

CAPITAL BUDGET OVERVIEW COMMITTEE

Legislative Office Building, Room 201

Concord, NH

Tuesday, April 3, 2012

MEMBERS PRESENT:

Rep. Gene Chandler (Chairman)

Rep. Ken Weyler

Rep. John Graham

Rep. William Belvin

Rep. Will Smith

Rep. Walter Kolodziej

Sen. James Rausch

Sen. David Boutin

(Convened at 2:32 p.m.)

(1) Acceptance of Minutes of the January 24, 2012 meeting.

CHAIRMAN CHANDLER: We'll open the meeting of the Capital Budget Overview Committee. Someone approve acceptance of the minutes?

** REP. GRAHAM: So moved.

REP. WEYLER: Second.

CHAIRMAN CHANDLER: Representative Graham, seconded by Representative Weyler to approve the minutes. Questions or discussion? All those in favor say aye? Opposed? The motion carries.

*** {MOTION ADOPTED}

REP. KOLODZIEJ: I abstain.

CHAIRMAN CHANDLER: What?

REP. KOLODZIEJ: I abstain. I wasn't here.

CHAIRMAN CHANDLER: That's okay.

REP. KOLODZIEJ: Okay, I approve.

CHAIRMAN CHANDLER: They looked all right to you, didn't they?

REP. KOLODZIEJ: They looked okay. What do I know.

2. NEW BUSINESS:

CHAIRMAN CHANDLER: New Business. Department of Transportation, item number 12-003, authorization to transfer \$246,500 as specified in the request dated January 24th, 2012. Anyone wish to say anything from the Department or you wish to move? Representative Weyler.

REP. WEYLER: I'd like to know how much we saved.

CHAIRMAN CHANDLER: There is a question. So I guess --

REP. WEYLER: Mr. McKenna is here to answer that question. I think he's answered once before, but I want to have it on the record.

CHAIRMAN CHANDLER: If you could just state your name for the record?

PATRICK MCKENNA, Director of Finance, Department of Transportation: Yes. Patrick McKenna, Director of Finance for the Department of Transportation.

CHAIRMAN CHANDLER: Representative Weyler has a question.

REP. WEYLER: How much do you presume we've saved for the mild winter versus what typically we have?

MR. MCKENNA: In terms of the winter maintenance, total winter maintenance budget or just on mileage itself?

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REP. WEYLER: Yeah.

MR. MCKENNA: It's about six and a half million dollars saved from an average winter and from budgeted.

REP. WEYLER: That's good to know for when we vote for an increase in the capital budget.

MR. MCKENNA: Yes. Absolutely. And this --

REP. WEYLER: Thank you very much.

CHAIRMAN CHANDLER: Any other questions from the Committee?

REP. SMITH: Yes.

CHAIRMAN CHANDLER: Yes, Representative Smith.

REP. SMITH: You were referring to the request of January 24th, 2012. Is that on the agenda at this point?

CHAIRMAN CHANDLER: Yes.

REP. SMITH: Okay. I had a question about the meaning on the second page, the reimbursable maintenance and repairs, the 200,000 went down by 195. Something happened other than saving money, I think.

MR. MCKENNA: Right. This is -- all of these charges, this class 25 essentially and allocation, budgetary allocation method from the mechanical services for vehicle retainage and actual miles driven. And then the resultant charges on the operating budget for each of the Bureaus in the Department of Transportation. Experience in terms of the budget, we typically -- most of the internal miles for reimbursable maintenance and repairs on an annual basis occur based on the bridges that get fixed. A lot of times we'll have covered bridges that this -- that our Bridge

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Maintenance Bureau goes out and fixes on behalf of towns. And that's normally reflected in the mileage that is used because they are going throughout the state to do that. The actual budget reductions that occurred in bridge maintenance several of those -- several of those activities were removed from the base budget of bridge maintenance. And this is really a reflection down in the mileage for that area as well. We didn't have as many -- as many work orders that we were completing and, therefore, brought the usage down accordingly.

REP. SMITH: Follow-up.

CHAIRMAN CHANDLER: Further question.

REP. SMITH: The -- so is this a holding place for money that you then reallocate? I mean, is that fundamentally what reimbursement --

MR. MCKENNA: This class 25 is a budgetary cost allocation method. And we are looking at that as a -- as an item for -- I guess we have it under review. I have it under review in terms of how we're going to submit a 2014-15 budget.

REP. SMITH: Thank you.

CHAIRMAN CHANDLER: Representative Belvin.

REP. BELVIN: Thank you, Mr. Chairman. Follow-up, if I may?

MR. MCKENNA: Yes, sir.

REP. BELVIN: On the second page, you turn it over, it speaks of these funds may not be expended for any other purpose according to budget Footnote H. As you know, we have all these various footnotes --

MR. MCKENNA: Right.

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REP. BELVIN: -- for various restrictions on it. Presumably, all these to's and from's are for the same purpose.

MR. MCKENNA: That's right.

REP. BELVIN: But it's because we're not able to guess with 100% accuracy what our actual use is going to be; is that correct?

MR. MCKENNA: That is correct.

REP. BELVIN: Thank you.

CHAIRMAN CHANDLER: Regarding the -- I don't know what you want to call it, surplus, but the amount of money that may be left over from having such a mild winter, am I wrong to assume that maybe that could be used for something else? Like we could -- we could -- Fiscal could approve transferring that to the betterment program to pave some highways and do some work?

MR. MCKENNA: Well, in fact, Mr. Chairman, we do have seven transfer requests heading to Fiscal on the 13th of this month that do address some of those areas, reallocation within the Department based on some of those savings. We've also previously received some funds out of the highway surplus approved by Fiscal --

CHAIRMAN CHANDLER: Right.

MR. MCKENNA: -- as a result, yes.

CHAIRMAN CHANDLER: Could I get -- could we get a copy of that? Well, not this Committee necessarily. I'm sorry. I'm speaking with my Public Works and Highway hat on. Do you have that down there already in Fiscal?

REP. WEYLER: Haven't got it yet.

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CHAIRMAN CHANDLER: Could get us a copy of that?

MR. MCKENNA: Certainly.

CHAIRMAN CHANDLER: Just so we have to look at.

MR. MCKENNA: We'll send it over today.

CHAIRMAN CHANDLER: We do have a little bit of interest in that, too.

MR. MCKENNA: Absolutely. Those requests are with LBA pending.

CHAIRMAN CHANDLER: Okay. Get it to us then. Any other questions for the Department? If not, we'll accept a motion.

** SEN. BOUTIN: I'll move, Mr. Chairman.

CHAIRMAN CHANDLER: Senator Boutin moves acceptance of Item 12-003. Seconded?

REP. WEYLER: Weyler.

CHAIRMAN CHANDLER: Representative Weyler. Any more questions or discussions? If not, all those in favor say aye? Opposed no? The ayes have it. Thank you very much.

*** **{MOTION ADOPTED}**

CHAIRMAN CHANDLER: Also Department of Transportation, 12-010, authorization to amend Department's FY 2012 Equipment Acquisition Plan, as specified in request dated March 20, 2012. Does anyone have any questions?

REP. WEYLER: I guess Exhibit 2 is the final cost. Exhibit 1 was the estimated, 'cause there's quite a difference.

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CHAIRMAN CHANDLER: Is that a statement or a question?

REP. WEYLER: That's a question.

CHAIRMAN CHANDLER: Okay. I guess we have a question. Could you just state your names, please.

BILL JANELLE, Assistant Director of Operation, Department of Transportation: Good afternoon. My name is Bill Janelle. I'm Assistant Director of Operations with DOT. And --

BILL DUSAVITCH, Administrator, Mechanical Services, Department of Transportation: Bill Dusavitch, Administrator of Mechanical Services, DOT.

CHAIRMAN CHANDLER: Representative Weyler has a question.

REP. WEYLER: Exhibit 2, that's the actual monies that came in. Exhibit 1 was what you thought they might cost.

MR. JANELLE: That's right. Exhibit 1 is what was initially approved as part of the equipment acquisition plan. And Exhibit 2 is the proposed changes. That's right.

REP. WEYLER: And I guess you decided to give up on the plow on the one and a half ton 4X4 cab and chassis? Quite a difference in price. One is with the plow and one was -- doesn't mention the plow. I guess pretty expensive plow.

MR. JANELLE: Yes. Go ahead, Bill.

MR. DUSAVITCH: Two of these one and a half ton cab and chassis will have plows, the four-wheel drive variety. The second cab -- or the third cab and chassis is intended to replace a signal truck. It will have a bucket truck mounted to the bed.

REP. WEYLER: Thank you.

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CHAIRMAN CHANDLER: Any other questions?

** REP. WEYLER: Move approval.

CHAIRMAN CHANDLER: Representative Weyler moves approval --

SEN. BOUTIN: Second.

CHAIRMAN CHANDLER: -- of Item 12-010, seconded by Senator Boutin. Any questions or discussion? If not, all those in favor aye? Those opposed nay? The motion carries. Thank you very much.

MR. JANELLE: Thank you.

*** {MOTION ADOPTED}

(4) Miscellaneous:

CHAIRMAN CHANDLER: Item number 12-011, University System of New Hampshire, presentation of KEEP-UP Informational Report. Do you wish to make a presentation?

EDWARD MACKAY, Chancellor, University System of New Hampshire: Just brief comment to address --

CHAIRMAN CHANDLER: You've got the floor.

CHANCELLOR MACKAY: Thank you very much, Chairman Chandler, and Members of the Committee. It's good to see many of you again. I'll keep my remarks brief.

First, I want to thank you very much for the opportunity to address you regarding KEEP-UP which is a successor program to the Knowledge Economy Education Plan that some have characterized as one of the most successful capital budget plan in the United States.

During the last legislative session, Senator Boutin

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and others had asked if we would provide in writing a summary of our vision for the future relationship with the State with regard to the need to address deferred maintenance on a continuing basis. That plan, which you have all now received, talks about our vision of what we would need to in order to maintain our facilities and address continuing needs for modernization on a shared basis as we were successful together with regard to KEEP. KEEP encompasses a 12-year period beginning Fiscal Year 2001 through Fiscal Year 2013. And the University spent a total of \$1.1 billion on capital investment during that time. The State of New Hampshire through your capital appropriation provided a little more than \$200 million or 21% of that amount. So you received almost a \$4 to \$1 leverage for that investment. And specific to the projects funded in KEEP, the University System was able to raise in one manner or another, carving dollars out of our operating budget, through private gifts or through grants, \$40 million and that was one of the beauties of KEEP in providing that block grant appropriation, if you will, so that we were able to look forward, go to donors whether they be governmental type donors or other kinds of private industry, BAE or individuals and raise dollars to complement the program that in place to ensure that we delivered to the State the same quality and scope of program that we had promised you when we initiated this effort with KEEP. And again, I think many would characterize it as the most successful program in the country for some of the reasons that were documented in your report.

The target of KEEP was particularly what we'll call STEM programs; science, technology, engineering and mathematics. And our STEM facilities were in woefully poor condition. I think those of you that have been to some of our campuses 10, 20 years ago would be able to confirm that that was the case. But as cited in the report, we've seen the number of science related majors at Keene more than double, the number of science majors at Plymouth more than double, and the College of Engineering and Physical

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Sciences at the University of New Hampshire the number of majors have increased 75%. And I looked at a report earlier this week and the number of engineering graduates from Seth, the University of New Hampshire's College of Engineering and Physical Sciences has more than tripled in the last ten years. And that's an extraordinary accomplishment, especially in light of national figures which show the number of majors in these areas declining. So the investment has really paid off.

Unfortunately, it's not going to be sufficient to continue to meet the job needs in this state. And I know many of you are familiar with the economic and demographic trends, and let me just spend a second on those demographic trends.

New Hampshire is the fourth oldest state in the country, but in terms of the percentage of the population over 65, we're ranked 32nd. We're not that old. What we have is an enormous number of individuals in the baby boomer generation between 45 and 64. Now that's terrific economically for the state now because those individuals are at their prime earning age and that's one of the reasons we have such a high per capita income in this state. But those individuals are aging in place. And one of the real challenges for us is how do we, as a state, replace these highly-educated workers. Because if you look at the profile of the 45 to 64-year old individual, they tended to migrate into the state. They came with college degrees. And so, for example, 40% of our growth enrollment over the last decade has been due to in-migration. However, in the last four years, the State of New Hampshire has had a small net out-migration. And if you look at the pipeline, the K through 12 pipeline, we're seeing a 16% decline between 2008 and 2016 in terms of the number of high school graduates. So the pipeline is shrinking. Moreover, the profile of those individuals is less favorably disposed to going on to higher education than prior generations. And we're looking at a time in all of New England when we have 2.3 million jobs that need to be filled in one way or

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another through turnover, retirement, whatever, now by 2018, and two-thirds of those are going to require college education. So there's enormous competition in New England for highly-educated people. And we have a shrinking pipeline K through 12. We have to do whatever we can in the State of New Hampshire to maintain our facilities to continue to attract in-state students to enroll here and continue to attract out-of-state students to our state and then have them want to stay in the state.

We have other initiatives, such as Stay Work Play, Young Professional Networks and other things that I can talk about. But that's really the crucial economic factor facing the State or the issue that's facing the State and it's going to continue to get worse. So we perceive this as the most important investment the State can continue to make to stand shoulder to shoulder as you have for the last 12 years in helping us maintain our facilities and be an attractive place for students, faculty, and staff. Because the contribution is not only in terms of the students and what they bring, but also highly-qualified faculty, the sponsored programs, the grants they bring, we've seen enormous increases in that area, and all the spin-offs we have from those types of activities. So let me stop there, Chairman Chandler, and I'd be very pleased to answer any questions that Members of your Committee may have.

CHAIRMAN CHANDLER: Thank you. Representative Belvin.

REP. BELVIN: Thank you, Mr. Chairman. I have two questions. So if I could do a follow-up, I would appreciate it.

CHAIRMAN CHANDLER: I will recognize you now for both. How's that?

REP. BELVIN: Thank you. We're doing well. Chancellor, welcome. I picked through the report to try to get the delta of the number of incremental students. It wasn't in the spreadsheet but I picked it out.

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CHANCELLOR MACKAY: Hm-hum.

REP. BELVIN: And it was something in the order of magnitude of 1,100 incremental students. That's fine, spread between Keene, Plymouth and UNH. Do we have any way to know how many of these stay in the state? They may have gotten their STEM education here.

CHANCELLOR MACKAY: Right.

REP. BELVIN: But where do they go?

CHANCELLOR MACKAY: We have been tracking the last several years because, Representative Belvin, I think as you're aware, we started this initiative called Stay Work Play about three and a half years ago in the University System and Steve Reno was instrumental in starting that and the University System continues to sponsor that initiative which partners with eleven young professional networks across the state to try to convince young professionals that there are opportunities in this state, you want to stay here. So we have been looking at the retention rate of in-state students and that's grown enormously to over 60% of those individuals who are in-state residents that attend our institution stay here. The out-of-state rate is also increasing and we are approaching the target which we set for ourselves of more than 55% of the graduates staying in-state. What I don't have is the STEM specific numbers.

Now, we need to do more work on that. We're -- separate initiative Ross Gittell and I are undertaking with regard to surveying the allied health and the advanced manufacturing areas to better understand what their needs are and see what we can do to create programs to match up, but that's a little off the response to your target. You're asking about historically. The gross numbers are, as you saw, are very encouraging and based on a conversation that I had about ten days ago with a number of manufacturers, they are now telling us that they need an array of trained workers. Now some of those are the skilled machinists and

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others; but it continues up through the number of engineers and I think even at tripling the number of engineering graduates at the University of New Hampshire that's going to be insufficient in the next several years to continue to meet what is the emerging demand for some of the reasons being the retiring in place and so forth.

REP. BELVIN: Still, Mr. Chairman, quite a large per capita cost for spending a billion dollars for six, seven hundred incremental students.

CHANCELLOR MACKAY: Well, the vision was the 200 plus million dollars but the \$1.1 billion went for a number of things, such as residents halls and dining commons, so forth. So we grew our number of students that we could house on campus, grew our enrollments by more than 20%. As some of you know from your other responsibilities, other Committee assignments, the University System earns about 90% of our revenue each year in a variety of ways and the principal way is through payments made by students, either for tuition fees, room and board, but also sponsored program by activity. You have to go out and earn that. So we need to have an attractive venue for students to come here because it's a very highly-competitive marketplace because the demographics we are seeing in New Hampshire are not unique to us. They're consistent with those demographics throughout the Northeast.

REP. BELVIN: May I follow-up?

CHAIRMAN CHANDLER: Follow-up.

REP. BELVIN: During the -- I'll call it the STEM investment period, UNH got the lion share. The way that I did it roughly in terms of State money almost 79% of the investment. Keene had two projects. About 13%. Plymouth had one project, White Hall for about 8%. Going forward your document indicates that you'd be looking more towards general academic buildings.

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CHANCELLOR MACKAY: That's correct.

REP. BELVIN: Will this content and the sharing of these resources follow this previous pattern or should we expect it differently?

CHANCELLOR MACKAY: No, it will balance out. The top projects identified if we are successful in obtaining the KEEP-UP funding, including the ALLWell Project at Plymouth State University, the Visual Media Arts Center at Keene State College and Hamilton Smith at the University of New Hampshire, plus a number of other projects the University of New Hampshire is looking at. But you're right, Representative Belvin, if you look at any period of time it may look like one institution is receiving a larger or smaller share. But this really is a very long-term vision of how we can ensure that each of our institutions is a first choice institution for residents of the state and attractive to out-of-state residents.

REP. BELVIN: Thank you. Thank you, Mr. Chairman

CHAIRMAN CHANDLER: Thank you. Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. Welcome, Chancellor. I'm delighted to see the increase in scientific careers and also the mention of the faculty. I'm hopeful that with all the spare time they have with their small teaching loans that there's more research going on that has resulted in royalties to the University System. How much has that increased as a result of?

CHANCELLOR MACKAY: Well, Representative Weyler, you and I have had this conversation for awhile, and I am looking forward to that \$1 million promised increase in our appropriation when we hit a million dollars in royalties. But, unfortunately, we are only about 370, 380,000 right now. But as I know you're aware, UNH has created the intellectual -- Commercialization Center for Intellectual Property. A real initiative under Mark Galvin to try to

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grow that and we are optimistic about some things we're seeing in the pipeline that should significantly increase that and, hopefully, hit that \$1 million target sooner, rather than later. We have also been involved in some partnerships, such as the Green Launching Pad and other initiatives that we really do hope will help small businesses and other businesses, more medium-size businesses in the state, grow more rapidly and contribute to the greater economy of the state even if it doesn't necessarily result in royalties to us. But your point's a good one, and I think the capacity we have with these expanded and improved facilities has certainly enabled us to be more competitive with regard to Federal grants and there's some direct dollars there which often leads to those spin-offs that you very astutely pointed out to us for sometime that we had not been doing a very good job at doing this.

REP. WEYLER: Thank you, Chancellor. Thank you, Mr. Chairman.

CHAIRMAN CHANDLER: Any other questions?
Representative Smith.

REP. SMITH: Thank you, Mr. Chairman. A question on -- I guess I have two questions. The first one, I think, is a naive question but I noticed as KEEP and KEEP-UP are aimed primarily at STEM, I noticed liberal arts facility, like, Murkland Hall, are included in that. Could you comment on that selection?

CHANCELLOR MACKAY: Yes. As we were putting together the initial KEEP plan in 2000, we had two projects that were legacy projects from the 1990s, if you will. Phase II of Mason Library at Keene State College, and Murkland Hall, which is really the home of liberal arts at the University of New Hampshire. So as part of our proposal we said we need to deal with these legacy projects that have been on our books and our planning for a long time and then we did, as you correctly pointed out, Representative Smith, focus

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on the STEM areas which was the heart of our program. But our effort now will be in a broader array of all academic buildings.

REP. SMITH: Thank you.

CHAIRMAN CHANDLER: Further question.

REP. SMITH: And further question was on Page 6 you make an interesting statement that you're proposing an annual dollar per dollar match between State Capital Budget investment and the USNH operating budget for the next three biennium.

CHANCELLOR MACKAY: Yes.

REP. SMITH: Could you comment on how you arrived at that and why that makes sense?

CHANCELLOR MACKAY: Be very happy to. In thinking about how to construct our relationship going forward, we started this several years ago, it really was the basis of the study in 2008 that showed the extent of our deferred maintenance. We looked at what we could save the State because we had enjoyed this partnership. And we thought the way it made most sense to the State if we did it as a dollar for dollar match. And we promised you that for every dollar you put in, we'd generate a dollar from our operating budget commitment or other dollars that we knew we could secure through grants or so forth. So the State had an immediate sense of being able to leverage its resources.

Now, we are only -- the KEEP-UP only focus is on the academic buildings as I mentioned previously. So when you incorporate what we need to do on what we call auxiliary operations, the self-supporting operations, that doubles the total amount. So what we are looking for in terms of the State is about 20 to 25% of our future capital investments over the next period, hopefully, at least six

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years but extending beyond that. So that's the way we thought we'd construct it because if I was an elected official, I'd say how can I best leverage the dollars and you've been extraordinarily successful, as I said, in leveraging the dollars to date and we want to entice you, if you will, to continue that relationship.

CHAIRMAN CHANDLER: Any other questions? Seeing none; thank you very much.

CHANCELLOR MACKAY: Thank you, Representative Chandler. Thank you.

CHAIRMAN CHANDLER: I have under Informational -- is there any update on Stratham?

REP. BELVIN: Yes. There's a report. Well --

REP. GRAHAM: I do have a question about this as well.

CHAIRMAN CHANDLER: I saw the update as of quite awhile ago. I didn't see it mentioned in the March.

SHANNON REID, Director of Communications, New Hampshire Community College System: The letter that you have -- the most recent letter that you have from us is dated, I believe, January of 2012.

CHAIRMAN CHANDLER: Right.

MS. REID: So we can give you a verbal update.

CHAIRMAN CHANDLER: That's what I meant. There wasn't anything mentioned. You submitted a letter but it didn't mention Stratham. If you could just bring, as I say, anything going on?

MS. REID: With me is Naomi Butterfield, General Counsel for the Community College System, and she has been more involved than I in the progress of this project so I

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will let her give you the update since the January letter.

CHAIRMAN CHANDLER: Okay.

NAOMI BUTTERFIELD, ESQ., General Counsel, New Hampshire Community College System: As Shannon referred to, I've been involved with a lot of the negotiations, both with the interest that's been coming in and in strategizing as to what to do with this property. And I think, you know, we were hopeful that a sequence of things would work-out, none of which has. I think that partially reflects the real estate market. But it's also informing our thinking. We have prepared an RFQ, Request For Qualifications to go out. We had initially thought we would be looking to find a broker to list the property. But given that it's been out there for awhile, a lot of people know about it, and we have been getting some inquiry that just hasn't gone anywhere, we have been considering now within the next week broadening that RFQ to include possibly Request For Qualifications from developers.

As you can see from our last update, we had spoken with a developer who had a client she hoped would move forward. It did not come to pass. They found another property. And our thinking is that in this market maybe what we need to do is engage with somebody who has a vision for the property and can work on a development proposal.

As you all likely know from our past reports, the property has some significant wetlands and so there's some -- there's some use issues that I think a potential buyer could use some help working through. So we have a drafted RFQ ready to hit the streets. I think we're going to update it a little bit and hopefully get it out within the next couple weeks and extend it both to brokers and to developers, because we want to make this a very public process and see what ideas are out there and who can give us some assurance that they have both success in that -- in that area. It's a beautiful property, but it's got some issues with it. And it's -- the biggest issue, I think, is

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just what's been going on in the commercial market.

CHAIRMAN CHANDLER: Representative Weyler. I'm sorry, Representative Graham had a question.

REP. GRAHAM: Thank you.

CHAIRMAN CHANDLER: I apologize.

REP. GRAHAM: Thank you, Mr. Chairman. You partially answered it but would you be willing to come in May and talk to Long Range Utilization about the sale of this property and where we are so that we can keep moving forward on this rather than waiting to -- it kind of overlaps both committees.

MS. BUTTERFIELD: Of course. I'd be happy to. And I'd be delighted to come back and tell you about the sale.

CHAIRMAN CHANDLER: Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. Just a comment. We have an empty building with classrooms. We have new start-up charters schools on a continuous basis searching for space where they can teach. This building sat empty for quite awhile. It cost us money. We might be able to derive some revenue if you contact the Charter School Association and offered as a rental for these start-up charter schools and see how it works out. I think they could possibly pay us some of the money to maintain it while it's on the market. They'd start off with -- the way they like to go is they start off with three or four classrooms. The next year they double the number and so on, so forth. And finally, they go and find a permanent place. But that's been their experience and it might work-out for mutual advantage to both the community college and the charter school.

MS. BUTTERFIELD: Thanks for the suggestion.

CHAIRMAN CHANDLER: My question is, and I don't know

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who to address it to. I don't -- basically, I guess, I don't think I have a problem with your approach you're taking, except I don't know do you need someone to authorize that approach? Can you do this on our own? I mean, I'm not sure you have the capability to just decide to go out for something like this instead of a sale. So sometime between all the people listening if before -- in the next month if you could review that and we could get back with them. I mean, I think you might have to come to Long Range Capital Planning to get authorization to do what you want. I don't know that. But between Mr. Connor and LBA if you could do some research and so we are all proceeding on the same page. That's all.

MS. BUTTERFIELD: I could speak to that if you'd like me to.

CHAIRMAN CHANDLER: Okay.

MS. BUTTERFIELD: As you may know, there was a Senate Bill that passed that transferred the property. But there was a contingency in that we do come to Long Range Capital Planning and to G & C for approval to sell the property. And the State has retained a right of first refusal. So we -- we submitted the last proposal with Webster Care that, unfortunately, fell through because they were unable to obtain financing and we anticipate bringing the next sale to you -- to Long Range Capital Planning.

CHAIRMAN CHANDLER: Maybe I misunderstood. The way you were talking, maybe -- you were talking about maybe getting into a partnership type thing with somebody. If they came up with a proposal to develop that property but not necessarily purchase it, and that's what I'm not sure you have the authority to do that. I didn't say you didn't. I don't know. But we'll take a look at it and let you know.

MS. BUTTERFIELD: We will look at that as well.

CHAIRMAN CHANDLER: If you need approval, let's give

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it. I'm not opposed to it but that's my only question. So we'll do some research. I'll use the we. But someone else will do the research. Any other questions on that? Okay. Thank you very much.

MS. BUTTERFIELD: Thank you.

CHAIRMAN CHANDLER: Very good. Anyone have anything else? Okay. We'll recess to the call.

REP. GRAHAM: I do have one question.

CHAIRMAN CHANDLER: Okay.

REP. GRAHAM: On Item 12-005.

CHAIRMAN CHANDLER: Yes.

REP. GRAHAM: Mr. Connor. The Hampton Sea Wall came in well under bridge -- under estimate. How we paying for that? I can't recall at the moment. How is that bond repaid? Do you remember?

MICHAEL CONNOR, Director, Bureau of Plant & Property Management, Department of Administrative Services: I believe it's just a traditional bond as others are to the best of my knowledge.

REP. GRAHAM: Okay.

MR. CONNOR: Mike Connor, for the record, Administrative Services, and Mark Nogueira, Bureau of Public Works. I think this one actually came in under budget. I think we actually went to Governor and Council to seek authority to actually get more of the wall done because we got such good prices.

REP. GRAHAM: Okay.

CHAIRMAN CHANDLER: Okay. Representative Weyler.

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REP. WEYLER: Item 12-008 while we have Mr. Connor there. Looked at the item on the construction of the liquor store in Nashua. The last page. \$194 a square foot. Is that typical in what we are doing these days or it seems awful high?

MR. CONNOR: Actually, Nashua -- Nashua was actually a really good price. That's one of the better prices we received. That was a good project design/build. That was a good price for us.

REP. WEYLER: Only a few years ago we were \$100 a square foot.

MR. CONNOR: We are a long ways -- I'd love to see \$100 a square foot.

REP. WEYLER: I'm talking, you know, four or five years ago.

MR. CONNOR: I'd love to see \$100 a square foot. That's long gone. Actually, we got some good prices on the liquor store that came in under budget, also.

REP. WEYLER: Thank you.

CHAIRMAN CHANDLER: Representative Belvin. I'm sorry.

SEN. BOUTIN: No, no, no. Let the Representative go first.

CHAIRMAN CHANDLER: Representative Belvin.

REP. BELVIN: Thank you, Mr. Chairman. Mr. Connor, welcome. I believe it is 12-006, a quarterly report.

MR. CONNOR: Hm-hum.

REP. BELVIN: This is water over the dam, but it raised a couple of questions. The A-R-R-A section of it we still

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have six open projects and this stuff is, like, three years old now, I'm thinking, and was supposed to be all shovel ready. Are we going to get any fines for not having completed things in a timely manner, because the Feds were very drum beating about how we are supposed to rush right off and spend this money?

MR. CONNOR: Yeah, no. We'll complete all of our projects by the end of this month, actually. They'll be all complete. I think our biggest one is Glencliff. It's almost completed at this point. Just undergoing some last minute items. So this is as of December. So we're in good shape.

REP. BELVIN: My primary concern, if I may, Mr. Chairman, was are we going to get any back charges from the Feds or denials of payment like we have in HHS, for instance.

MR. CONNOR: No, no. We'll be fully completed on all these projects. Thank you.

REP. BELVIN: Thank you, Mr. Chairman.

CHAIRMAN CHANDLER: Senator Boutin.

SEN. BOUTIN: Thank you, Mr. Chairman. Good afternoon, gentlemen. Can you tell me back on one of the -- I'm going to ask about the Hampton Sea Wall. How much -- how many additional linear feet were you able to do there?

MR. CONNOR: I don't remember off the top of my head. I don't know if you remember exactly. I can certainly get back to you on the exact number, rather than give you a guess.

SEN. BOUTIN: Can you do that?

MR. CONNOR: I can.

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SEN. BOUTIN: I'd appreciate that. And one other question, Mr. Chairman.

CHAIRMAN CHANDLER: Further question.

SEN. BOUTIN: Yes. What's the status on the complex at the Hooksett liquor store sites?

MARK NOGUEIRA, Bureau of Public Works, Department of Administrative Services: Okay. Current status is we were the Committee -- actually, I'm not on the Committee but the Committee met. There was a developer that was interested. The Committee ended up not selecting the developer and then in December both Department of Transportation and Liquor Commission representatives got together. We talked around how to get things moving. So we began down a path of evaluating putting the liquor store -- Liquor Commission wanted to get it going very quickly. DOT was looking at a opportunity of potentially doing a vanilla box type of situation where we design -- we design the entire facility and then put out to bid the actual operation of the service center. I believe there was a meeting a month or so ago that ended up had that not going forward. And there was some discussion of a future RFP going back out on the street again.

At this point, we've developed a number of scenarios for both sides of the highway, primarily geared around the fact that there was going to be a two-phase project and the liquor store needed to be open, complete, and 100% unencumbered by the other service facilities. And so those are essentially shelved for the moment waiting to see what's going to happen.

CHAIRMAN CHANDLER: I can fill you in on that if you'd like.

SEN. BOUTIN: I'd like that.

CHAIRMAN CHANDLER: The status right now is we are

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waiting and I anticipate --

SEN. BOUTIN: I know we were waiting. That's the problem.

CHAIRMAN CHANDLER: No, I've been told this week we will have a draft of the new RFP. Now when I say RFP, I don't want to go through too much of this. Representative Rausch has heard this at two different meetings. We are talking about a true RFP. Nothing against the Department when they put it out before, but there was -- there was this big RFP. RFP it's basically pretty simple. Says here you go, Mr. Smith. What would you build here? This is some of the things we want. How would you do it? It does include and may very well include the liquor store being in one building, all in one building, and a number of other things. Our goal is to try to reduce that to by two pages. I haven't seen how successful we were because, you know, I'm very upfront. Because we're dealing with engineers who have to have every -- and I understand that. You know, the length of the nails have to be certified. But that's not what we -- we have been through that process twice and we failed to get any bidders. So -- and just so you know, there is at least one proposal out there which seems to be very good. And we are thinking we might be able to attract some more. So that's where we are at right now.

It definitely puts on hold, though, the liquor store, because -- and you know, the fact of the matter is we can do this right, let's do it right rather than just rush in and just building a liquor store and then have something that isn't suitable. So, hopefully, this week we think we might have a draft of the RFP which will then be sent out and we'll see what comes of it.

REP. GRAHAM: It would help if the Senate passed the Bill that we sent to them authorizing the money to move the electric lines.

CHAIRMAN CHANDLER: Well, that's a necessity. Yeah.

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That's the other thing we did do. Whatever comes up, no matter whether the State does it, developer, whoever does it, the power lines have to be moved.

MR. NOGUEIRA: Definitely.

CHAIRMAN CHANDLER: We have a Bill authorized the Department to go ahead and get that done because that speeds up the process. Is that a separate Bill or is it in --

REP. GRAHAM: It's buried in something.

SEN. RAUSCH: It's in the Ten Year Highway Plan.

CHAIRMAN CHANDLER: No, it's in the Ten Year Highway Plan. That hearing is Thursday morning.

SEN. RAUSCH: What, are you hoping we are going to kill the Ten-Year Highway Plan?

REP. GRAHAM: Well, that doesn't need to be slapped in there.

SEN. BOUTIN: I don't know what, you know, how it -- what you're asking because I haven't seen any of the RFP's before. But, you know, this is the third time. I don't understand why we can't find someone. Maybe the State's expectations are too high.

CHAIRMAN CHANDLER: This will be a true RFP. This will be a Request For Proposal, not a bid.

SEN. BOUTIN: I had some people come talk to me and then I never heard from them again.

CHAIRMAN CHANDLER: So I think this will -- I'm hopeful this will work. I know we have one already even before we advertise.

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MR. NOGUEIRA: Great.

CHAIRMAN CHANDLER: So, hopefully, there will be others. If not, that's the way it is. So. Okay.

SEN. BOUTIN: One last question.

CHAIRMAN CHANDLER: Yes.

SEN. BOUTIN: What's the status of the --

CHAIRMAN CHANDLER: Hinsdale?

MR. CONNOR: Chesterfield.

MR. NOGUEIRA: Chesterfield.

SEN. BOUTIN: Chesterfield.

CHAIRMAN CHANDLER: The rest area?

SEN. BOUTIN: Yes. What's the status on that project?

MR. NOGUEIRA: It's a liquor store only at the moment. It went out to bid. It's going to be, hopefully, on G & C April 18th and they'll be breaking ground shortly after that.

SEN. BOUTIN: That's going to be a 10,000-foot store that will have rest facilities inside?

MR. NOGUEIRA: It will have restroom facilities not geared towards a rest area.

SEN. BOUTIN: Right.

MR. NOGUEIRA: But they will have -- I believe they're on the exterior. They're exterior access. But they will be locked when the facility is not open.

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SEN. BOUTIN: All right. Thank you.

CHAIRMAN CHANDLER: Yes, Representative Rausch.

SEN. RAUSCH: Thank you, Mr. Chairman. The DOT is saying that estimates are coming in between 10 and 20% below, for their projects, below their estimates. What are you finding on your building projects? What are the estimates?

MR. NOGUEIRA: They're kind of all over the place, depending on the type of work. We have had really great pricing on things, like, generators and sprinkler projects. The buildings are still coming in a little bit lower. But, for example, the Chesterfield Liquor Store that actually came in higher than we anticipated. I think it was around 2.3 million. I think Liquor was looking for 2.1 million. And so at roughly 10,000 square feet that's \$230 a square foot. Little bit more in line with what we have been seeing, 230, 250 a square foot. It could be that it's -- we had a number of people pull plans so it wasn't that it was not looked at heavily and the bids were fairly tight. So I think it's a matter of it's Chesterfield and not Nashua or Manchester. And it's got -- that one happened to have substantial site work, including a septic system with a pump. It's a pump septic system so it's elevated. It's also got fire pumps, as well as the cistern for fire protection. So as opposed to Nashua where you had sewer, water, gas, all sitting right there, actually at the existing building and just brought them back to the new building. And Nashua is basically flat and no rock. This is a former gravel pit and it's sitting on bedrock, and I suspect might bump into that a couple places, particularly in the parking lot area.

CHAIRMAN CHANDLER: Any other questions? If not, thank you very much. We'll recess till the call of the Chair.

(Recess at 3:14 p.m.)

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CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.



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State of New Hampshire
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