

CAPITAL BUDGET OVERVIEW COMMITTEE

Legislative Office Building, Room 201

Concord, NH

Tuesday, June 24, 2014

MEMBERS PRESENT:

Rep. David Campbell, Chair

Rep. John Cloutier

Rep. Ken Weyler

Rep. Daniel Eaton

Rep. John Graham

Sen. David Boutin

Sen. James Rausch

Sen. Sylvia Larsen

Sen. Nancy Stiles

(The meeting convened at 10:01 a.m.)

1. Acceptance of Minutes of the minutes of the May 13, 2014 meeting

CHAIRMAN CAMPBELL: I call the Capital Budget Overview Committee to order.

** REP GRAHAM: Move the minutes from the previous meeting.

SEN. BOUTIN: Second.

CHAIRMAN CAMPBELL: All those in favor? Opposed?

*** {MOTION ADOPTED}

2. Old Business:

CHAIRMAN CAMPBELL: Okay. Old Business. None.

3. New Business:

CHAIRMAN CAMPBELL: New Business. CAP 14-037, which is Department of Safety, Marine Patrol. You going to do that, Mike?

MICHAEL CONNOR, Deputy Commissioner, Department of Administrative Services: I am. Thank you. Good morning, Mr. Chairman, Members of the Committee; Mike Connor from Administrative Services where I serve as Deputy Commissioner.

In FY 14-15, the Legislature approved \$9.3 million to design and construct a new Marine Patrol facility in Glendale on Lake Winnepesaukee. We have since hired Samyn D'Elia earlier this month to complete the design and construction documents. The current facility had some major structural issues and needs to be replaced. The facility supports Marine Patrol activities, and we are looking to confine the actual construction to one year to minimize inconvenience to the public.

Due to the tight timelines and proximity to the lake, there's a small footprint to work on, in accordance with RSA 21-I:80, I(d), paragraph -- subparagraph (d), they're requesting permission to utilize the construction management approach for bidding and contracting. This will allow us to pre-qualify contractors and reduce the field to the three most qualified bidders. The contractors will then provide bids on three items; Pre-construction services, construction management fee, and construction general conditions. We are hoping to complete our evaluation process with the contract being submitted to Governor and Council in the fall, with spring -- with construction actually beginning in the spring of next year and finishing before the following spring.

Thank you for your consideration. I'd be glad to answer any questions you may have.

CHAIRMAN CAMPBELL: Any questions?

** REP. EATON: Move approval.

CHAIRMAN CAMPBELL: Yes.

SEN. BOUTIN: Second.

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CHAIRMAN CAMPBELL: Representative Eaton moves approval, seconded by Senator Boutin. Any other discussion? You all set with this? All those in favor say aye? Opposed? Thank you.

MR. CONNOR: Thank you.

***** {MOTION ADOPTED}**

CHAIRMAN CAMPBELL: Use of toll credits. Department of Transportation has three items. CAP 14-031.

PATRICK MCKENNA, Deputy Commissioner, Department of Transportation: Good morning.

CHAIRMAN CAMPBELL: Deputy Commissioner is here. Mr. Janelle, good morning.

WILLIAM JANELLE, Director of Operations, Department of Transportation: Good morning.

MR. MCKENNA: Mr. Chair, Members of the Committee, Patrick McKenna here from the DOT, Deputy Commissioner, along with Bill Janelle who's our Director of Operations.

CHAIRMAN CAMPBELL: Good morning.

MR. MCKENNA: Good morning. Regarding the use of toll credits, the first item we're requesting to use just over \$52,000 in Turnpike Toll Credits based on the total cost of about \$262,000, estimated costs to meet the match requirements for a federally funded statewide study of rest areas and welcome centers, subject to the conditions specified in an earlier request. That study is really to do a comprehensive assessment of all welcome centers and to make sure that the public is being met in those centers to look at capacity and to look at location, conditions of the existing centers and otherwise. And we've identified Federal funds through the statewide planning and research area and this is the match requirement for toll credits.

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CHAIRMAN CAMPBELL: Any comments, questions? Yes.

SEN. STILES: Thank you, Mr. Chairman. Thank you for coming in. I just have a question on your letter dated May 1st. You note that this is up to the year 2035. That's what your projection for usage, that's not how long it's going to take you to do the study; right?

MR. MCKENNA: No.

MR. JANELLE: No.

MR. MCKENNA: It's really trying to look at the needs going forward for that complete period of time.

SEN. STILES: Okay. Thank you.

MR. MCKENNA: The study we're hoping to have results through -- at the end of November into December of this year.

SEN. STILES: Thank you.

MR. MCKENNA: You're welcome.

CHAIRMAN CAMPBELL: November, December of this year?

MR. JANELLE: The study will most likely not be completed, but we'd like to have the information from the study as far as -- you know, the big question is how many welcome centers should we have, where should they be located, and we'd like to have that information for our budget process.

CHAIRMAN CAMPBELL: And I agree with that. Are you aware that we passed a piece of legislation -- hasn't been signed by the Governor yet, I don't think -- we passed a piece of legislation to do a study committee of the rest areas and naming rights of the rest areas. That became law or will become law, I think, because it passed the Senate. It seems to me that that legislative committee, which I think now is unilateral -- unicameral in the sense that I believe the Senate

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took itself off of it; but I do think it would be good to coordinate with that legislative committee.

MR. JANELLE: Hm-hum.

MR. MCKENNA: Sure.

CHAIRMAN CAMPBELL: And I'm going to make a motion that we make this subject to coordination with that committee. No sense in one committee doing one thing and you having a funded committee doing the other. Because that, I think, was the goal of that commission as well, is to look at the -- where the rest areas are, what we need, and the possibility of naming rights to the extent that we can maybe open some of the ones that are less -- less travelled, I guess, and harder -- and probably more expensive to keep open if we could get somebody to sponsor them. So those are all things that probably should be coordinated. Yes, Senator Rausch.

SEN. RAUSCH: Well, I guess I'm not sure that I am going to totally agree with you in the sense that this is a private firm doing this, I'm assuming.

MR. JANELLE: That's correct.

MR. MCKENNA: Yes.

SEN. RAUSCH: I'm -- I'm thinking that if you try to coordinate with a legislative committee, I don't know that I would use coordinate. I would say that they could report some of their findings, but they should be left totally independent from the legislative process. And I don't like the use of coordination. I think some reporting or sharing, but I think --

CHAIRMAN CAMPBELL: That's fair. That's fair.

SEN. RAUSCH: -- they need to be independent.

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CHAIRMAN CAMPBELL: Yeah. And we're not looking for influence as much as just want to know what's going on so we don't go down a different path, I guess.

SEN. RAUSCH: I think if you have them come in working there's going to be political pressure about we don't want this one closed and --

CHAIRMAN CAMPBELL: I hear you.

SEN. RAUSCH: Okay.

** CHAIRMAN CAMPBELL: All right. I move its passage and I guess subject to or with the request that as the information comes in they report not at the end of the process but during the process, I guess they report to legislative committee.

MR. JANELLE: That's fine.

CHAIRMAN CAMPBELL: That's working on the same subject.

MR. MCKENNA: That's fine.

REP. GRAHAM: Second.

CHAIRMAN CAMPBELL: Second by Representative Graham. Any further discussion on this? Yes, Representative Weyler.

REP. WEYLER: What are these companies that you have the scoring sheets on?

MR. MCKENNA: These are the companies that -- that submitted interest in the -- in performing the work. And we went through our consultant selection process with the initial interest and then final selection. So we have a process in place in the Department where any type of these consultant contracts come before -- come before a committee within the organization and they're -- they are scored on qualifications and ability to meet the requirements.

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REP. WEYLER: I'm curious as to what is their business? Is it construction, architectural studies or --

MR. MCKENNA: Engineering and architectural consultants.

REP. WEYLER: Thank you.

CHAIRMAN CAMPBELL: Further questions?

REP. GRAHAM: Yeah, one. Have you used any of them before?

MR. JANELLE: Yes.

REP. GRAHAM: Okay.

MR. JANELLE: Yes.

MR. MCKENNA: Yes.

CHAIRMAN CAMPBELL: Senator Boutin.

SEN. BOUTIN: Thank you for coming in this morning. You said that these are architectural engineering firms. And my question is how are they -- what is going to be the method of trying to ascertain what the needs of the travelling public is because that's not usually what engineers and architects do. They usually work on buildings and things of that sort. So I'm -- I'm finding a bit of a disconnect here, unless these firms have some subspecialty to come up with some notion of what -- how our current facilities are serving the public, whether it's serving them or not enough, or maybe they're right next to a major exit that's got 20 restaurants with bathrooms and gas and everything else and maybe we don't need it. So that's my question.

MR. MCKENNA: In the -- these are firms that work in the transportation sector. Many of them have experience with traffic studies and that sort. So assessing facility needs is part of their specialty. And part of what they're going to be doing in terms of the scope of work that has been developed and designed is actually to make those types of assessments in terms of

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location specifics, whether or not there are public or private alternatives in the location in close proximity, and what the service requirements would need. They also have some requirements in the study to do some polling of the traveling public. So there are some requirements in there to do that. And, Bill, did you want to add?

MR. JANELLE: Yeah, if I can add. They do plan to do surveys of travelers that are in and out of the welcome centers, and they also plan to have public meetings in different regions where we have welcome centers as well to get a sense of what's the local -- what are the local folks looking for and also what are the travelers looking for coming in and out of the centers.

They also had experience doing other studies. They did a similar study to this in Connecticut that we looked at that was very comprehensive for the entire State of Connecticut that looked for a similar outcome to what we're looking for here.

SEN. BOUTIN: Thank you.

CHAIRMAN CAMPBELL: Any further questions? Comments? Seeing none. You ready for the question? All those in favor say aye? Opposed? Motion passes as amended. Thank you.

*** {MOTION ADOPTED}

CHAIRMAN CAMPBELL: Next one CAP 14-035.

MR. MCKENNA: Joining me is Patrick Herhily, Director of Aeronautics, Rail and Transit. One thing I'd like to just quickly report out, because the Committee had requested status on Turnpike Toll Credits at our last meeting and we had reported on that, just to give you a quick update. I think I mentioned that we were in the process of going back and re-reconciling back in Fiscal Year 12 and looking at the Federal rules associated with the application of credits and receiving them. We were actually successful in that regard. We actually applied a two-year rule on a maintenance of effort look back. In Fiscal Year 12 we would not have received toll credits had we not done

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this. And we just received approval for \$56.9 million in toll credits as a result of that review and applying a different Federal rule.

CHAIRMAN CAMPBELL: Additional?

MR. MCKENNA: An additional \$56 million that we would not have received credit for. In doing so, we're estimating we have a pending request for Fiscal Year 13 of \$84 million. And by the use of this two-year rule, and also aggressively we're very close on Fiscal Year 14 and, in fact, we would have been about \$6 million short. We calculated that ahead of time. And what we've done is we normally have about 6 million, 6 to \$8 million in accounts payable that cross Fiscal Years. We are actually in the process right now of billing for all of that. It's all work that that's been done. It's just the normal cycle. By billing it within our Fiscal Year, we believe we are going -- we are going to receive that credit. So we're talking literally of action in the last three months that will secure approximately \$200 million in toll credits that we would not have received it, so.

CHAIRMAN CAMPBELL: Okay. Well, it would be nice if we had that on paper sometime, maybe by our September meeting. You think that all be reconciled and be able to see all that?

MR. MCKENNA: We will most likely have the 84 million from Fiscal Year 13 approved by then. And we'll be well on our way in Fiscal Year 14 so we'll know if we are going to meet that threshold or not.

CHAIRMAN CAMPBELL: Once again, for our benefit and benefit for the next Legislature, we are going to have what you believe will be in the bank.

MR. MCKENNA: Yes.

CHAIRMAN CAMPBELL: And your burn rate, projected burn rate.

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MR. MCKENNA: That's right. That's right. We generally burn about 30 million a year.

CHAIRMAN CAMPBELL: We are going to set up a September meeting at some point and we look forward to getting a report on that. Even though there are other items on that, we'd like to talk about that. Thank you.

MR. MCKENNA: You're welcome. Specific to this request we're requesting the use of Turnpike Toll Credits on a total project cost of about 300 -- \$320,000 for Federal funds to meet a match on requirements for a Statewide Strategic Transit Assessment Study and that is a subject we specified in the request on June 11th. That will require -- that will require \$64,000 in Turnpike Toll Credits for the 20% match here.

We're accessing FHWA funds for Statewide Planning and Research, Federal funds, and also FTA funds, Federal Transit Administration for statewide planning and research planning funds. So the study itself, I'll let Patrick get into the specifics of the study, but it's a comprehensive statewide study that actually gives us information that probably is long overdue.

PATRICK HERLIHY, Director, Bureau of Aeronautics, Rail and Transit, Department of Transportation: Right. Thank you, again, Mr. Chairman, and Members of the Committee. For the record, my name is Patrick Herhily. I'm the Director of Aeronautics, Rail and Transit at DOT.

The State of New Hampshire's never conducted a Comprehensive Statewide Strategic Transit Assessment Study and has not conducted an official Intercity Bus and Intermodal Needs Assessment since 2003. The limited Federal and State dollars and mounting Federal consultation certification requirements, we believe having a third-party Statewide Transit Assessment would assist the Department with long-term planning by assisting the funding projections, would help provide a statewide context in understanding potential transit expansion priorities and capital facility needs. Such a study would also help us with

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consultation with our intercity bus providers, make sure their needs are adequately met. That's something that we need to certify to the Federal Transit Administration. We need to do that no more than four years before the date of the certification. I think this study would help us with determining those needs.

We need to look at prioritizing what our future expansion corridors and projects would be to help shape those applications that we need to submit to the Federal Government on behalf of the Department. It would also help us with constructing -- determining where we would need to construct new intermodal facilities with bus terminals and/or Park and Ride lots. Many of them are filled to the brim now with vehicles from people that are using our intermodal -- intercity transit services.

This study has the support of the intercity bus companies. It also has the support of the New Hampshire Transit Association which represents all the local public transit agencies. One of the things we'd be looking at in the study is how to have easier connectivity between the public transit system and the intercity bus system, and it also has the support of Transport New Hampshire which is a statewide advocacy network of transit providers. I'd be more than happy to take any questions.

CHAIRMAN CAMPBELL: Questions. Representative Graham.

REP GRAHAM: Thank you, Mr. Chairman. Assuming you get this approved, will the study be done in time to have input to the next ten-year transportation plan?

MR. HERLIHY: Yes.

CHAIRMAN CAMPBELL: Yes, Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. Patrick, several of the Regional Planning Commissions have done various studies. I hope you will incorporate them into the --

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MR. HERLIHY: Yes, they will certainly be incorporated and their input will be requested.

REP. WEYLER: Thank you.

CHAIRMAN CAMPBELL: How does this dovetail or not with the rail study that's going on right now, the \$4 million Rail Corridor Study?

MR. HERLIHY: I think it will dovetail once that Rail Corridor Study is complete and an alternative has been identified. We can look at how that would affect -- if that would be -- if that were to be implemented, how that would affect the intercity bus system and that would be evaluated as part of this overall transit study.

CHAIRMAN CAMPBELL: When you say transit, you mean bus; right?

MR. HERLIHY: Yes.

CHAIRMAN CAMPBELL: Any other questions? Senator Boutin.

SEN. BOUTIN: Thank you, Mr. Chairman. Thanks for your testimony. I'm a bit concerned that we may get ahead of ourselves if you in this study start looking at analyzing how the bus service will connect with rail service. We don't know that we're going to have a rail service.

MR. HERLIHY: That's correct.

SEN. BOUTIN: You suggested that that is something you would be doing in your statement to the Committee earlier.

MR. HERLIHY: It would all depend on where we are with the rail study at that point. The rail study will be completed but what are the next steps? We don't know yet so it's --

SEN. BOUTIN: The next step is for the Legislature to -- excuse me, Mr. Chairman.

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CHAIRMAN CAMPBELL: Yeah, sure.

SEN. BOUTIN: Next step is for the Legislature to get the report.

MR. HERLIHY: That's correct.

SEN. BOUTIN: And then determine whether there are funds to pay for it.

MR. HERLIHY: That's correct.

SEN. BOUTIN: So I think we're a long, long way away --

MR. HERLIHY: I would agree.

SEN. BOUTIN: -- from rail, if rail ever happens. I frankly believe --

CHAIRMAN CAMPBELL: Go ahead.

SEN. BOUTIN: He's whispering to me. I frankly believe that our best intermodal transportation service for the public of New Hampshire is bus.

MR. HERLIHY: And that's what that study will mainly focus on. When the question was asked, you know, how does that dovetail with the rail study, I think the consultant that's chosen for the plan needs to have that information about what, you know, the rail study shows as a locally preferred alternative. And if that went forward what does that mean, what are the implications for transit.

CHAIRMAN CAMPBELL: Senator Stiles.

SEN. STILES: Thank you. Wouldn't you also analyze it both ways? That if it went -- if the rail went forward or if the rail didn't go forward?

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MR. HERLIHY: Oh, yes, absolutely.

SEN. STILES: You'd have an answer to both questions.

MR. HERHILY: That's correct.

CHAIRMAN CAMPBELL: When is the rail study due?

MR. HERHILY: The end of the year. The end of this year, December 31st.

CHAIRMAN CAMPBELL: What is the time frame for this again, this study?

MR. HERLIHY: This study would probably be an 18-month study.

CHAIRMAN CAMPBELL: Okay. It would be able to --

MR. HERLIHY: It would be able to take the information that it got from the rail study.

CHAIRMAN CAMPBELL: Including if the rail study says that some of the bus service should be discontinued?

MR. HERHILY: That's correct.

** REP. EATON: Move the item.

REP. WEYLER: Second.

CHAIRMAN CAMPBELL: Any further discussion? All those in favor say aye? Opposed?

*** {MOTION ADOPTED}

CHAIRMAN CAMPBELL: Thank you. Next item is the number 14-036.

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MR. MCKENNA: Again, another toll credit request to match Federal funds, and in this case it's a 50% match on a \$96,000 project. So it's \$48,000 requested Turnpike Toll Credits for the Manchester Transit Authority's continued use of toll credits to meet funding match requirements for continued operations of a bus transit service between the City of Concord and the City of Manchester through August of 2015. We've had that in place as essentially an ongoing pilot. This is a request to essentially extend that pilot and receive more information. I believe there's a slight adjustment to the number of -- number of runs that are made on a daily basis, but it will provide additional information.

CHAIRMAN CAMPBELL: Yes, Representative Graham.

REP GRAHAM: Thank you, Mr. Chairman. I don't dispute the need for the -- for the transit between the two cities. What size bus are you using, where we have an average number of two, three, five people per trip? Hopefully, it's not a 40-passenger bus.

MR. HERHILY: No, it's not. It's what we call a cart-away bus. It's typically a 12 -- 12 seats with two-seat capacity for wheelchairs.

REP GRAHAM: Okay.

CHAIRMAN CAMPBELL: It does have handicap accessibility?

MR. HERHILY: Yes. Oh, yes.

CHAIRMAN CAMPBELL: Senator Boutin.

** SEN. BOUTIN: Mr. Chairman, I move approval of 14-036.

SEN. LARSEN: Second.

CHAIRMAN CAMPBELL: Moved by Senator Boutin and seconded by Senator Larsen. Senator Larsen.

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SEN. LARSEN: The question I have, there was an effort, and I hope it would be looked at to you mentioned interconnectivity to other systems. And even though there won't be a bus to the Airport, to continue to stress that if you get to Downtown Veterans Park in Manchester and you want to go to the Airport that there be some pretty close proximity of another bus taking you to the Airport.

MR. HERLIHY: That's correct.

SEN. LARSEN: They have assured us in the past that that would be true. But I hope that continues 'cause it's still a valuable service even though it was lighter ridership than we knew might be.

CHAIRMAN CAMPBELL: Senator Rausch.

SEN. RAUSCH: Thank you, Mr. Chairman. I certainly support this, but I guess I have a similar question is that I thought originally one of the keys to this was we thought we were going to get more utilization of access to the Airport and this has demonstrated that we're not.

MR. HERHILY: That's correct.

SEN. RAUSCH: I think we know that the Airport is somewhat struggling; but do we have any idea why there is not more participation of the Airport clientele utilizing a bus?

MR. HERLIHY: I think just from my own experience that people from the Concord area prefer to drive to the Airport and park.

SEN. RAUSCH: Can I just a follow-up, is that I can tell you from personal experience, 'cause I do it, and I know in my area more and more people going to Logan are taking the bus.

MR. HERHILY: That's correct.

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SEN. RAUSCH: And it takes you right to the Airport with your luggage. That is actually increasing from my experience the number of people that travel.

MR. HERLIHY: Hm-hum.

SEN. RAUSCH: Why isn't there anything similar to Boston? I mean to Manchester?

MR. HERLIHY: I think it's less the transportation access to the Airport versus what services are being provided by both Airports, what the cost and the frequency of service.

SEN. RAUSCH: That's why I go to Boston.

CHAIRMAN CAMPBELL: Senator Stiles.

SEN. STILES: Thank you. Doesn't the Flight Line bus that comes from the Seacoast that goes to the Airport, then it goes to Downtown Manchester?

MR. HERHILY: That's correct.

SEN. STILES: Wouldn't they be able to connect in Downtown Manchester and go back to the Airport and then come back to the Seacoast?

MR. HERLIHY: Yes.

SEN. STILES: So there would be a connection in Downtown Manchester to access to the Airport.

MR. HERHILY: It's more expensive than using the Manchester Transit Bus so most people, I think, would probably use the Manchester Transit Bus.

CHAIRMAN CAMPBELL: Senator Larsen.

SEN. LARSEN: I think the Department's aware there was a study of the use of the Airport once we had the system going.

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MR. HERLIHY: Hm-hum.

SEN. LARSEN: There was about a 13% ridership. On the best frequency they found was the interest of people going from Manchester to Concord, Concord to Manchester, and there was only 13% that went on to the Airport. In one of the studies they found, at least from a Concord perspective, was that people wanted to ride the Airport bus there. But because you can have flight delays and you don't know, you know, if you're going to get in after the last bus leaves, they were taking a midnight -- they were running a midnight bus. But people couldn't trust that their flight would be on time so that they would oftentimes arrange for a pickup to come home with it which makes sense and that's true in Boston, too. I mean, you kind of get nervous to ride the bus both ways 'cause you don't know if your flight will be on time. So that's why it was difficult to -- to insist the continuation of the bus service to the Airport when it was light. But for those who are willing to do it, there should -- at one point they assured us was only maybe a five-minute wait where you take your luggage off at Veterans Park, you wait for the next bus, and it takes you to the Airport at times. But it's not -- not very well connected yet. And I hope in the long run even Manchester riders will want to ride to the Airport a little more frequently.

MR. HERLIHY: And that will certainly be -- I'm sorry. That will certainly be part of our Statewide Strategic Transit Assessment.

SEN. LARSEN: Yeah. But there is a study, if anyone wants to read it, there was a report by a consultant from Vermont that summarized, I think, what I just said.

CHAIRMAN CAMPBELL: The actual ridership you're saying, Senator, the actual ridership, study of the ridership?

SEN. LARSEN: Yes, they did. They did the ridership and there was more -- much more ridership to, much less ridership back up.

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CHAIRMAN CAMPBELL: Any further questions or comments? Seeing none. It's already been moved and seconded by Boutin and Larsen. All those in favor say aye? Opposed? Thank you.

MR. HERLIHY: Thank you.

*** {MOTION ADOPTED}

4. Miscellaneous:

5. Informational:

CHAIRMAN CAMPBELL: All right. That leaves us with our Informational.

First one is Department of Administrative Services, their quarterly report. If there are any questions on that, we'll entertain them; but, otherwise, go down to the next one. Equipment. Again, have a report. Anybody have any questions or comments? I'm sorry, Department of Transportation, 14-033. Just speak up if anybody has any questions or comments. And then 34 is the Public Works Design and Construction's Capital Budget and Maintenance Projects Monthly Report.

All right. That brings us to the one we do have some questions on which will be the Prison. Department of Corrections, Women's Prison Quarterly Report. Read the report, and we have Mike Connor here to answer any questions we might have. And I guess I'll kick it off just with where are we in terms of budget, I guess? I read the report. I was unable to ascertain, I guess, exactly how you feel the numbers are coming. Summarize it for me anyway.

MR. CONNOR: I can summarize them. They're still not quite where they need to be. The site prep is coming down. We have been -- and that's what we have been focusing on since our last meeting is the site prep. We have actually made some recommendations to reduce the drainage structures that were initially planned. There were several drainage structures and

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detention areas underground that were going to be there. We are basically going to be creating a small pond between the men's prison and the women's prison, which will really reduce the site prep. So at this point, and it's included in your report, for the site prep piece we are at 4.1 million. That's our latest estimate. Again, bids haven't come in yet, but that's our latest estimate. We expect that to go down some more.

The building base package is 40, 40.3 million and we have some alternates that are included in there at six ninety-three. So a total as we sit today is 45.2 million or 3.97 per square foot. We're still not where we want to be but it's still early.

As far as the process is concerned, since our last meeting based on our testimony, we decided to split into two pieces. So we are working diligently on the site prep which gets the pad ready before winter. And so we've broken that down into a maximum -- guaranteed maximum price that they need to provide us with by July 31st and, hopefully, move forward with that if those prices are in line to get that started in early August and have it completed by the end of November.

At the same time, we're still working on the building portion of this, and we've considered the finish site was the grass and those type of items. We are working in completing the design development now. We're pretty much almost there now. In the month of July we will be finishing that and by contract we are owed a guaranteed maximum price for the building portion at the end of August, August 29th. That's when that is due for the building itself. Hopefully, things will be refined between now and then.

I'll be glad to answer any questions. We are planning on meeting with the City of Concord in July to review. We're going to have two meetings with the City of Concord. First one will be in July to talk about the site prep. The second one will be once we're a little closer and we have more design documents.

CHAIRMAN CAMPBELL: What was the Capital Budget approval?

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MR. CONNOR: Thirty-eight million.

CHAIRMAN CAMPBELL: Thirty-eight even. We are now at?

MR. CONNOR: We're forty-five.

CHAIRMAN CAMPBELL: Forty-five.

MR. CONNOR: Again, these are estimates.

CHAIRMAN CAMPBELL: I understand.

MR. CONNOR: Bids haven't come in.

CHAIRMAN CAMPBELL: The bids haven't come. The first series are coming in in July.

MR. CONNOR: Yes, that's for the site portion.

CHAIRMAN CAMPBELL: By the end of August you'll have them all in.

MR. CONNOR: Yes. By contract we can require them to be provided guaranteed maximum price by the end of August, August 29th.

CHAIRMAN CAMPBELL: Okay. So we're planning or we will be planning to meet -- this Committee will plan to meet in September sometime. When we have that September meeting --

MR. CONNOR: Okay.

CHAIRMAN CAMPBELL: -- and it will also be the next quarter as it turns out, right, three months from now, we will have the quarterly update and we will know what those numbers are.

MR. CONNOR: Yeah.

CHAIRMAN CAMPBELL: And go ahead, Representative Graham.

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REP GRAHAM: Thank you, Mr. Chairman, and Commissioner Connor. You just mentioned that it's 45 and you're trying to prod the number a little bit lower, but at the same time you came into the Governor's Capital Budget request asking for, I believe, 6 million.

MR. CONNOR: Six million total. And as reported in the last report, our goal is to get it down to about \$360 per square foot, plus or minus. And that's based on what other prisons of similar size have normalized to this time frame are at. So we still feel these numbers are very high. And our goal base of 360 per square foot would get us there. But the 6 million, the 2 million was FF&E or furnishings, fixtures, and equipment for Corrections. The four will be the balance if we can get to the 360 number which is typical across the country and across this region we have seen for cost.

CHAIRMAN CAMPBELL: So you'll be back before us in September?

MR. CONNOR: Yes.

CHAIRMAN CAMPBELL: If the numbers are good -- hopefully, they are -- and by the way, congratulations. You have pared these down quite a bit. They were from the -- from the outer stratosphere to these --

MR. CONNOR: Actually, our guy, Ted Kupper, who's our Administrator, he was here earlier, he had to leave. He came up with the idea of creating what we're calling a moat, but a pond in-between the two, which is going to save a significant amount of money on the drainage structures that are going to be there. There are literally thousands of drainage structures going to be built on that site. That's going to influence the prep a lot.

CHAIRMAN CAMPBELL: And not for recreational use.

MR. CONNOR: Not for recreational. But some of the people are talking about alligators and a bridge. But it's going to save us a lot of money in drainage pipe alone and structures.

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REP. WEYLER: The removal of the underground storage tank, how big is that and was it in any other budget to be removed?

MR. CONNOR: Yes. The underground storage tank was in the Capital Budget, too. And we decided to combine that with the site prep because they're going to be doing the groundwork there anyway. We could save money, not mobilize twice. So that's why it was being rolled into that piece. It was a separate item in the Capital Budget.

REP. WEYLER: Was it an oil tank?

MR. CONNOR: Yes, oil tanks that need to be removed. Single wall have to be removed by the end of the year by law.

REP. WEYLER: May have contaminates, may have leaked already.

MR. CONNOR: Well, I'm hoping not.

REP. WEYLER: Me, too.

CHAIRMAN CAMPBELL: Yes, Senator Boutin.

SEN. BOUTIN: Thank you, Mr. Connor, for coming this morning. You said you're going to split the contract.

MR. CONNOR: Yes.

SEN. BOUTIN: Is the same party going to do the site work that's going to do the building construction?

MR. CONNOR: We'll see how they play.

CHAIRMAN CAMPBELL: In terms of bids, you mean?

MR. CONNOR: Yes.

CHAIRMAN CAMPBELL: I'm sorry?

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MR. CONNOR: Yes. Initially was going to be guaranteed maximum price for everything. And so as you well know, we have not been happy with the estimates that we're getting. And so what we decided to do is to break up and work with the AG's Office to break up the guaranteed maximum. The way the contract is written we can break it up into parts. So we decided to do the site, 'cause we want to see how they're going to play, how they're going to play in the sandbox. And if they're not going to play with us well, then we may just decide, and I testified to this at the last meeting, to just part company. I hope that's not the case; but if it goes that way, then that's an option.

SEN. BOUTIN: Follow-up, Mike, just so I understand the process. You've gone out to bid. You went out with RFPs.

MR. CONNOR: It's a different process. This is construction management. We went out to bid. And what we bid is pre-construction services which is working with the architect; CM fees, construction management fees, and then their actual general conditions which is the trailer, their insurance, and things like that. We had a stated price of 32 million. Then we had contingencies of 3 million. We had a stated price of basically 35 million to build it. It's a stated price. This is our cost. We said this is what we have to build it. And so they all bid according to that.

First of all, there was a pre-qualification process that they had to meet and then the three best qualified firms then came in and bid on those three items. But not -- it's not a -- like you would in a conventional if you designed it all and bid it. So it's a little different in that aspect.

SEN. BOUTIN: But Gilbane won that?

MR. CONNOR: Yes.

SEN. BOUTIN: In that process.

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MR. CONNOR: Correct.

SEN. BOUTIN: They knew -- they knew going into this project that this was the budget?

MR. CONNOR: Oh, yes.

SEN. BOUTIN: So I'm baffled that they would come in with a budget of something like \$54 million.

MR. CONNOR: Yeah.

SEN. BOUTIN: And we sit here and we pat ourselves on the back because we got it down to \$45 million. So my question is -- my question is so you -- this gets split off. We do -- we have the groundbreaking on August 18th. We start the site work. And as I sit in this chair today, I almost can guarantee that next January the new Capital Budget is going to have more money in it for this project.

MR. CONNOR: Hm-hum.

SEN. BOUTIN: I'm going to tell you, I don't know if I'm going to be sitting here or not; but if I am, there's going to be some real tough questions.

MR. CONNOR: Okay.

SEN. BOUTIN: Because I just don't understand how a company does business that way.

MR. CONNOR: Hm-hum.

SEN. BOUTIN: They knew going in what was the stated amount. And to come back with a ridiculous number like that, I have trouble. I would just also ask on behalf of Senator Larsen and myself that when you schedule the public hearings in Concord, would you please notify both of us when those are and where they're going to be held so if we choose to attend we can attend?

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MR. CONNOR: Okay.

SEN. BOUTIN: Thank you. Thank you, Mr. Chairman.

CHAIRMAN CAMPBELL: Yep. So I understand the process, so the end of August you're going to have all the subs will put in their bids, I guess, for construction management. That's what you're really talking about.

MR. CONNOR: Right.

CHAIRMAN CAMPBELL: So you'll be able to add it all up and know where you're at.

MR. CONNOR: Yes.

CHAIRMAN CAMPBELL: Do you need to go to Governor and Council at that point? Do you need to go to Governor and Council at some point after that?

MR. CONNOR: No, we don't have to go to Governor and Council. We have to live within --

CHAIRMAN CAMPBELL: Because it's construction management.

MR. CONNOR: Right. We have to live within the budget. We are not authorized to sign on to anything more than what we have for money. That's the bottom line.

CHAIRMAN CAMPBELL: We'll need a report here, at least, in terms of figuring out where we are.

MR. CONNOR: Correct.

CHAIRMAN CAMPBELL: Not only for this budget, but if it does impact, as the Senator said, the next budget we need to know about that.

MR. CONNOR: Agreed.

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CHAIRMAN CAMPBELL: You're comfortable with September time frame as far as reporting back here?

MR. CONNOR: We are. That's what we own in contract. I am a little bit concerned about that. What we wanted to do first was the site. In your report -- and I will highlight a few things here what's a little bit different. In the site prep what was -- what's going to happen first is that we are finishing the design right now. And then they're actually going to bid it so we'll be able to see the bids and work with them to negotiate those bids, and then they will provide us with a guaranteed maximum price, which is really the way it should go, because you have actual bids as opposed to estimates.

The way it's written in what we own in contract is a little different on the building. We have the guaranteed maximum price coming in at 90% of design development, which is about 50% plans. So if I'm a contractor and I only have 50% plans, I got a lot of risk so I'm going to tend to pad that a little bit. So we -- depending on how, again, that's why the site is really important. I want to see how they're going to play in the sandbox. I want to see if they're really going to work with us to get the prices down the way we have moved them down. If they're not, and it looks like they're just not going to be a good partner, then we can just part company at that point. If they look like they're going to work with us, we may, and, obviously, we want to consult with you, we may want to move that process, that guaranteed maximum price back so that we can be at 100% plan.

CHAIRMAN CAMPBELL: When you say they, who you referring to, they playing? Who you referring to just for the record? You say they, they play? Who you talking about?

MR. CONNOR: Gilbane. That's our construction man. That's why we broke it up in the guaranteed maximum price because until we have the bids, right now they're just estimates and we can't hold them to those estimates. They're just estimates. Once I have the bids in and I see what the bids are and see how we work

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together or don't, then we want, you know, is this really somebody we want to partner with going forward or not? And that's kind of our strategy.

Ideally, if we can work well, I'd like to move that maximum price back to like February so that that would allow us to have plans complete which would reduce again the risk, because they have full plans to look at. If you were a contractor, you had 50% plans, now you have 100% plans, you can get better bids from your contractors, better prices, and that would allow me to have some real bid numbers to come into the Capital Budget process in that timeline. But, again, I've got to see how they're going to play with us the end of July and the site. If that doesn't work, well, then that would not be my recommendation.

CHAIRMAN CAMPBELL: You're anticipating at the outside and, again, having more plans done and therefore getting harder numbers.

MR. CONNOR: Yes.

CHAIRMAN CAMPBELL: Middle of February which is when the House gets the Capital Budget.

MR. CONNOR: Enough so I can say we have bids back now. 'Cause otherwise than that, I'm earlier, I'm in August, I'm still at -- I got 50% plans. And with my contractor I've got to pad my number and, unfortunately, all the subs will pad their numbers so that will make it higher than have it say this is the place that we want, 'cause that's the problem we're looking at. We are looking at estimates now and they're concepts and ideas and they don't really have hard plans yet. I'm not trying to defend them, but that's where we are. That's what makes it frustrating.

CHAIRMAN CAMPBELL: So the hardest, lowest, best price that you think you're going to be able to get as the manager, construction manager, would be the middle of February?

MR. CONNOR: Yes, because I'll have hundred percent plans.

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CHAIRMAN CAMPBELL: Okay. That's good. Thank you. Yes, Senator Larsen.

SEN. LARSEN: I did not track in your Capital Budget. In the Department of Corrections Capital Budget's request, did they include anything for additional site prep or work at the site in the next Capital Budget request?

MR. CONNOR: Yes. They have \$6 million. Two million is for fixtures, furnishings, and equipment. The balance, which is the \$4 million, is for just that. They've got some alternates in here. They're finishing the ball field, some additional medical facilities and a few others that they really feel they need to have in order to have a complete scope. Yes, it's in their Capital Budget.

SEN. LARSEN: Okay. Thanks.

CHAIRMAN CAMPBELL: Any further questions? Thank you for coming in for this.

MR. CONNOR: You're welcome.

CHAIRMAN CAMPBELL: And we plan to talk to you in September. Brings us to the end of our meeting, and I guess we need to talk about our next meeting. We need to meet in September because will be two months of backlogs for requests from Agencies.

SEN. BOUTIN: After the 9th is fine.

SEN. LARSEN: You're still here.

CHAIRMAN CAMPBELL: We are here till December.

REP. CLOUTIER: Our terms end in December.

SEN. LARSEN: They don't pull you out until they elect the next person. Look at me, I'm here.

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CHAIRMAN CAMPBELL: December 1st is the date, I think, that we are all -- we are all sworn in through, no matter what happens. So which brings us to the two questions. I think we'll definitely meet in September. I think maybe the third week we'll take a look at our calendars if that works, and then we'll probably need to meet again, only because the new Legislature gets sworn. Capital Budget and Long Range won't come in existence until probably the end of January. That's a long gap. So probably going to have to meet again after the election more than likely and before December in order to just fill the gap, the two-month gap that's going to come afterwards if that's agreeable to everybody. I think that's what we are planning.

I talked to LBA. I think that probably meets the schedule best is two more meetings. We could meet if there was crisis, obviously, after September we could meet in October again. I'm thinking of meeting in September and then one after the election so they can, again, have two months going forward before the next Committee comes in.

REP. CLOUTIER: Mr. Chairman, as a former chair of this committee, I think a November meeting is important just to go over the draft report that you as Chair have to submit to the Speaker, the Senate President, and the clerk as well.

CHAIRMAN CAMPBELL: On behalf of the Committee.

REP. CLOUTIER: Yeah, we want to meet late November just for that reason alone.

CHAIRMAN CAMPBELL: Well, maybe we can try to set up both meetings right now so people have it in their calendar. We can always change November.

SEN. BOUTIN: You won't be around in November.

SEN. RAUSCH: No, no, I will be. September I won't be.

SEN. BOUTIN: When you going to Florida?

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SEN. RAUSCH: Probably not till January.

CHAIRMAN CAMPBELL: Let's take a look. How does September 16th look to people? It's a Tuesday. It's the 16th, week after the Primary. Everybody will still be here in one form or another.

SEN. LARSEN: What time are you talking?

CHAIRMAN CAMPBELL: What do you think, you want to do a morning meeting?

SEN. LARSEN: I have a 1 o'clock, so.

REP. CLOUTIER: Ten o'clock is fine with me. Tuesday, September 16th at ten o'clock is fine with me, Mr. Chairman.

CHAIRMAN CAMPBELL: Okay. That's what we'll do and what we'll do is plan Long Range after. I guess we'll wait. November is so far out. Let's wait until September to set up another meeting. But we will plan to meet, I think, probably just before Thanksgiving sometime.

REP. GRAHAM: How about Wednesday before Thanksgiving?

REP. CLOUTIER: Yeah, right. Thanksgiving, I think, is late, November 27th.

CHAIRMAN CAMPBELL: You want to put it in now? You want to do it the week before that?

REP. WEYLER: 17th.

REP. CLOUTIER: Tuesday, November 17th.

CHAIRMAN CAMPBELL: It's in our calendars.

REP. CLOUTIER: All right with me.

SEN. LARSEN: How about the 18th.

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CHAIRMAN CAMPBELL: 18th of November is a Tuesday as well. Yeah, that's a good time. So same thing, 10 o'clock on the 18th of November. Is that okay? We'll put that down.

REP. CLOUTIER: The only thing, Mr. Chairman, orientation. I don't know, they might be using the room, that's the only thing.

REP. GRAHAM: If we got a committee, they can't use the room.

CHAIRMAN CAMPBELL: We'll book them both.

REP. CLOUTIER: They can watch us in action.

CHAIRMAN CAMPBELL: All right. Thank you.

****** REP. GRAHAM: Move to adjourn.

CHAIRMAN CAMPBELL: Move to adjourn. All those in favor say aye? We are adjourned.

******* {**MOTION ADOPTED**}

(The meeting adjourned at 10:49 a.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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