

Committee Report

CONSENT CALENDAR

February 5, 2019

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Committee on Public Works and Highways to which
was referred HB 534-FN,**

**AN ACT relative to certain major state projects. Having
considered the same, report the same with the
recommendation that the bill OUGHT TO PASS.**

Rep. John Graham

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Public Works and Highways
Bill Number:	HB 534-FN
Title:	relative to certain major state projects.
Date:	February 5, 2019
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill amends existing statutes dealing with exclusion from the competitive bidding requirement for two departments while adding a third. The Adjutant General's Department and the Department of Natural and Cultural Resources are already included in this exclusion. This bill adds the Department of Transportation. The bill also raises the ceiling for projects that are to be done under this exclusion from \$250,000 to \$500,000. The committee feels that this adjustment to existing law is warranted and recommends that the bill ought to pass.

Vote 16-0.

Rep. John Graham
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Public Works and Highways

HB 534-FN, relative to certain major state projects. **OUGHT TO PASS.**

Rep. John Graham for Public Works and Highways. This bill amends existing statutes dealing with exclusion from the competitive bidding requirement for two departments while adding a third. The Adjutant General's Department and the Department of Natural and Cultural Resources are already included in this exclusion. This bill adds the Department of Transportation. The bill also raises the ceiling for projects that are to be done under this exclusion from \$250,000 to \$500,000. The committee feels that this adjustment to existing law is warranted and recommends that the bill ought to pass. **Vote 16-0.**

Original: House Clerk

Cc: Committee Bill File

HB 534

OTP

This bill amends existing statutes dealing with exclusion from ^{the} competitive bidding requirement for 2 department while adding a third. The adjutant general department and the department of natural and cultural resources are already included in this exclusion the bill adds the ~~department~~ department of transportation. The bill also raises the ceiling for projects that are to be done under this exclusion from \$250,000 to \$500,000. The committee feels that this adjustment to existing law is warranted and recommends that the bill ought to pass. (JRC)

Voting Sheets

HOUSE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

EXECUTIVE SESSION on HB 534-FN

BILL TITLE: relative to certain major state projects.

DATE: February 5, 2019

LOB ROOM: 201

MOTIONS: OUGHT TO PASS

Moved by Rep. Graham

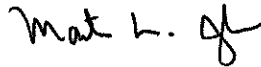
Seconded by Rep. Milz

Vote: 16-0

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,



Rep Martin Jack, Clerk

HOUSE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

EXECUTIVE SESSION on HB 534-FN

BILL TITLE: relative to certain major state projects.

DATE: 02/05/2019

LOB ROOM: 201

MOTION: (Please check one box)

OTP ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. Graham Seconded by Rep. M. L. Vote: 16-0

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

CONSENT CALENDAR: YES NO

Minority Report? Yes No If yes, author, Rep: _____ Motion _____

Respectfully submitted: Mark L. Jack
Rep. Martin Jack, Clerk



2019 SESSION

Public Works and Highways

Bill #: HB 534 Motion: OTL AM #: _____ Exec Session Date: 02/05/2019

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Cloutier, John R. Chairman			
Edgar, Michael A. Vice Chairman	16		
Ebel, Karen E.	1		
Jack, Martin L. Clerk	2		
Abbott, Michael D.	3		
Faulkner, Barry	4		
Newman, Sue A.			
Eaton, Daniel A.			
Pedersen, Michael P.			
Query, Joshua F.			
Towne, Matthew D.	5		
Vann, Ivy C.	6		
Graham, John A.	7		
Kolodziej, Walter	8		
Tilton, Franklin T.	9		
Milz, David E.	10		
Janigian, John C.	11		
O'Connor, John T.	12		
Somero, Paul J.	13		
Fedolfi, Jim L. <i>Janvria</i>	14		
Beaudoin, Richard B. <i>Waelper</i>	15		
TOTAL VOTE:	16	0	

Hearing Minutes

HOUSE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

PUBLIC HEARING ON HB 534-FN

BILL TITLE: relative to certain major state projects.

DATE: January 23, 2019

LOB ROOM: 201

Time Public Hearing Called to Order: 11:15 a.m.

Time Adjourned: 11:40 a.m.

Committee Members: Reps. Cloutier, Edgar, Jack, Abbott, Faulkner, S. Newman, Eaton, Pedersen, Query, Towne, Vann, Graham, Kolodziej, Tilton, Milz, Janigian, O'Connor, Somero and Fedolfi

Bill Sponsors:

Rep. Graham
Sen. D'Allesandro

Rep. Eaton
Sen. Bradley

Sen. Giuda

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

- (1) Rep. John Graham, prime sponsor
Update of current law enabling agencies to do their own work on small projects without the Department of Administrative Services.
Raises to \$500K limit.
Department of Transportation asked to be added.
Gave an example from the Adjutant General.
Q (Rep. Milz) This authority already exists?
A: Yes, this changes the limit, adds DOT, and allows work if DAS can't handle it.
Q (Rep. Towne) How did you arrive at the limit?
A: It's arbitrary, would have to be updated by legislation
- (2) David Mikolaities, Adjutant General
* Written testimony (Attachment A)
* Example letter from DAS denying service (Attachment B)
The \$250K limit is from 1998. It needs adjustment for construction costs.
Department of Defense funding is significantly erratic due to Continuing Resolutions making funding uncertain.
Internal expertise has been developed over time.
Can handle roof and boiler replacement.
The increase is just due to inflation.
Presented example memo when DAS can't handle the project.
Q (Rep. Towne) What do we lose without this exemption?
A: We can lose Federal funds that have to be accepted immediately.
- (3) David Rodrigue, Department of Transportation Operations
It is a cleanup for them.
They thought they had the authority, turned up on an LBA audit.
They have the resources to do it.
They can do parts of projects where appropriated funds are insufficient.

(4) Thomas Mansfield, Department of Natural and Cultural Resources

* Written testimony (Attachment C)

Presented written testimony page by page.

Q (Rep. Ebel) DAS says they will lose money if this is expanded?

A: DAS is paid for a project administrator and Clerk of the Works, averaging 6% of project cost.

Q (Rep. Edgar) Does DAS service include safety review and inspections?

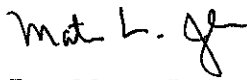
A: The State Fire Marshal and permitting is included.

We would bring in a structural engineer to validate the design.

(5) Paul Sanderson, Fish and Game Legal

Supports the bill, would be helpful to Fish and Game.

Respectfully submitted,



Rep. Martin L. Jack,
Clerk

Testimony

Testimony before Public Works and Highway**House Bill 534 Relative to Certain Major State Projects – January 23, 2019****By Maj General David J. Mikolaities, Adjutant General**

To the Honorable Members of the Public Works and Highways Committee,

Thank you for this opportunity to speak with you this morning. We view this request for an RSA amendment purely as an update to the state contracting process based upon today's current realities and to save federal dollars for use in the upkeep and repair of our aging armories.

Currently, RSA 21:180, I(b) allows projects for the Adjutant General's Department, Department of Fish and Game, and the Department of Resources and Economic Development, whose estimated total cost is not more than \$250,000, to be executed on a force account basis, by contracts through competitive bidding, by short term rental of construction equipment, or by any combination of these methods.

The amendment changes include the following:

- a) Adds Department of Transportation to the existing RSA.
- b) Increases the threshold from \$250,000 to \$500,000.
- c) Adds the following text ...” or for projects that cannot be accepted by the Department of Administrative Services, Division of Public Works (DAS-DPW).”

Increase the threshold from \$250,000 to \$500,000: Above this threshold, these departments must utilize the DAS-DPW. This statutory limit has not changed in over twenty years and does not take into account the rising cost of materials or inflation during this time period. As an example, a portion of the Manchester Readiness Center roof was replaced for \$158,000 in 1998; in 2018, that same roof cost \$375,000. Alternatively, the Adjutant General's Department utilized the Division of Public Works to manage the roof replacement of the maintenance garage at the Veterans Cemetery for \$115,000 in October 2018. This shows that not all projects below the statutory limit are performed in house.

During the past decade, the Adjutant General's Department has increased

their professional and technical staff that now possesses the ability to contract for their own services. This staff includes professional engineers, registered architects licensed tradesmen, and contracting personnel.

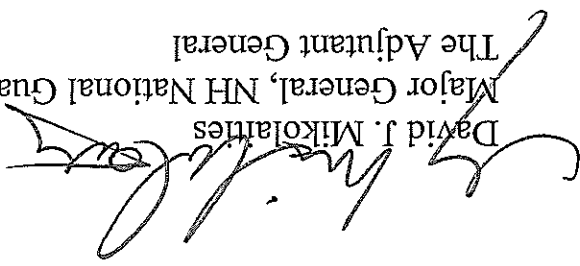
Continuing resolutions (CR's) early in the federal fiscal year that mandate federal spend rates at the previous year's spending level and the late disbursement of federal funds at the end of the fiscal year, create budget uncertainties for planning construction projects through the state contracting process. Based upon the state project timeline that takes approximately nine months from project idea through G&C approval, this lack of budget predictability makes it problematic to execute federal funds that must be obligated into contracts prior to the end of the federal fiscal year (September 30th). It is frequently difficult for DAS-DPW to accept and execute multiple projects on such a short timeline.

"...or for projects that cannot be accepted by DAS-DPW.": For projects above the statutory limit, we will always seek DAS-DPW's assistance first. In the event that DAS-DPW is unable to accept and execute an Adjutant General's Department funded project, this change will allow us to accept and execute additional federal funds in order to maintain our aging Cold War era facilities.

Summary: This RSA amendment is not for wholesale replacement for the current state process but allows for single agency oversight on small scale projects that takes into account rising construction costs and in house technical staff. The execution of additional projects due to erratic funding and lack of DAS-DPW capacity will leverage additional federal dollars into the state. Both changes will increase the ability to improve our facilities and training areas, increasing the capability of Army National Guard units to train and maintain their readiness.

I thank you for your time and your continued support of the military.

Respectfully,


David J. Mikolaites
Major General, NH National Guard
The Adjutant General



STATE OF NEW HAMPSHIRE
 DEPARTMENT OF ADMINISTRATIVE SERVICES
 BUREAU OF PUBLIC WORKS DESIGN & CONSTRUCTION
 POB 483, 7 Hazen Drive – Room 250
 Concord, New Hampshire 03302-0483
 Phone (603) 271-3516, Fax (603) 271-3515

LINDA M. HODGDON
 Commissioner

HB 534

May 6, 2014

COL David Mikolaities, P.E.
 NHARNG CFMO
 via email: david.j.mikolaities.mil@mail.mil

RE: Littleton FMS Site Improvements
 Hillsboro FMS Renovations

Dear Dave:

Thank you for your recent Work Requests for the above-mentioned projects. Per our recent discussion, you would like these projects advertised for bids in June 2014 and receive Governor & Executive Council approval of the contracts by the end of September 2014. As much as we would like to assist your office in managing these projects, due to our current workload, we are not able to meet your deadlines. Unless you are able to change these deadlines, we must decline the two project requests. Should you have any questions or would like to discuss this further, please feel free to contact me.

Sincerely,

Michelle L. Juliano, P.E.
 Assistant Administrator
 (603) 271-1645
 (603) 271-3515

attachments

cc: Theodore Kupper P.E., BPW Administrator



LINDA M. HODGDON
Commissioner

THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF ADMINISTRATIVE SERVICES

BUREAU OF PUBLIC WORKS DESIGN & CONSTRUCTION

PROJECT WORK REQUEST/AUTHORIZATION FORM

Date: 6 April 2014

Agency: Adjutants General Dep't

To: Mary Kibbee-Lee, Business Administrator III
Email: mkibbee-lee@dot.state.nh.us

From: COL David Mikolaities, P.E.

Project Name: Hillsboro FMS Renovations

Project Contact: COL David Mikolaities
(Person with authority for funding and decisions)

Project Address: West Main Street
Town/City: Hillsboro, NH

Tel. No: (603) 227-1464
Email: david.j.mikolaities.mil@mail.mil

Project Description: Include needs, major issues (such as hazardous materials), other special requirements (such as night/weekend work, grant conditions, prevailing wages, etc.). Use 2nd word document sheet if needed.

Project will consist of design and construction for renovations of the Field Maintenance Shop (FMS) building in Hillsboro. Work will consist of new finishes in select locations, new bathroom configuration to meet ADA code, additional insulation, new interior light fixtures and revisions to the existing mechanical (HVAC) and electrical systems.

Project Schedule: Est. Start Date: Fall 2014

Est. Completion Date: Spring 2015

Services Requested: (BPW charges apply to all non-general fund projects per RSA 21-1:85).

(The BPW will determine if a consultant is required. A consultant scope and fee will be reviewed with the Project Contact).

Design: Bidding: Construction Administration: Other:

Funding for Project: (Amount, Appropriation and Type of Funds)

Acctg. Unit	Agency	Co.	Object	Amount	Gen. %	Fed. %	Hwy. %	Other %	Lapse Date
22550000	012	10	502682	\$30,000		100			BPW fees
22450000	012	10	103	\$600,000		100			No
				\$					

****If multiple funding sources, indicate order of use****

Submission of this form certifies that the funding amount and source stated can be encumbered by the Bureau of Public Works and these funds are dedicated to this project.

FOR BPW USE ONLY

Approved:

Assigned To:

Date:

John O. Morton Building • 7 Hazen Drive, Room 250 • POB 483 • Concord, New Hampshire 03302-0483
Telephone: 603-271-3516 • Fax: 603-271-3515 • TDD: 1-800-735-2964
<http://admin.state.nh.us/purchasing/PublicWorks/PWindex.asp>



STATE OF NEW HAMPSHIRE
DEPARTMENT of NATURAL and CULTURAL RESOURCES
DIVISION of PARKS and RECREATION
172 Pembroke Road Concord, New Hampshire 03301
Phone: (603) 271-3556 Fax: (603) 271-3553
Web: www.nhstateparks.org

HB 534
C B

January 23, 2019

The Honorable John Cloutier
and the Public Works and Highways Committee
Legislative Office Building, Room 201
Concord, NH 03301

RE: HB 534 relative to certain major state projects

Dear Chairman Cloutier and Members of the Committee,

Please accept this testimony on behalf of the Department of Natural and Cultural Resources, Division of Parks and Recreation regarding HB 534 relative to certain major state projects. **The Division supports this legislation** for the following reasons.

Since the \$250,000 limit on construction projects that the Division is allowed to administer was set in 1998, there has been significant inflation in construction costs. Using the historical cost indexes from RS Means "Building Construction Costs 2018" we can see that their historical cost index for 1998 was 115.1. If you divide that by their current index (based on Jan.1, 2018) which is 53.3, it gives you an inflation multiplier of 2.159. Use the multiplier to find that a building that cost \$100 in 1998 is likely to cost \$215.90 in 2018. If we apply the multiplier to the \$250,000 project limit set in 1998, it tells us that an equivalent project cost limit in 2018 would be \$539,868. With no change to the scope of responsibilities of project administration that would be entrusted to the Division, the project limit should be doubled just to keep up with the inflation of construction costs.

The most common type of project that the Division has administered is the state park bathhouse or combination bathhouse and visitor center. These are facilities with which we have extensive experience and expertise. We continue to learn from the operation and maintenance of these buildings what works best in our state parks. We have developed a state park brand which is expressed in the design of these buildings. It makes sense to take advantage of our own accumulated experience in the administration of these projects. When the project limit of \$250,000 was set in 1998, those types of buildings could easily be accomplished with a budget under that limit. (See the attached document "Historical Costs New Hampshire State Park Toilet and Bathhouse Buildings: New Construction.") However, since 2001 inflation has increased the construction cost over the limit requiring that administration be taken over by the Division of Public Works. The size and complexity of the projects has not changed; it is only the effect of inflation on construction costs that has made it necessary to bring in DPW.

We support HB 534. Thank you for the opportunity to testify and please let me know if I can answer questions or provide any additional information.

January 23, 2019
John Cloutier, Chairman, House Public Works and Highways
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Philip A. Bryce". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Philip A. Bryce, Director

Cc: Sarah L. Stewart, Commissioner

PAB/TM/ttl

HISTORICAL COSTS
New Hampshire State Park Toilet and Bathhouse Buildings: New Construction

<u>Year Built</u>	<u>Location / State Park</u>	<u>Square Footage</u>	<u>Cost per SF</u>	<u>Construction Cost</u>
1992	Ellacoya RV Park	1,292	73.98	95,580.30
1992	Echo Lake	1,246	72.25	90,022.89
1993	Wadleigh	1,248	78.31	97,733.75
1994	Lafayette Campground, No. 2	1,168	106.39	124,250
1994	Bear Brook Campground, No.3	1,258	83.94	105,600
1999	Lake Francis	1,865	131.95	246,079.50
2000	Crawford Dry River Campground	1,264	168.59	213,096.24
2001	Coleman	1,683	187.71	315,919.75
2007	Pawtuckaway Beach	2,872	156.90	450,624
2009	Monadnock, Gilson Pond Campground	1,654	175.15	289,700
2010	Hampton Beach North & South Bathhouse (each)	1858	394	732,052
2012	North Hampton Beach	1,349	429.20	578,987
2015	Jericho Lake	1,663	343.96	572,000
2017	Moose Brook Toilet Building renovation	763	495	378,000

2018	Jenness Bathhouse	1286	623	998,400
2018	Umbagog Bathhouse	2265	589	1,335,000
2018	Monadnock Toilet Building addition	1,069	761.61	814,165

**Bill as
Introduced**

HB 534-FN - AS INTRODUCED

2019 SESSION

19-0337
05/06

HOUSE BILL **534-FN**

AN ACT relative to certain major state projects.

SPONSORS: Rep. Graham, Hills. 7; Rep. Eaton, Ches. 3; Sen. Giuda, Dist 2; Sen. D'Allesandro, Dist 20; Sen. Bradley, Dist 3

COMMITTEE: Public Works and Highways

ANALYSIS

This bill expands the scope of projects that are exempt from the department of administrative services competitive bidding requirement.

Explanation: Matter added to current law appears in **bold italics**.
 Matter removed from current law appears [~~in brackets and struck through.~~]
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to certain major state projects.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Major Projects; Exclusion from Competitive Bidding Requirement. Amend RSA 21-I:80, I(b)
2 to read as follows:

3 (b) Projects for the department of fish and game, the adjutant general's department, *the*
4 *department of transportation*, and the department of natural and cultural resources whose
5 estimated total cost is not more than [~~\$250,000~~] *\$500,000 or for projects that cannot be*
6 *accepted by the department of administrative services, division of public works*. Such
7 projects may be done on a force account basis, by contracts awarded through competitive bidding, by
8 short term rental of construction equipment, or by any combination of these methods. These
9 departments are authorized to rent construction equipment for periods not exceeding 6 months at
10 rates the departments deem competitive through the use of quotes or bids.

11 2 Effective Date. This act shall take effect 60 days after its passage.

HB 534-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to certain major state projects.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
<i>Funding Source:</i>	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input checked="" type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other

METHODOLOGY:

This bill would raise the threshold, from \$250,000 to \$500,000, for projects that are exempt from the competitive bid requirement of the Department of Administrative Services, Division of Public Works (DPW). The following departments are affected and would realize reduced expenditures: Fish and Game, Adjutant General, Transportation, and Natural and Cultural Resources. Projects that cannot be accepted by the DPW are also exempted.

DAS indicates DPW derives approximately thirty percent of its total funding from fees charged to these agencies and would therefore lose that funding source. This funding loss would impact the ability of the DPW to perform its role in enforcing Statewide building standards and codes, designing new building or building improvements, and monitoring the construction of these building improvements to ensure Statewide standards are adhered to during the construction phase. DPW would require additional general funds to replace the lost funding stream and maintain these functions at current levels. There is no provision to replace these funds in the DAS budget with general funds.

In FY 2018, the total project value for these named agencies was \$7,292,335. DPW fees are approximately 6 percent of this value, or \$437,540 ($\$7,292,335 \times .06 = \$437,540$). DPW total funding from fees in FY 2018 was \$957,358. Fifty percent of this funding is estimated to come from the fees charged to these agencies, or \$478,679. Based on these two calculations, \$450,000 represents a reasonable estimate of potential loss of funding from fees on 2018 dollars. An inflation factor of 5% per year would yield a potential loss of funding of \$496,125 in FY 2020, \$520,931 in FY 2021, \$546,978 in FY 2022, and \$574,327 in FY 2023.

AGENCIES CONTACTED:

Department of Administrative Services