

## **Northern Crops Institute/North Dakota State University, November 21, 2013**

*Authorize Northern Crops Institute (NCI) to increase spending for the Feed Mill Equipment Installation from \$100,000 to \$926,971, an increase of \$826,971, to be paid from other funds; to change the scope of the project; to further, seek Budget Section approval for the increase in spending and expansion in project scope per NDCC 15-10-12.1; and to proceed with the project once all approvals have been received.*

### **Project Description**

Northern Crops Institute (NCI) is the international center for meeting and learning about northern-grown crops produced in the four-state region of North Dakota, South Dakota, Minnesota and Montana. Situated on the campus of North Dakota State University (NDSU), NCI exists as a forum to bring together customers, commodity traders, technical experts, processors and producers from all points of the globe for discussion, education, and technical service programs.

The NCI Feed Production Center had its beginnings in 1990 with the construction of the feedmill that was created and funded to be a platform for the education and hands-on training of domestic and international feed manufacturers and to provide feed for NDSU's animal research units. Various aspects of feed technology including pelleting, size reduction, mixing, and how to be more efficient producers of feed are taught and demonstrated at the center. To enhance the feed mill's ability to provide high quality feed technology programming and training, the original equipment and operating system needs to be upgraded. The original plan was to remove the existing feed mixer and install a new feed mixer. As a result of interest in the project during the Legislative session, donations from industry have grown as to include a micro-ingredient system and operating control system that will further enhance the feed mill's capabilities. The original configuration uses manual weighing of ingredients before being added to the mixer. The micro-ingredient system would allow this process to be automated and, therefore, more precise. The original operating system has physical switches for operations. The updated control system would be fully automated and will monitor all aspects of feed manufacturing including tracking major and minor ingredients.

### **Consistency with Campus Facility Master Plan and Budget**

The feed mill is included in the current master plan as "special equipment." The Master Plan included a building addition, but none is required with the installation of this equipment.

### **SBHE and/or Legislative History**

- April, 2012: One-time request of \$100,000 to update feed mill equipment approved by SBHE
- December, 2012: Governor's Recommendation includes \$100,000 to update feed mill equipment
- May 2013: The ND 63<sup>rd</sup> legislative assembly passed SB2020 providing \$100,000 general funds to upgrade feed mill equipment.
- 2013: during and after the Legislative Session, industry interest in feed mill project increases, leading to potential donations and an expansion of the project to include a micro ingredient system and update of control system

**Estimated Total Purchased or Donated Costs**

	Amount	Revised Amount
<b>Planning, Permits and Insurance</b> (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$0	\$24,000
<b>Land/Building Preparation and Purchase or Donated Costs</b> (land acquisition and site preparation/development)	\$0	\$0
<b>Demolition and Disposal</b>	\$0	\$8,000
<b>Construction</b> Construct platform for micro ingredient system: \$45,000	\$0	\$45,000
<b>Institutional work</b> (value of work completed by institutional trade staff)	\$0	\$0
<b>Contingency</b>	\$0	\$130,000
<b>Hazardous Material Abatement</b>	\$0	\$
<b>Other: Installation Costs:</b> Mixer installation: \$45,745 Installation micro ingredient system: \$44,956 Install control system, electrical hookup, etc.: \$220,540	\$0	\$311,241
<b>SUBTOTAL</b> (if total exceeds \$250,000, requires SBHE approval)	\$0	\$518,241
<b>Furniture, Fixture and Equipment (FF&amp;E)</b>	\$100,000	\$0
<b>Donated Equipment:</b> Mixer, Surge Hopper, Drag Conveyor: \$70,270 Equipment for pumping liquids, flow meters: \$20,000 Ten bin micro ingredient system: \$46,300 Round bottom conveyor: \$11,500 Control system, hardware, and test equipment: \$260,660	\$0	\$408,730
<b>TOTAL</b>	\$100,000	\$926,971

*No other work, other than that specified within this request, is required for the completion of the project not is other work planned to supplement this project using funding or authority not included within this request.*

**Future Operating/Improvement Costs and Funding Sources**

No new significant operating costs anticipated.

**Source and Availability of Funds (including FF&E)**

Donated Equipment	\$408,730	
Legislative Appropriation-NCI	\$100,000	
Soybean Council	\$100,000	
Corn Growers	\$89,000	
NCI Local Fund 18319	\$229,241	Funds are currently available from course revenue and other local funds.

**Project Management Oversight (consistent with 9/25/13 SBHE approved guidelines)**

NDSU Facilities Management will have a project manager supporting this project in compliance with SBHE guidelines approved 9/25/13. When the project begins, Facilities Management will identify an approved project manager who qualifies under criteria #2 of the guidelines. The project manager name will be submitted to the NDUS Office at that time.

**Estimated Project Timeline and Completion Date**

Project will begin in early 2014 and will be completed by December, 2014

**Glatt, Laura**

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**From:** Weber, Mark  
**Sent:** Friday, December 06, 2013 4:41 PM  
**To:** lbellew@nd.gov; tboe@nd.gov; bbowman@nd.gov; mbrandenburg@nd.gov; rcarlisle@nd.gov; acarlson@nd.gov; jdelzer@nd.gov; bdevlin@nd.gov; mdosch@nd.gov; rerbele@nd.gov; eglassheim@nd.gov; bgrande@nd.gov; tgrindberg@nd.gov; rguggisberg@nd.gov; khawken@nd.gov; jheckaman@nd.gov; rholman@nd.gov; rholmberg@nd.gov; kkempenich@nd.gov; rkilzer@nd.gov; jklein@nd.gov; kkrebsbach@nd.gov; gkreidt@nd.gov; galee@nd.gov; bmartinson@nd.gov; tmathern@nd.gov; crmock@nd.gov; dmonson@nd.gov; jonelson@nd.gov; doconnell@nd.gov; konstad@nd.gov; cpollert@nd.gov; lrobinson@nd.gov; masanford@nd.gov; macschneider@nd.gov; bskarphol@nd.gov; rstreyle@nd.gov; bthoreson@nd.gov; dwvigesaa@nd.gov; wanz@csicable.net; rwardner@nd.gov; jwarner@nd.gov; awieland@nd.gov; cdwilliams@nd.gov; aknudson@nd.gov; Glatt, Laura  
**Subject:** NCI Presentation for Budget Section Committee Meeting

Good Afternoon:

I will be making a brief presentation to the upcoming Budget Section Committee Meeting Chaired by Representative Chet Pollert on December 11<sup>th</sup> to ask for an increase in funding authorization from private funds and an increase in project scope related to the Northern Crops Institute Feed Mill equipment installation project.

I first want to thank you for the support you have given the Northern Crops Institute over the years and for your approval at the last legislative session for the one-time funding of \$100,000 to enhance equipment at the Feed Mill. As a result of your interest and support shown during the legislative session, the project has really taken on a life of its own and has far exceeded our initial plan to remove the existing feed mill mixer and install a new one. When private industry heard of our plans and the state's commitment they offered to donate additional equipment including a new computer operating system and micronutrient system. The NCI's responsibility would be for the installation costs.

We are seeking budget authorization for receipt and installation of this additional new equipment. As of today, the total value of committed equipment donations from private industry is \$408,730. The ND Soybean Council and ND Corn Council have committed \$100,000 and \$89,000 respectively towards installation costs. ND legislative appropriations of \$100,000 coupled with NCI's local fund commitment of \$229,241 will bring the total value of the project up to \$926,971. A contingency fund of \$130,000 is included as part of this total project value.

We are not asking for any additional state funds for this project, there will be no additional staff required to operate this equipment and there would be very minimal increase in operating expenses (electricity, etc.) The Feed Mill was built in 1990 and has not been significantly upgraded since. Customers around the world come to the Feed Mill for feed technology training. These equipment upgrades will enhance the NCI's worldwide reputation as a provider of world-class feed technology programming. Middle incomes are rising throughout the world creating additional demand for our crops well into the 21<sup>st</sup> century. Corn and soybean production has exploded in this region and we will capitalize on these opportunities to teach our world-wide customers about the excellent quality aspects and merits of purchasing and utilizing soybeans, corn and other feedstuffs from this region.

I wanted to provide you this information in advance of the hearing. Please feel free to call me at 701-231-6048 if you would like any additional information prior to the hearing. I appreciate the opportunity to come to your hearing so that I can answer any questions. Thank you very much.