with autoanalyzer- 20 ft. of bench space would be nice to have. They have 2 autoanalyzers.
- Waste management- might need space for storage prior to pickup

Safety and regulatory requirements:

- Waste management issues- high volume liquid waste.

Segregation (i.e. cross-contamination) vs. compatibility (i.e. shared equipment and space):

Internal vs. outsourced:

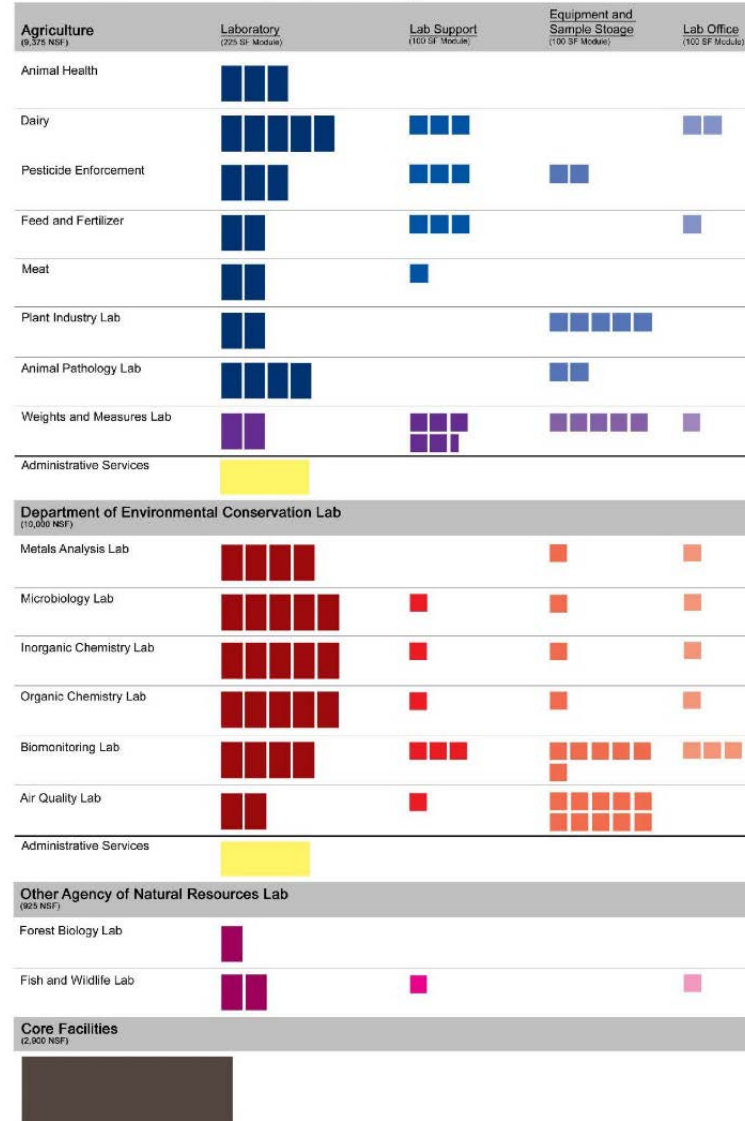
Data collection/entry/accessioning:

Other info:

## Interview staff and inventory each existing space and function

# Feasibility Study: Recent Example

## Co-Located Laboratory Space Program



Conceptual space program for each business model

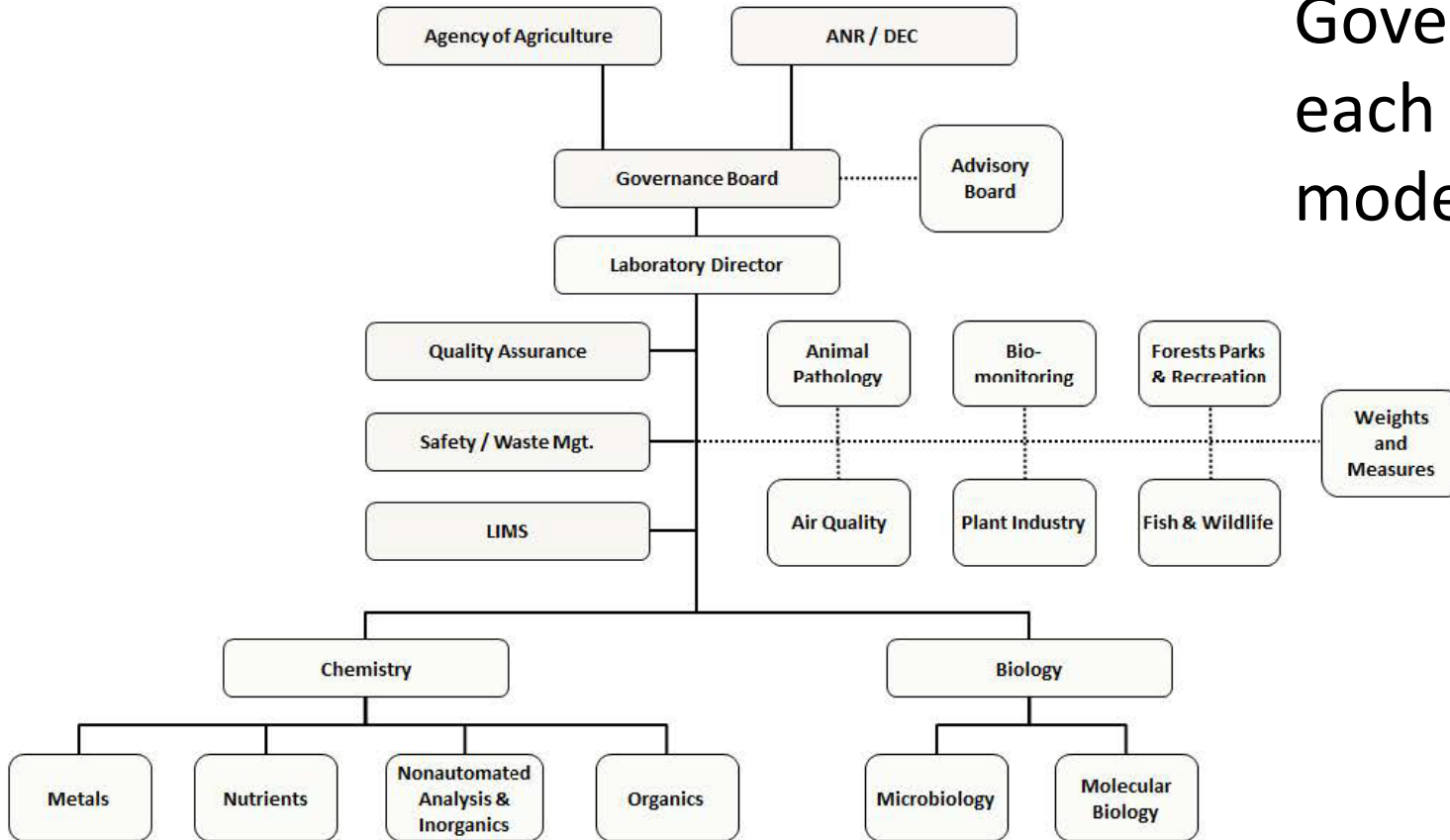
# Feasibility Study: Recent Example

Staffing needs for each business model

LOCATION	Before Tropical Storm Irene			Current			Co-located Model			Collaborative Model			Notes
	LS/LM	Admin	Temp	LS/LM	Admin	Temp	LS/LM	Admin	Temp	LS/LM	Admin	Temp	
<b>STAFF INCLUDED IN LABORATORY BUDGET</b>													
<b>AAFM LAB</b>													
Lab Supervision	1.0			1.0			1.0						one position lost in budget cuts before irene
QA/QC, Safety, Waste Mgt.							1.0						
Chemists	3.0			3.0			3.0	0.5					
Microbiologists	3.0			3.0			3.0	0.5					
<b>DEC LAB</b>													
Lab Supervision	1.0	1.0		0.5	1.0		1.0	1.0					one position lost in budget cuts before irene
QA/QC, Safety, Waste Mgt.	1.0			0.5			1.0						
Metals Analysis	1.0			0.5			1.0						currently done by lab supervisor
Inorganic Chemistry and Microbiology	2.0		2.0	2.0		2.0	2.0		2.0				2 temp positions are seasonal
Organic Chemistry	1.0			1.5			1.5						
<b>COLLABORATIVE LAB</b>													
Lab Leadership incl. QA/QC, Safety, Waste Mgt.										2.0	1.0		
Nutrients Lab										1.0		1.0	
Metals Lab										1.0			
Nonautomated Analysis and Inorganics Lab										1.0		1.0	
Organics Lab										4.0			
Microbiology Lab										2.0			
Molecular Biology Lab										1.0			
<b>SUBTOTAL</b>	<b>13.0</b>	<b>1.0</b>	<b>2.0</b>	<b>12.0</b>	<b>1.0</b>	<b>2.0</b>	<b>14.5</b>	<b>2.0</b>	<b>2.0</b>	<b>12.0</b>	<b>1.0</b>	<b>2.0</b>	
Permanent	14.0			13.0			16.5			13.0			
Permanent + Temporary	16.0			15.0			18.5			15.0			
<b>STAFF NOT INCLUDED IN LABORATORY BUDGET</b>													
Animal Pathology Lab													no staff permanently assigned
Watershed Management	5.5		2.0	6.5		1.0	6.5		1.0	6.5		1.0	additional position allocated in 2013
Air Quality	2.0			2.0			2.0			2.0			
Fish and Wildlife	2.0		1.0	2.0		1.0	2.0		1.0	2.0		1.0	up to 3 temporary positions (1 currently)
Forest Biology	1.0		1.0	1.0		1.0	1.0		1.0	1.0		1.0	
Plant Industry	3.0		2.5	4.0		2.5	4.0		2.5	4.0		2.5	2.5 temp positions are seasonal
Weights and Measures	1.0			1.0			1.0			1.0			
<b>SUBTOTAL</b>	<b>14.5</b>	<b>0.0</b>	<b>6.5</b>	<b>16.5</b>	<b>0.0</b>	<b>5.5</b>	<b>16.5</b>	<b>0.0</b>	<b>5.5</b>	<b>16.5</b>	<b>0.0</b>	<b>5.5</b>	
Permanent	14.5			16.5			16.5			16.5			
Permanent + Temporary	21.0			22.0			22.0			22.0			
<b>TOTAL STAFF HOUSED IN THE LAB</b>													
Permanent	27.5	1.0	8.5	28.5	1.0	7.5	31.0	2.0	7.5	28.5	1.0	7.5	
Permanent + Temporary	37.0			37.0			40.5			37.0			
LS/LM: Laboratory Staff / Lab Management													

# Feasibility Study: Recent Example

Governance for each business model



Collaborative Lab Functional Chart

# Feasibility Study: Recent Example

## NEW VAAF-DEC LABORATORY OPTIONS

FACILITY DESCRIPTION	Personnel in the Proposed Building	Capital Cost for New Building (Budget)	Cost Per Year to VAAF / DEC vs. Recommended Option	Average Annual Debt Service (Payable by BGS) see Notes 3 & 10	Annual Cost for Berlin Space (Payable by BGS)	Other Notes
<b>RECOMMENDED OPTION</b>						
New Collaborative Lab Facility Incorporating All Lab Programs (35,375 square feet)	15 Analytical Lab staff, 22 other staff, 37 total	\$14.4 to \$18.1 million	N/A	\$1,020,000 to \$1,290,000	None	
<b>ALTERNATIVES</b>						
No New Facility - Outsourcing	N/A	N/A	+ \$592,000	N/A	None	The cost of lost ability to provide services and lost responsiveness is not accounted for. Also see Note 9
New Co-located Lab Facility Incorporating All Lab Programs (35,083 square feet)	18.5 Analytical Lab staff, 22 other staff, 40.5 total	\$16.1 to \$19.8 million	+ \$573,000	\$1,150,000 to \$1,410,000	None	
New Collaborative Lab Facility Incorporating All Lab Programs Except Weights & Measures (33,225 square feet)	15 Analytical Lab staff, 21 other staff, 36 total	\$13.8 to \$17.3 million	Negligible difference in cost anticipated	\$980,000 to \$1,230,000	estimated \$21,000 in first year	Assumes that Weights & Measures can remain in Berlin. See Notes 4 - 6
New Collaborative Lab Facility Incorporating All Lab Programs Except Weights & Measures and Air Quality (31,275 square feet)	15 Analytical Lab staff, 19 other staff, 34 total	\$13.1 to \$16.4 million	See Note 8	\$930,000 to \$1,170,000	estimated \$37,000 in first year	Assumes that Weights & Measures and Air Quality can remain in Berlin. See Notes 4 - 8

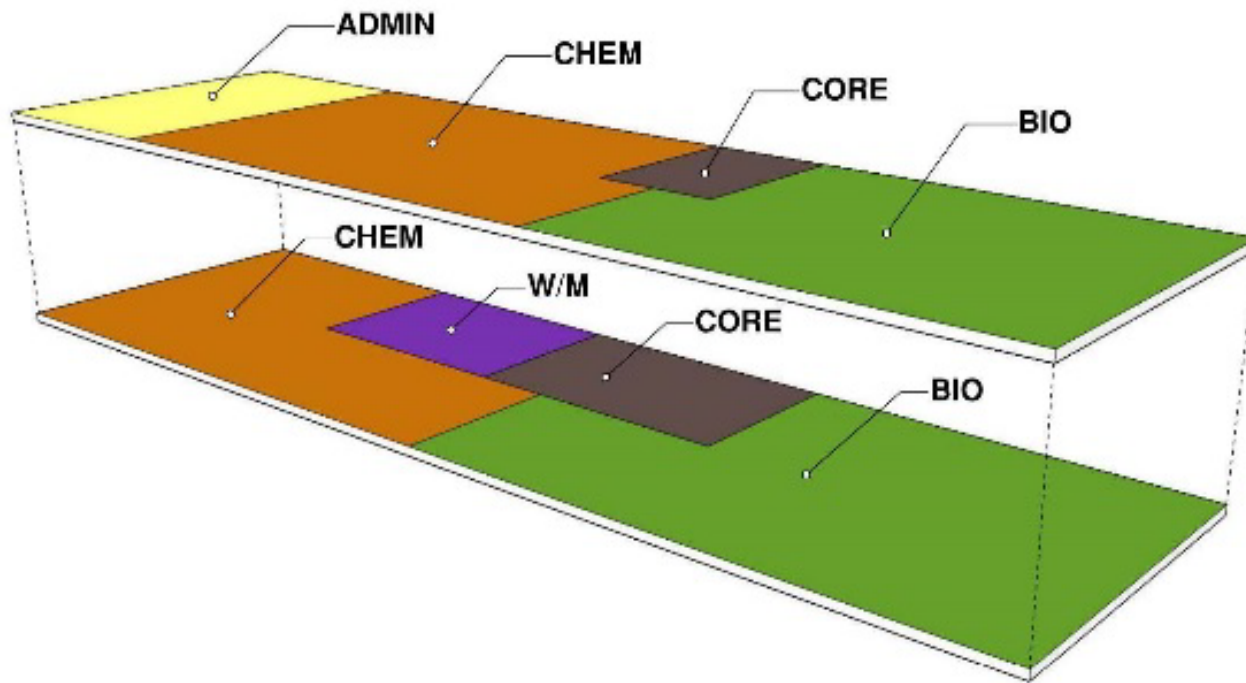
### NOTES:

- Personnel count is inclusive of full time and temporary staff.
- Proposed capital budget for the new building is inclusive of construction cost, design fees, contingencies, etc. as outlined in Section 5.
- Debt service is based on a 20 year bond at an annual rate of 4.125% (current market rate).
- Berlin cost is based on a 5 year lease proposal from the landlord and will increase by 2.5% per year starting in the second year.
- Berlin cost is based on the prorated cost for the part of the building occupied by the programs. The entire building must be leased - estimated total cost is \$67,200 annually in the first year.
- Savings compared to the recommended option is negligible. Total cost to the State would be greater if no other program occupies the remainder of the Berlin building to share the cost.
- If Air Quality remains in Berlin, additional capital expenditures will be required to improve the space. That cost has not been estimated at this time.
- Additional cost will be incurred to transport Air Quality samples from Berlin to the analytical lab but that cost cannot be readily quantified.
- The additional cost to the agencies for outsourcing can be expected to increase annually at the rate of inflation plus growth.
- If the capital cost is partially reimbursed by FEMA, debt service would be reduced accordingly.**

Summary of costs and benefits for each business model option

# Feasibility Study: Recent Example

Building diagram





# Feasibility Study: Recent Example

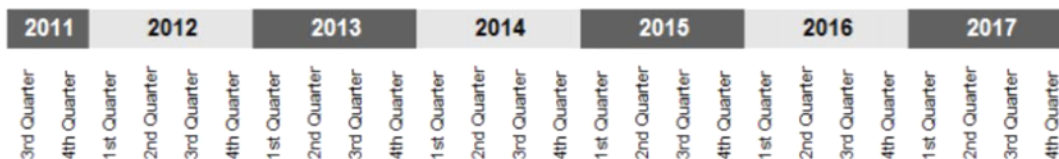
## PROJECT COST SUMMARY

State of Vermont: VAAFM / DEC Laboratory Facility		
BID DATE: 1/1/2016		Construction Start: 4/1/2016
COST CATEGORY		Total
<b>I CONSTRUCTION (BUILDING)</b>		
A. Trade Costs		\$9,434,000
General Conditions / OH&P		\$1,802,000
<b>I SUBTOTAL</b>	\$318 / SF	<b>\$11,236,000</b>
<b>II CONSTRUCTION (NON BUILDING)</b>		
A. Sitework		\$1,200,000
B. Site Utilities - included with sitework		\$0
C. Hazardous Materials Abatement (none anticipated)		\$0
<b>II SUBTOTAL</b>		<b>\$1,200,000</b>
<b>III FURNISHINGS FIXTURES &amp; EQUIPMENT</b>		
A. Audio Visual Equipment (none assumed)		\$0
B. Furnishings (none assumed)		\$0
C. Telecom Equipment - included with network		\$0
D. Computer (Network) Equipment		\$100,000
E. Appliances		\$1,500
Other		\$0
<b>III SUBTOTAL</b>		<b>\$101,500</b>
<b>IV FEES &amp; EXPENSES</b>		
A. Architect		\$1,125,000
Geotechnical		\$10,000
Legal		\$0
Land Survey		\$10,000
Specialty		\$25,000
B. Builders' Risk (Owner's Insurance) at 0.3%		\$37,308
C. Permits - included above		\$0
D. Moving Costs		\$25,000
E. Construction Materials Testing		\$50,000
<b>IV SUBTOTAL</b>		<b>\$1,282,308</b>
<b>V OTHER</b>		
Site Acquisition Allowance		\$200,000
Security during Construction (none assumed)		\$0
Project Management Allowance 3% Constr + Furn Total		\$376,125
<b>V SUBTOTAL</b>		<b>\$576,125</b>
<b>PROJECT COST TOTAL WITHOUT CONTINGENCIES</b>		<b>\$407 / SF \$14,395,933</b>
<b>CONTINGENCIES &amp; ESCALATION</b>		
A. Estimating Contingency at 5%		\$472,000
B. Design Contingency at 10%		\$990,000
C. Escalation at 7% (3.5% per year x 2 years)		\$885,000
D. Owner's Project Contingency at 10%		\$1,372,000
<b>SUBTOTAL</b>		<b>\$3,719,000</b>
<b>PROJECT COST GRAND TOTAL</b>		<b>\$512 / SF \$18,114,933</b>

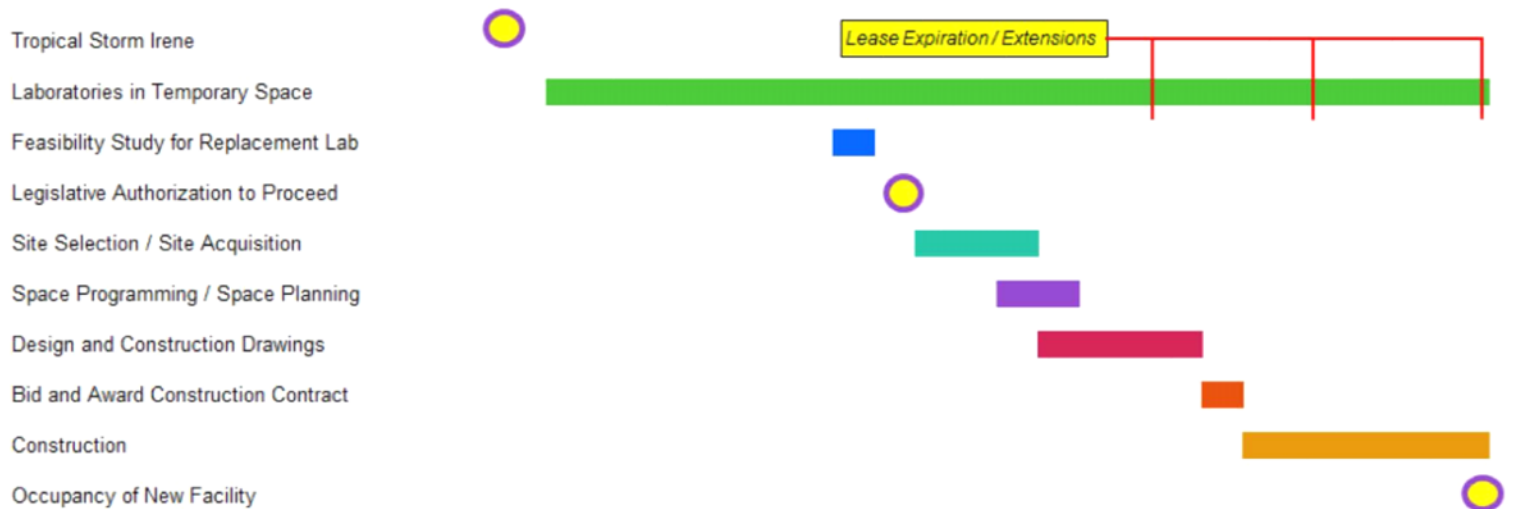
Feasibility-level opinion of probable cost

# Feasibility Study: Recent Example

## Project timeline



### Project Development Schedule



# Feasibility Study: DLC & Lottery

## Projected Cost

The VAEL feasibility study cost \$100,000 in 2013. BGS recommends \$150,000 (an additional \$75,000) due to the complexity of the study. This does not include analysis of site options.

## Projected Timeline

June 2018 – additional funding for study available

2019 Session (for FY20) – request for design funding

March 2019 – feasibility study complete

2020 Session (for FY21) – adjustment for construction

December 2021 – construction complete