

CAPITAL BUDGET OVERVIEW COMMITTEE

Legislative Office Building, Room 201

Concord, NH

Wednesday, June 21, 2017

MEMBERS PRESENT:

Rep. Gene Chandler, Chair

Rep. John Cloutier

Rep. Mark McConkey

Rep. Frank Byron

Rep. David Danielson

Rep. Dan Eaton

Sen. Gary Daniels

Sen. Lou D'Allesandro

Sen. Regina Birdsell

(The meeting convened at 9:15 a.m.)

(1) Acceptance of Minutes of the May 16, 2017 meeting.

GENE CHANDLER, State Representative, Carroll County, District #01 and Chairman: The time being 9:15, thereabouts, open the meeting of the Capital Budget Overview Committee. Item number one is acceptance of minutes of the May 16th meeting.

**** FRANK BYRON, State Representative, Hillsborough County, District #20:** Mr. Chairman, I'll make a motion to adopt the minutes of May 16th.

GARY DANIELS, State Senator, Senate District #11: Second.

CHAIRMAN CHANDLER: Representative Byron moves, seconded by Senator Daniels, to accept the minutes of May 16th. Are there any questions or discussions?

REGINA BIRDSELL, State Senator, Senate District #19: I'm going to have to abstain. I don't know if I was here.

DAVID DANIELSON, State Representative, Hillsborough County, District #07: I will abstain as well.

CHAIRMAN CHANDLER: It's up to you. All those in favor of the motion say aye? Any opposed no? The motion carries.

*** {MOTION ADOPTED}

(2) Old Business:

CHAIRMAN CHANDLER: Old Business. We have Department of Corrections jointly with Administrative Services, Women's Prison Quarterly Report.

SEN. DANIELS: I do have questions on that.

REP. BYRON: I have a bunch of questions on it.

CHAIRMAN CHANDLER: Do you have -- what I may do without objection, I'll take this out of order, if that is okay. Can I do that? I guess I can do anything I want. Do the toll credit issue, that's probably not a major issue. We can get that out of the way and they can get back to work.

REP. BYRON: I have only one question on that.

(3) New Business:

CHAIRMAN CHANDLER: So we'll take up item 17-022, Department of Transportation request. So I don't know if Mr. Waszczuk --

SEN. BIRDSELL: Is this a late item?

CHAIRMAN CHANDLER: No. It's request to use turnpike toll credits. Are there any -- do you have a question?

REP. DANIELSON: Number three.

REP. BYRON: Thank you, Mr. Chairman. I do have a question. It relates actually to the last meeting that we had. We had CAP 17-017, and I'm just wondering is this related to it at all? And if it is, why didn't it all come in as one big piece?

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CHRISTOPHER WASZCZUK, Deputy Commissioner, Department of Transportation: I guess I don't have the last -- I don't know which item you're referring to.

REP. BYRON: It says -- according to our minutes it says Department of Transportation and Operations to use 70,000 toll -- turnpike toll credits based on 350,000 estimated cost for meeting fund match requirements for the statewide project for transportation system management and operations.

MR. WASZCZUK: That's an entirely different item. I mean, for the record, my name is Chris Waszczuk. I'm the Deputy Commissioner of the Department. That is for our Transportation System Management Bureau. So that's an entirely different item.

REP. BYRON: Okay.

MR. WASZCZUK: This is for planning efforts related to the ten-year plan.

REP. BYRON: Thank you.

CHAIRMAN CHANDLER: Anyone have any other questions on the item before you? If not, accept a motion of some sort.

** SEN. DANIELS: Move accept the report.

CHAIRMAN CHANDLER: Senator Daniels moves to accept it.

REP. BYRON: Second.

CHAIRMAN CHANDLER: Seconded by Representative Byron. Any questions or further discussion? If not, all those in favor say aye? Any opposed? The motion carries. Thank you very much.

*** {MOTION ADOPTED}

(4) Miscellaneous:

(5) Informational:

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REP. BYRON: Before he leaves, I do have one question on 17-019, which is the report on Department of Transportation.

CHAIRMAN CHANDLER: Yes.

REP. BYRON: It's an informational report. I don't know if you want to go there, Mr. Chairman.

CHAIRMAN CHANDLER: Yeah, as long as he's right up there.

REP. BYRON: I'm looking at the report and I'm on the one, two, three, four, fifth page which is the summary page of all the vehicles that have been purchased. And you've got over in the far right-hand column notes and it says C, which refers to volume purchased was increased by one unit due to favorable bid results. You see where I'm referring to?

MR. WASZCZUK: Yes.

REP. BYRON: And I'm looking at some of these and, for example, some of the bid results are higher than the per plan cost price, yet you bought more. And I'm wondering, can you explain for me what determinant you used for increasing your purchases for vehicles? For example, if you go down on light duty trucks, you were able to purchase -- you wanted to purchase 20 but you purchased 21 is the way I read this. You purchased eight of them at 18,626, and then 13 of them at 19,121.

MR. WASZCZUK: Hum --

REP. BYRON: Is there a criteria that you used for increasing the purchases?

MR. WASZCZUK: I'd have to -- I'd have to specifically ask the Bureau Administrator that question. But my sense is that they put forth -- they were planning to purchase so many items, and the bids came in lower so they were able to purchase more. But I understand what you're saying. The plan unit --

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REP. BYRON: In this case the bid didn't come in lower.

MR. WASZCZUK: It appears to me like it came in about the same cost. So I'd have to -- can I get that response back to you?

CHAIRMAN CHANDLER: Could you write-up a --

MR. WASZCZUK: Sure.

CHAIRMAN CHANDLER: -- a report on this?

MR. WASZCZUK: Yes.

CHAIRMAN CHANDLER: Since we're not coming back for awhile. If you could get that done and get it over to LBA, they can send it out to us.

MR. WASZCZUK: I will.

REP. BYRON: That's all I have for questions, Mr. Chairman.

SEN. DANIELS: Question, Mr. Chair.

CHAIRMAN CHANDLER: Senator.

SEN. DANIELS: Thank you. On the explanation page, the third line from the bottom, it has been determined that the available excess funds and then, parentheses, lapse amount, for this purpose is a monetary amount. The lapse amount that you're talking about, is that the same lapse amount that's the frequent 3% that we give departments or is this referring to something different?

MR. WASZCZUK: I'm sorry, Senator, which --

SEN. DANIELS: Your front page.

MR. WASZCZUK: Okay.

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CHAIRMAN CHANDLER: Third line up from the bottom.

SEN. DANIELS: In parentheses you have lapse amount.

MR. WASZCZUK: Okay. This -- in essence, what this item was because of the savings in the winter that we had, not this past winter but the previous winter, we identified that \$2.5 million of potential funds out of that -- out of that work that went to maintenance work would be available and they were, in essence, they would lapse. If we got approval from the Fiscal Committee to, in essence, use those funds for equipment purchases. So the amount that was determined was the \$2.316 million.

SEN. DANIELS: Follow-up.

CHAIRMAN CHANDLER: Further.

SEN. DANIELS: So just to clarify. When -- when budgets are given to the departments, we pretty much appropriate 3.3% as a lapse that is expected to be returned.

MR. WASZCZUK: Yes.

SEN. DANIELS: Is this lapse amount here, is that part of that 3.3% or is this an additional part of the hundred percent that hasn't been spent?

MR. WASZCZUK: It's in addition. We lapse -- we lapse greater than that 3.3%.

SEN. DANIELS: Okay. Thank you.

CHAIRMAN CHANDLER: Okay. Any other questions? Okay. If you can just submit that report.

MR. WASZCZUK: I will.

CHAIRMAN CHANDLER: Thank you very much.

MR. WASZCZUK: Thank you.

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CHAIRMAN CHANDLER: Okay. We'll get into the old business of Department of Corrections. Give us a little briefing. Thank you.

MR. WASZCZUK: Thank you.

JONATHAN HANSON, Administrator, Division of Administration, Department of Corrections: Good morning, Mr. Chairman. I'm Jon Hanson with the New Hampshire Department of Corrections. With me today is Ted Kupper from Administrative Services and Tim Smith, the Project Manager, for the Women's Prison Project.

We start with some pictures to give you an idea. A lot of you folks have seen the site. We appreciate that. As we said in our April 17th Quarterly Report, we encourage you folks to come up and see us again. You can start from the beginning there, but as you go through you can see the progression in a panoramic view of the facility. As you recall, we had inmates cut the trees, clear some of the land, and then we started in earnest blasting and filling in the land to create pads for the buildings.

TED KUPPER, Public Works Project Manager VII, Bureau of Plant and Property Management, Department of Administrative Services: We are on the second page of the photos.

MR. HANSON: And then on Page 3 you can see and we have listed the contractors at the bottom there. Tim Smith has put this panoramic together so you can see the specific contractors that were on-site. Gilbane is our construction manager. CONS is the earthwork and so forth, the trades down the line, including concrete block and electrical systems.

On Page 4 you can see the Capone is the steel erection company and they're erecting the steel in that photo there. We've also got some panels being put in place on the bottom of that page. I think we are up to Page 5 roughly. You can see the -- the outside structure is beginning to form, a number of cranes swinging things into place. Winter arrives. We keep plugging along. As can you see on the last page and the picture

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at the bottom, actually, Tim took that panoramic yesterday -- panoramic picture yesterday, and you can see we've actually got glass going in, the security glass going in the windows on the front side of the facility. That front left side is actually the administrative portion of the facility and I think you've seen some of our pictures before from the back side of those folks that have toured it know that there's higher buildings in the back. Two floors for the C-3 and Wellness Block, as well as the secure -- maximum security facility site and reception and diagnostics.

In the Quarterly Report, we are pretty much on track with everything that we have said in there. As I said, we've -- we've been on schedule and I've seen some reports. I just wanted to say that there have been some things come out in the news and we heard from others that something had been delayed. I may have been one of the last ones that heard that. I'm there every day and we didn't know what they were talking about. We actually are on schedule. We expect to be substantially complete this fall. Everything is looking real good for a project of this size. We've had minimum changes and minimum delays. We have actually saved some money. We've added some things. We have a list of things we wanted to add, like the gymnasium floor we wanted to make a little more robust with the type of urethane we are putting down there. We've got enough money to pave with at least the base coat of asphalt. The back perimeter road, which will keep the dust down for the perimeter vehicles. We have a little better quality fence with some of the money we saved which we really hope to do. Fences Are Us. We definitely need a good fence. And, of course, the photo voltaic solar panels which will be erected, I believe, in August at this point.

MR. KUPPER: Those changes represent about 2% of the total contract cost, and they involve extending the completion date one month from what we were supposed to have before. So we were supposed to finish up the end of September. We are going to finish up towards the end of October.

CHAIRMAN CHANDLER: So that's the estimated. So November 1st.

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MR. KUPPER: That's right. That's the -- yeah, that's the target.

CHAIRMAN CHANDLER: Yes, Representative Byron.

REP. BYRON: Thank you, Mr. Chairman. I was looking at your Quarterly Report that you have submitted on April 10th, item number six, and it says that the City of Concord has completed water modeling and it appears based on assumptions made by the water consultant that our facility will have enough pressure for fire and domestic given reasonable modeling scenarios or modeled scenarios. Do you have any assurance that we are going to have or you going to do any actual testing that we're going to have enough capacity, water capacity for fire prevention as well as for water usage?

MR. HANSON: We actually did -- prior to construction back in 2011-12, we met with the city engineer, myself personally, Ed Roberge and so forth, and we discussed sites for the facility. One of the requirements they gave us was to stay below a certain height if we were to build on this and we stayed well below that I think by 20 some odd feet. And then we continued to do hydrant testing with their equipment, with our equipment, and with a third party. So we -- we're assured at this point in time we shouldn't have any water issues as far as pressure goes from the City of Concord.

CHAIRMAN CHANDLER: Further question?

REP. BYRON: Yeah. Can you talk about the solar panels, item number eight, that you're installing? What's the cost of those panels and the cost including install?

MR. HANSON: Total cost? I don't have it exactly in front of me. I did not --

REP. BYRON: An estimate is fine.

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MR. HANSON: Somewhere in the \$350,000 range. That is -- we are getting some of that money from a grant from the Office of Energy. So that, obviously, is offsetting the cost.

CHAIRMAN CHANDLER: Further question.

REP. BYRON: So I calculated based upon your stated annual output of 143,925 kilowatt hours that if I was to purchase that using my home rate that's about, give or take, 26 to \$30,000. So we spent \$350,000 to generate annually \$30,000 of electricity?

MR. HANSON: I'd have to get back to you on that. That doesn't -- I don't have that number in my head. We are doing the solar photo voltaic which is going to be equivalent powering nine homes for a year.

REP. BYRON: I'm just using your numbers here.

MR. KUPPER: Actually, my calculation shows that that's about 17 -- the 143,925 represents about 17 New Hampshire homes at about 100% of electrical usage.

REP. BYRON: Okay.

CHAIRMAN CHANDLER: Any other questions? Yes, Senator Daniels.

SEN. DANIELS: Just to kind of segue into that. Because of the whole Concord Steam issue, I know that analysis has been done by Administrative Services on all the buildings to find out what the most efficient way of heating and hot water. Did they -- did they include the Women's Prison in that analysis?

MR. KUPPER: Initially -- we did not include it in the analysis that we did for the Concord Steam conversion. But initially we were proposing to have solar hot water at the prison. We ran into some problems. One was finding a location for the panels that would be close enough to the use inside the prison to be able to do that. And then once we did find that location, the steel had already been ordered and erected. So we

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needed to modify the steel to be able to support the weight of the solar hot water panels and that eliminated solar hot water as a potential for the prison because of the cost and the payback for that. The modifications of the steel were almost as much as the installation of the panels themselves.

SEN. DANIELS: Follow-up.

CHAIRMAN CHANDLER: Further question.

SEN. DANIELS: On Page 2 of your report, you talk about the -- currently the baseline -- currently the baseline substantial completion requirement is October 19th. What does substantial completion mean in terms of occupancy, your certificate of occupancy?

MR. KUPPER: So this is a little bit different for the prison project, Senator. Because of the size of this project and the complexity of the systems that are in the buildings, the building will be more or less substantially complete two months prior to this October deadline, which means that, you know, the finishes will all be done, everything will be complete inside, more or less, at least to 95% completion. But because of the complexity of the systems there, they're taking two months prior to issuing a CO to test and commission all of the different systems in there; security systems, water systems, heating and ventilation systems. So the building, essentially, will be substantially complete. That will be October, September, you know, about August, but not ready for occupancy because those systems hadn't been tested yet. That's where the October deadline is coming in. After the systems had -- have all been commissioned and tested.

CHAIRMAN CHANDLER: Presumably, when you open there shouldn't be any glitches. They should all be fixed.

MR. KUPPER: That's right. But keep in mind, a \$52 million building with all of these systems, it really requires 100% occupancy and usage in order to exercise the systems and find out where some of the problems are with those systems. And we

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have essentially a one year warranty period available where if there's a problem with a system, something breaks or isn't functioning correctly, in that one year period of time the construction manager and their subs come back and make repairs essentially at no cost to the State to be able to do that.

Without having a fully operational, fully staffed, and fully used building for that period, for that one year period, risks losing potentially millions of dollars of warranty period because we aren't exercising the systems on a daily basis.

SEN. DANIELS: Follow-up.

CHAIRMAN CHANDLER: Yes, further question.

SEN. DANIELS: One final question. I noticed that the photos that you gave us with the packet were essentially the same photos you gave us at our last meeting. Appreciate the new ones which give the outside, but wondered why did you just supply us the same photos you did last time as opposed to giving us updated photos of what has happened inside?

MR. KUPPER: It's very difficult to capture with photographs and have it make any sense the interior of the building. We really encourage the Committee to visit the site and tour the building to really see the progress that we have made. We have supplied the photos as a historical. We weren't sure whether all the members had seen the photos and wanted to show the progress we've made right from the beginning of the project.

MR. HANSON: If I could just chime in on that as well, Senator. What we have done, we collected a complete photo library of every room as it's gone along between Public Works and the construction manager. So we have lots of photos we can share with you, but going to the site is best.

CHAIRMAN CHANDLER: Yes.

MR. HOFFMAN: One of the reasons this was an item held over from last meeting.

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CHAIRMAN CHANDLER: Right.

MR. HOFFMAN: So it's the same report. This just supplements with a little bit of additional information.

SEN. DANIELS: Thank you.

CHAIRMAN CHANDLER: Representative Danielson.

REP. DANIELSON: Thank you, Chairman. Last evening Hillsborough County extended the contract for the prison in Goffstown for another year with the understanding it was going to be needed for another year. You're telling us it's going to be ready -- this prison is going to be ready by October.

MR. KUPPER: Yes, sir.

REP. DANIELSON: So the prison in Goffstown is theoretically going to be empty for nine months?

MR. HANSON: I guess I can answer that. We have been struggling, obviously, in discussions with the Commissioner and the Budget Committee, as you folks well know, to staff this facility. Optimally, we would like to be staffed and fully housed with all those inmates this winter, and we'll be ready. The downside of that is a number of things.

One is it's very difficult to hire that many people in that short period of time and the funding starts July 1. We also have some, I believe, in the budget as it stands right now, some of the positions can't be filled until January 14th or 15th anyway. I'm not sure why that was. I wasn't involved in that process, but we clearly are ready. We are ready. We need a backup plan and that's what the Hillsborough County will supply to us.

CHAIRMAN CHANDLER: Representative Byron.

REP. BYRON: Is there a severance clause in the Hillsborough County contract that will allow you to exit that contract

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earlier or is this something you're going to have to pay for all the way through till termination of the -- or the end of the contract?

MR. HANSON: I'm not -- I'm the Facilities Manager. I do not have that contract in my head. I don't know exactly.

CHAIRMAN CHANDLER: Thank you. Senator Daniels.

SEN. DANIELS: Just to answer your question. The reason -- the reason a date was moved to January 15th is because we were told during the Committee of Conference that the project was delayed.

MR. HANSON: Yes.

MR. KUPPER: And there has been some rumors about delay. But I'm reporting here today to say that we are targeting the end of October to complete the project.

SEN. DANIELS: Just for clarification, I believe that Representative Ober was told that by the Commissioner.

MR. KUPPER: I see.

CHAIRMAN CHANDLER: Representative McConkey.

MARK MCCONKEY, State Representative, Carroll County, District #03: Thank you, Mr. Chairman. Providing you don't have the surge of new residents, what percentage of capacity will you be if you rollover Goffstown into the new facility?

MR. HANSON: How many inmates will be moved up? If we moved up today, for instance, I believe the last number I saw was a couple weeks ago. It was including the Strafford County inmates which would come back and some of the other states we'd be around 170 with a capacity of 224.

REP. MCCONKEY: Thank you.

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CHAIRMAN CHANDLER: Okay. Representative Danielson, see if we can wrap this up. I'm sorry.

REP. DANIELSON: Thank you. Relative to inspection services and you were talking about fire suppression services, should I assume or can I -- can you give me the relative confidence that the Concord Fire Department is going to test those systems to their satisfaction?

MR. KUPPER: Yes. Just to alleviate any concerns, there was concern by the City that we wouldn't have the proper pressure and flow. After testing, initial testing was done, we determined we had plenty of flow, but perhaps not enough pressure. It was identified by the City of Concord's consultant, Janet Levy, a professional engineer that the valve pits that are on the prison property that would service this had equipment that was not functioning properly. We've completed the repairs of that. So we have all new equipment in the valve pits, new meters, those are functioning properly, and Janet Levy's report has indicated that with those repairs we will have the proper amount of pressure and flow at the Prison to be able to supply all the water we need for the fire -- for the fire suppression system.

In addition to that, if there are multiple fires, a fire at the Women's Prison or a fire at -- while there's a fire at the Men's Prison or perhaps two fires at the Men's Prison, the system will now function properly and be able to suppress those fires as well.

REP. DANIELSON: Thank you. Thank you, Chair.

CHAIRMAN CHANDLER: Any other questions? Seeing none thank you very much. Does the Committee -- do any members or the whole Committee desire a visit?

MR. KUPPER: The visit would take about an hour once you got there. And it's -- it's really an eye opening experience. I go there once a month to visit that myself, and I highly recommend it.

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CHAIRMAN CHANDLER: Can you make arrangements with -- give a couple of dates and give it to them and probably -- I don't know, sometime after the 4th, I guess. So perhaps the middle of July.

MR. HANSON: The AC might not be working, but we'll take you through.

(6) Date of Next meeting and Adjournment:

CHAIRMAN CHANDLER: Okay. Okay. Thank you very much. Thank you. That concludes our business on Capital Budget Overview. We will recess till the call of the Chair and take a three-minute break and start again on Long Range.

(The meeting recessed till the call of the Chair at 9:39 a.m.)

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.

Cecelia A. Trask
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