STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
2025-26	8570	Food and Agriculture

Hyperion Budget Request Name	Relevant Program or Subprogram
8570-004-BCP-2025-GB	6570 – AGRICULTURAL PLANT AND ANIMAL HEALTH; PEST PREVENTION; FOOD SAFETY SERVICES

Budget Request Title
Turlock North Valley Animal Health Laboratory Replacement Operational Support

Budget Request Summary

The California Department of Food and Agriculture (CDFA) requests $1,607,000 General Fund in Fiscal Year (FY) 2025-26 and $3,313,000 in FY 2026-27 and on-going, to fund increased operational costs associated with the new Turlock North Valley Animal Health Laboratory scheduled for completion in December 2025 to prevent, detect, and respond to animal health disease outbreaks, enhance food safety, and protect public health.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed	
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A		
Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	**Department CIO**	**Date**

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. Project Approval Document:

Approval Date: Total Project Cost:

If proposal affects another department, does other department concur with proposal? ☒ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Kimberly McCarthy	8/1/2024	Dr. Annette Jones	8/1/2024
Department Director	**Date**	**Agency Secretary** Karen Ross	**Date**

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Christian Beltran	1/10/2025

A. Problem Statement

The California Department of Food and Agriculture's (CDFA) Animal Health and Food Safety Services Division (AHFSS) and the California Animal Health and Food Safety Laboratory System (CAHFS) are partners in the prevention, detection, and response to animal health disease outbreaks. Assembly Bill 2772 (Chapter 1536, Statutes of 1982) required the Secretary of CDFA to contract with the University of California (UC) Regents and the UC Davis School of Veterinary Medicine to establish and operate poultry and livestock disease diagnostic laboratories for the purpose of conducting tests and examinations for, and diagnoses of, livestock and poultry diseases. CAHFS is funded as a line-item in the CDFA budget and operates a network of four veterinary diagnostic laboratories to provide statewide testing services for disease surveillance to thousands of animal-producing farms, hobby, and backyard animal owners throughout California for high-consequence diseases such as Avian Influenza, Foot and Mouth Disease, and Virulent Newcastle Disease, as well as food safety testing, including milk and dairy testing.

The Budget Act of 2017 appropriated $3.088 million in Capital Outlay funding for the acquisition of a site to house a new Turlock North Valley Animal Health Laboratory. In FY 2019-20, an additional $3.946 million was appropriated for the Performance Criteria Phase of this project, and in FY 2021-22, $88.565 million was appropriated for the Design-Build phase of this project. Due to unforeseen inflationary costs, the Capital Outlay project budget has since been augmented to a current total of $104.8 million. Construction is currently underway and expected to be complete in December 2025.

When the new facility opens, it will replace the existing outdated CAHFS Turlock Branch and consolidate three of AHFSS's Branch field offices. The new facility will address severe infrastructure, safety and space deficiencies found at the existing Turlock laboratory and current CDFA field offices, therefore allowing the addition of mammalian services which are currently not able to be performed at the existing laboratory. The new laboratory will jointly house AHFSS and CAHFS staff in a new state-of-the-art building, featuring a full-service laboratory providing both mammalian and avian necropsy/pathology, bacteriology, parasitology, histology, immunology, molecular biology, biotechnology, food safety, and serology testing services; as well as administrative office space. The new Turlock North Valley Animal Health Laboratory will provide statewide surveillance coverage and ensure that resources are readily available for efforts, such as recent requirements by the U.S. Department of Agriculture for pre-movement Milk Testing for Influenza A H5N1 in lactating dairy cows, due to discovery of H5N1 Avian Influenza being detected in cows' milk, and is critical to California's ability to prevent, detect, and respond to animal health disease outbreaks, enhance food safety, and protect public health.

Due to the increased size and complexity of the new Turlock North Valley Animal Health Laboratory, the addition of mammalian services, and the expansion of laboratory testing and administrative office space, a funding augmentation will be required to operate the new facility. Without these additional resources, this current "weak link" in the system will not be filled, endangering animal and public health in this region and throughout the state and threatens CDFA's ability to ensure the safety and security of the State's food supply.

B. Justification

Existing operational funding and staff will be redirected to the new facility, but a funding augmentation is required to meet the additional staffing, utilities, supply and maintenance expenses incurred from operating a larger laboratory that contains modern systems and equipment, to house field staff, and as a result of performing mammalian and increased testing services at the new facility.

Increased Complexity and Size of New Facility

The current Turlock Laboratory is a 5,100 square foot (sf) facility consisting of a repurposed 1950s building and two trailers. The new Turlock Laboratory will consist of a 41,000 sf modern laboratory spread across approximately eight acres. The new facility will have state-of-the-art laboratories, biological containment and HVAC systems, enhanced security systems, exterior mechanical and electrical rooms, a facility workshop, a building management system, staff locker rooms, a break room, bathrooms, a storeroom, and modern necropsy facilities with a sample delivery dock, client reception space, euthanasia room, a monorail, coolers, and a basement level cremator with an ash lift. The eight acres will be landscaped with drought tolerant trees and plants, and include two retention ponds, a truck wash, truck, electric vehicle charging infrastructure, and other amenities that do not exist at the current laboratory. In addition, the facility will have a shared CDFA/CAHFS lobby, conference room, bathrooms, and "clean" delivery dock; and a CDFA suite consisting of office space, a conference room, breakroom, bathrooms, and supply storage space; all of which do not exist at the current Turlock laboratory. As a result of these changes, additional operational, maintenance, and equipment replacement funding will be required to operate the new facility, as well as increased support staff. CAHFS currently has one building maintenance worker to support its existing facility, and two administrative positions to oversee administrative responsibilities, ordering, supply stocking, billing and client case reporting. Due to the increased facility management, custodial, landscaping and administrative responsibilities at the new facility, three additional positions will be required- a Facility Manager, Custodian, and Administrative Support Position.

Addition of Mammalian and Expansion of Testing Services

The existing laboratory in Turlock has serious infrastructure deficiencies that prevented CAHFS from fully serving the large concentration of livestock and poultry producers in the region. Owners, veterinarians, and producers of cattle and calves, sheep and lambs, goats, and pigs were unable to bring their carcasses in for necropsy and CAHFS was unable to perform all of the modern diagnostic testing methods needed to provide appropriate food safety, mammalian and avian disease surveillance, molecular diagnostics and environmental monitoring testing that is required to protect public health and the food supply. The new Turlock laboratory will provide modern laboratory space and necropsy facilities to address this need. As a result of these improvements, additional funding will be required for laboratory equipment, supplies and staffing to perform these expanded functions.

Mammalian Necropsy Services

Based on the expected number of samples as outlined in the Capital Outlay BCP that justified this new facility, CAHFS will require two additional faculty pathologists, and three laboratory support personnel to provide the scientific and technical expertise to perform and support mammalian necropsies at the new Turlock Laboratory. These staff will augment CAHFS two existing avian pathologists and one and half positions that currently provide support for avian necropsies. Additional staff will be required to take client histories and receive the animals, input them into our computer system, perform the necropsies, take samples, interpret results, clean the facilities, dispose of the carcasses, operate the cremator, and dispose of the ash. Performing mammalian necropsy services requires a specialized skillset and enhanced safety training due to the size of the animals, and the use of the monorail and the cremator.

Annual Range of Projected Mammalian Necropsies for Turlock North Valley Animal Health Laboratory

Species	Average	During Peak Times
Cattle	520	1,121
Swine	57	163
Sheep	93	203
Goats	203	335
Horses	82	110

Laboratory Testing Services

The new laboratory will be a full-service facility, offering

bacteriology, parasitology, histology, immunology, molecular biology, biotechnology, food safety, and serology testing services. The elimination of infrastructure deficiencies in the new facility and addition of mammalian testing will result in increased testing within CAHFS laboratory sections, resulting in the need for additional funding for ongoing laboratory equipment replacement and maintenance, supplies, and additional staffing due to the increased workload. The existing laboratory currently has five laboratory testing positions, several of whom are split over multiple sections, including its two existing supervisors. Given the increased complexity and volume of testing, this will no longer be feasible in the new facility. As a result, six additional positions will be required for the new facility. Two will be new supervisor positions so each section will have its own supervisor (new positions are for Biotechnology and Histology, and existing positions will be redirected to supervise Bacteriology and Immunology), and the remaining four additional testing positions will be distributed over the sections with the largest anticipated workload increases- Bacteriology, Biotechnology, Parasitology, and Immunology. These additional positions will allow for testing of mammalian samples at the laboratory as well as increased biotechnology and parasitology services. This testing will allow rapid detection and containment of diseases of concern that can negatively impact human and animal health and California's economy.

C. Departmentwide and Statewide Considerations

This proposal is consistent with the Governor's Office policy and priority of protecting the health and safety of the citizens of California and the environment. It is in accordance with the primary mission of CDFA, which is to promote and protect a safe and healthy food supply and to enhance local and global agricultural trade, through efficient management, innovation and sound science, with a commitment to environmental stewardship.

The mission of CAHFS, which is to "adopt state of the art diagnostic technologies and equipment to detect animal diseases throughout the CAHFS laboratory system," is consistent with CDFA's Strategic Plan to promote and protect California's agriculture. Through private veterinary practitioner submissions, CAHFS is the primary surveillance system in California for emergency animal diseases as they are the State's only veterinary diagnostic laboratory system with the capabilities to survey and diagnose epidemic animal disease outbreaks and to monitor more than 60 diseases currently not found in the United States. If disease is allowed to enter the state undetected, California's livestock and poultry industries could be devastated, and human health is in jeopardy. Additionally, having four geographically

located laboratories ensures CAHFS can provide resources for traditionally underserved populations which supports the State's intent to equitably serve all Californians.

CDFA funding for CAHFS is budgeted as a line item in CDFA's Budget Act appropriation pursuant to Food and Agricultural Code Section 531 and provides operational support funds to operate the laboratory system. These funds are augmented by highly subsidized client user fees and grant funding as available.

D. Outcomes and Accountability

The contractual agreement between the CDFA and UC prescribes the terms of use for requested resources and outlines the authorities responsible for execution and oversight of the scope of work. UC policies and procedures regarding staffing, purchasing, and facilities maintenance will apply to all expenditures related to this request and require compliance with the terms of the contract. UC requires separation of duties to restrict the potential for misuse and misdirection of funds.

This augmentation will provide funding for building operational costs and the staffing needed to operate the new Turlock North Valley Animal Health Laboratory as intended by the legislature when Capital Outlay funding was approved for construction of the new facility. Measurements of success will include:

- Increased collaboration between AHFSS and CAHFS staff regarding animal health outbreaks and emergency response due to co-location in the new facility.
- Increased disease surveillance of mammalian species (cattle, sheep, goats, horses, pigs, etc.) in this livestock-dense region of commercial operations, small farms and ranches, and backyard animal raisers.
- Appropriate infrastructure and staffing to meet the current and evolving threats to public and animal health, such as emerging diseases, bioterrorism and food safety.
- Incorporation of advanced diagnostic technologies and equipment to meet the demand of local owners and veterinarians for state-of-the-art testing services.

E. Implementation Plan

As construction for the new Turlock North Valley Animal Health Laboratory is currently underway, AHFSS and CAHFS staff have been working with the Department of General Services to coordinate move-in plans for the facility.

December 2025- Building Completion

February 1, 2026- CAHFS Opens to Clients at New Facility (accepts mammalian necropsy cases)

June 1, 2026- CAHFS provides on-site mammalian Bacteriology Testing

July 1, 2026- CAHFS provides mammalian and expanded Biotechnology, Histology, Parasitology, and Immunology Services

F. Supplemental Information (If Applicable)

Requested funding will be expended through a contract with CAHFS.

BCP Fiscal Detail Sheet

BCP Title: Turlock North Valley Animal Health Laboratory Replacement Operational Support

BR Name: 8570-004-BCP-2025-GB

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5340 - Consulting and Professional Services - External	0	1,607	3,313	3,313	3,313	3,313
Total Operating Expenses and Equipment	**$0**	**$1,607**	**$3,313**	**$3,313**	**$3,313**	**$3,313**

Total Budget Request

Total Budget Request	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Budget Request	**$0**	**$1,607**	**$3,313**	**$3,313**	**$3,313**	**$3,313**

Fund Summary

Fund Source

Fund Source	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
State Operations - 0001 - General Fund	0	1,607	3,313	3,313	3,313	3,313
Total State Operations Expenditures	**$0**	**$1,607**	**$3,313**	**$3,313**	**$3,313**	**$3,313**
Total All Funds	**$0**	**$1,607**	**$3,313**	**$3,313**	**$3,313**	**$3,313**

Program Summary

Program Funding

Program Funding	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
6570 - Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services	0	1,607	3,313	3,313	3,313	3,313
Total All Programs	**$0**	**$1,607**	**$3,313**	**$3,313**	**$3,313**	**$3,313**