

CAPITAL BUDGET OVERVIEW COMMITTEE

Legislative Office Building, Room 201

Concord, NH

Tuesday, November 17, 2015

MEMBERS PRESENT:

Rep. Gene Chandler, Chair

Rep. John Cloutier, Clerk

Rep. David Danielson

Rep. Mark McConkey

Rep. Frank Byron

Rep. Dan Eaton

Sen. David Boutin

Sen. Lou D'Allesandro

Sen. Nancy Stiles

Sen. Gary Daniels

(Convened at 9:30 a.m.)

1. Acceptance of Minutes of the August 4, 2015 meeting.

CHAIRMAN CHANDLER: Okay. The time being 9:30, we will open the Capital Budget Overview Committee meeting. First item we need to deal with would be acceptance of the minutes of August 4th, 2015.

****** REP. EATON: Move.

SEN. BOUTIN: So move.

CHAIRMAN CHANDLER: Representative Eaton moves; Senator Boutin seconds. There any questions? If not, all those in favor? Any opposed? Motion carries.

REP. DANIELSON: Abstain.

CHAIRMAN CHANDLER: Okay. Duly noted Representative Danielson abstains.

REP. DANIELSON: I wasn't here.

*** {MOTION ADOPTED}

2. Old Business:

3. New Business:

CHAIRMAN CHANDLER: Okay. New Business. Number 15-050, New Hampshire Liquor Commission, approve the change of plan for funds, et cetera, software credit card, et cetera, et cetera. Yes.

CRAIG BULKLEY, Administrator, New Hampshire Liquor Commission: Good morning.

CHAIRMAN CHANDLER: Good morning.

MR. BULKLEY: Mr. Chairman, Members of the Committee, my name is Craig Bulkley. I'm with the Liquor Commission and the request that you have before you is to allow us to draw some money from the capital appropriation for our POS System in order to purchase some equipment and install it as soon as possible in order to conform to PCI requirements that we're living and breathing by every day at this point. And I hope that the letter was self-explanatory. Certainly, if there are any questions, I'd be happy to answer them.

CHAIRMAN CHANDLER: Okay. Are there any questions? Representative Eaton.

REP. EATON: Why? Why are we out-of-date? Why are we -- this isn't something that's new, not anything that's unknown. Why are we so off the mark? Is it our fault or is it your fault?

MR. BULKLEY: It's not a matter of being off the mark. It's a matter of the -- the Payment Card Industry over the last, I would say, five or six years has really tightened the screws on security requirements. Every two years they come out with -- with new requirements. And the merchants, all merchants,

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at least in the United States, have to conform to these things. So these were some new requirements. We are in the process of putting those in place. We have done other things that they have required in the past and now they have some new standards. We are putting those in place.

In order to do that, we have to have new equipment. They now require in all of our stores where we have our Ethernet connections to the Internet or to various networks, used to be you didn't have to have those locked up. Now you have to have them locked either in a room or a cage to prevent anybody from accessing them. We did not have that before. Now we have to have it. So we have to -- we have about 70 of our 79 stores we have to install this equipment. It's not a matter of you have a choice. We have to and in order to conform.

We have worked with DoIT and their staff to work with -- to come up with a solution that is the most economical and least evasive and we want to proceed with that as soon as possible. We can't wait for the POS process to be completed because that will take another -- probably another year or so before everything is finalized and we can implement that.

CHAIRMAN CHANDLER: Representative Danielson.

REP. DANIELSON: Thank you. Follow-up. Then this becomes a never-ending -- a never-ending issue. Because if -- if they're going to increase every two years, according to your testimony, if every two years they are going to increase the requirements but we are not going to be able to complete our system for at least another year, then by the time we get this done, there will be another set -- another set of requirements that puts us into a loop of never -- having a never-ending situation.

MR. BULKLEY: They can tighten their requirements every two years if they so choose. We are taking steps now to try to minimize our exposure to PCI requirements. And I hate to get into real technical stuff, but right now when we send credit card information, we are sending a card number. We plan in the

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next, I would imagine three months, to put a new system in place that will instead of sending the number it will send what they call a token and that cannot be connected to a credit card. Once we have that in place, then that will minimize our exposure to future PCI requirements. We don't know necessarily what all of those requirements may be, but every merchant is in a position to have to deal with this. I mean, they -- if they make a change, and they require it, then we have to follow that.

REP. DANIELSON: So, Chairman, follow-up.

CHAIRMAN CHANDLER: Further question.

REP. DANIELSON: Then the answer to my question is yes. We're in a never-ending loop because they'll keep requiring increases. They'll keep requiring upgrades. We are going to have to follow the upgrades.

MR. BULKLEY: They could, yes.

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

CHAIRMAN CHANDLER: Representative Byron.

REP. BYRON: Thank you, Mr. Chairman. I have several questions and I guess concerns and thoughts on this. Number one, is this -- you're purchasing a box which lays out the size of your system and everything else, but you haven't even quoted a system yet. Do you have any assurance that this new system you're going to implement is going to be able to fit into this?

MR. BULKLEY: This cage will simply contain switches and -- a switch and a router and a UPS system. It doesn't have really anything to do with the POS System itself. We'll be changing out the cash registers in our store, the servers in our store, and some of our back office software. It doesn't really have anything to do with this particular cage. This cage is for -- primarily for communications equipment.

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MR. BYRON: So --

CHAIRMAN CHANDLER: Further question.

REP. BYRON: The next question I have is you quoted a cost here of approximately \$1600 per unit in order to do this per store and that consists of locking cage, fan kit, UPS power strip and cabling. Hum -- does that also include the cost of labor for transfer over of the equipment into that new -- new --

MR. BULKLEY: We have a company that's under contract with us to handle any repair work in our stores that relates to electronics. And they would do that along with our own maintenance people who would go with them to help them basically set everything up. So we can cover that.

CHAIRMAN CHANDLER: Further question.

REP. BYRON: But you said that's repair work. Does that also include upgrade?

MR. BULKLEY: This is simply swapping out equipment which is what they do for us all the time. If we have a router that goes bad in a store, this company goes to the store. They check it. They determine that that's the problem, and they swap it out. So this is very much the same thing. They're going to be going to each store and doing very similar work. So that will be covered under our contract.

REP. BYRON: Okay. Thank you.

CHAIRMAN CHANDLER: Senator Stiles.

SEN. STILES: My question was answered. Thank you.

CHAIRMAN CHANDLER: Any other questions? What's your pleasure?

** SEN. BOUTIN: I move approval, Mr. Chair.

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SEN. STILES: I'll second it.

CHAIRMAN CHANDLER: Senator Boutin moves that we approve the Item 15-050, seconded by Senator Stiles. Any questions or further discussions? If not, all those in favor? Any opposed? Motion carries. Thank you very much.

MR. BULKLEY: Thank you very much, Mr. Chairman.

*** {MOTION ADOPTED}

CHAIRMAN CHANDLER: The one thing, and I will apologize for the -- having to change the day at the last minute. I guess everyone has made it. Sorry about that. But something apparently came up for tomorrow, so.

Number 15-049, Department of Transportation request approval to use \$20,000 of Turnpike Toll Credits. All right, Mr. McKenna.

PATRICK MCKENNA, Deputy Commissioner, Department of Transportation: Good morning, Mr. Chairman, Members of the Committee. My name is Patrick McKenna. I am Deputy Commissioner for the Department of Transportation, and thank you for hearing this request.

This is actually a very exciting project. It's a cooperative project with the University System of New Hampshire on a Living Bridge Project. So, essentially, what's going on, and this is a small piece of it, UNH has separately secured a National Science Foundation Grant of approximately \$600,000. The Department has received through Federal Highway an Accelerated Innovation and Deployment Grant of \$355,000 that the University System is actually doing their own match for. This is the final piece of that. This \$100,000 component through our Federal Highway paid State Research Program. And, essentially, what's going to be done with this project, it's called the Living Bridge. We're monitoring the bridge itself with the energy from the tides in the river. So it's the Memorial Bridge and it's

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going to create a prototype for self-diagnosing, reporting a smart bridge powered by renewable energy that the actual tidal current in the river there. It promotes infrastructure sustainability on three fronts. Installing sophisticated structural environmental sensing network that's powered by tidal energy while assessing how the tidal turbine installed at the bridge pier impacts the bridge structure and, essentially, it's a self-monitoring bridge, and it's very innovative in the country. And UNH is taking the lead on it and the Department's aiding with this.

So, effectively, because we're not -- we're not building the bridge, the request to use Turnpike Toll Credits for the match is what we're really requesting. So it's really a \$20,000 use of Turnpike Toll Credits.

This Committee's typically requested that we tell you what the balance is for toll credits when we request them. At present we're at \$283.2 million in toll credits.

CHAIRMAN CHANDLER: 283?

MR. MCKENNA: Yes.

CHAIRMAN CHANDLER: Any questions? Representative McConkey.

REP. MCCONKEY: Thank you, Mr. Chairman. Thank you for being here.

MR. MCKENNA: You're welcome.

REP. MCCONKEY: I read this and first had some concerns. We have enough problems with bridges and roads, and why are we doing this? Can you explain to me a little further? From what I just heard, I'm not familiar with too many living bridges. I'm familiar with crumbling bridges. The -- so the infrastructure, the monitoring system that's going to be put in place is going to keep track of the current beneath and how much power can generate and so forth? Tell me what systems are on board that

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would be powered that would be useful to the longevity of this bridge as opposed to lighting it and signage and that sort of thing, please?

MR. MCKENNA: Yes, thank you for the question. The primary rationale here is to -- is to create sensors on the bridge itself and the bridge structure. As you may recall, the Memorial Bridge itself is fairly innovative in that this type of bridge has been constructed with -- without gusset plates. This is very unique. And it's -- and it's one where those need to be -- we have bridge maintenance workers that will be out there monitoring and looking at these structures. The idea here is to actually put sensors into the structure itself so that it self-monitors. It can tell whether there are great stresses on the structure and that can alert our engineers and to UNH researchers for that purpose.

The idea here is fairly low degree of tidal energy being installed to actually power those sensors themselves. So that -- and then if, in fact, there was additional energy from the -- from the turbine in the -- in the river that's attached to the bridge pier, there might be excess energy to power things like the LED lighting that's installed. So that's being looked at and monitored. But, really, this is a new field in transportation is to actually create self-monitoring infrastructure. This is really right out in the forefront. It's being heavily promoted by Federal Highway and they're seeking these types of innovations so that it's less expensive to monitor going forward. And so this is -- it's a pretty exciting project, I think, and it comes at a good time when we have a brand new bridge there because the idea here is to really make sure that through the monitoring and through the preventative maintenance we can really make that bridge last for its entire useful life.

CHAIRMAN CHANDLER: Senator Stiles.

** SEN. STILES: I'd like to move --

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CHAIRMAN CHANDLER: Can you hold on? We have just a couple questions. Representative Byron had a question.

REP. BYRON: Thank you. What is the cost today of monitoring the bridge?

MR. MCKENNA: I'd have to get that for this bridge specifically. We have bridge maintenance crews and we do split some of the maintenance with the State of Maine on the bridges that go between here. But we also have a lift span on this bridge. We do routine maintenance on an annual basis as part of the -- as part of the operating budget of the Department of Transportation. So we have a bridge management, bridge maintenance crew, series of crews and they maintain bridges throughout the state. So I don't -- I don't have the specific cost for this particular bridge. We could get that for you.

CHAIRMAN CHANDLER: Further question.

REP. BYRON: Can you estimate those cost savings in terms of the maintenance or monitoring?

MR. MCKENNA: That's the hope. That's the hope is that some of this monitoring equipment will replace actually putting people out onto the structure or below the structure into the future. Because that, you know, you're literally putting people out on gantries or they're climbing it. So the hope really is to minimize some of that and use the data that's received to then direct the efforts more specifically rather than general review.

REP. BYRON: Thank you, Mr. Chairman.

CHAIRMAN CHANDLER: Representative Eaton.

REP. EATON: Mr. Chair, less a question, more of a bipolar commentary of the day and that would be I want to congratulate Mr. McKenna on his upcoming new adventure and career, and my personal sadness, and I suspect everyone else's, that we are going to be losing you to another state and losing your

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expertise and thank you for your ingenuity and hard work and aggressive support of the highway system and the Department overall. You've made a significant difference in your tenure and you'll be sorely missed.

MR. MCKENNA: Thank you very much. I truly appreciate that. It's been an honor to work with this Committee and the Legislature in general, and I've enjoyed it thoroughly. So I'm very much looking forward to the new challenge and I appreciate the sentiment.

REP. EATON: Thank you.

CHAIRMAN CHANDLER: Representative Danielson.

REP. DANIELSON: Thank you and congratulations. My question though is relative to the information that you'll be getting. Can this be replicated? Can we use it? Can we leverage the information we are going to have for other things in the state? Anywhere we can leverage this expense?

MR. MCKENNA: Very specifically this is being looked at in Maine is the lead on the Sarah Mildred Long Bridge and the idea here is to work with UNH and, hopefully, take lessons learned here and build that into the Sarah Mildred Long Bridge shortly after its opening. And, certainly, the idea is to create and in many cases across all modes of transportation really the forefront here is to look at ways to self-monitor the infrastructure itself and reduce the maintenance costs by targeting the efforts rather than having broad surveys done by people, you know, every day or periodically. So yes.

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

CHAIRMAN CHANDLER: Senator Boutin.

SEN. BOUTIN: Thank you, Mr. Chairman. Thank you for being here today, Mr. McKenna, and I also applaud your efforts and what you built.

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MR. MCKENNA: Thank you.

SEN. BOUTIN: I think there's this request raises more questions than it answers. For example, I'd like to know if, as we all know, we share the cost on that bridge with the State of Maine. Are they participating in this in any way? Two; I think Representative Byron brings up a very good point. If we are going to go down the road at self-monitoring, then what are we -- where are the savings going to be? I don't see any savings reflected here. And so I have some -- I have some real trepidations about going down this road until we get some of those answers and I -- I will be asking the Chair to table this item until we get those answers.

MR. MCKENNA: Well, thank you for the comments. I think the -- the notion that the Memorial Bridge itself was replaced probably 30 to 40 years before it should have been had the State had the resources available to monitor and maintain the bridge is pretty significant evidence of the potential that this type of technology holds for us so that we can do a better job. I think it's collecting the data necessary to know whether significant repairs or maintenance needs to be done. This is a relatively -- any expenditure of resources, I agree, needs to be proven out. And this is a way that I believe the industry itself is attempting to understand and react to the scarce resources that exist. So it's a way to use technology to be more innovative in the way we monitor these.

SEN. BOUTIN: Follow-up.

CHAIRMAN CHANDLER: Further question.

SEN. BOUTIN: Thank you, Mr. Chairman. I guess I'll ask if you agree with me that we knew as legislators, we knew, your Department knew, that that bridge was probably 20, 25 years past the time that it needed to be redone. And we didn't have this kind of technology to tell us. We knew it. So I don't -- I guess I would ask you to explain how that rationale works since we

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already knew. How is this going to make us know sooner? Is it going to make us do anything different?

MR. MCKENNA: Well, we also -- thank you for the comment. We also knew that -- we also knew that it was the lack of operating budget and maintenance work over the life cycle of the bridge that accelerated its decline. So the idea here is to have more readily available and objective information about the structure itself.

CHAIRMAN CHANDLER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Patrick, two things. First of all, thank you for your service. You're going to the "show me" state. So you're going to show them a lot, I'm sure. Worked very well with us in capital appropriations and the operating budget.

MR. MCKENNA: Thank you.

SEN. D'ALLESANDRO: I think you have -- you've given the State a great opportunity to look at creative ways of doing things. And your work with the TIFIA situation, I think, was gratifying and very important to the State of New Hampshire. So thanks for your service.

MR. MCKENNA: Thank you, sir.

SEN. D'ALLESANDRO: Good luck in everything you do.

MR. MCKENNA: Thank you.

SEN. D'ALLESANDRO: And I think this proposal is an indication of how the University System can work with the State in a cooperative way to make things better in terms of how we operate our departments. I think this is -- this is a move forward that we'd like to see happen on a more occurring basis where we use the resources of our State University in

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conjunction with a department to make that department function better.

MR. MCKENNA: Right.

SEN. D'ALLESANDRO: And anything we can do to do that we have a great resource. And if that resource can be combined with the resources of the State, it makes a great deal of sense to the people of the State of New Hampshire. That's -- that's why we like to do innovative and creative things. This is -- this is an innovative situation. And as I read the narrative, it says that we are looking to see predictable, renewable, and clean energy generation. We are getting research provided by the University for \$20,000 worth of toll credits. I mean, isn't that a worthy use of taxpayers' credits? I mean, we use them for everything else. We usually use them when we produce money. So I think it's a wonderful -- it's a wonderful bringing together of two entities in State Government that serve everybody. Thank you, Mr. Chairman.

CHAIRMAN CHANDLER: Representative McConkey.

REP. MCCONKEY: Thank you, Mr. Chairman, and thank you once again for this opportunity. Could you enlighten me a little further on at this point what sensors you're going to install on this bridge? Is it -- I would hope it's more than temperature and wind. What's actually been installed inside the concrete that is actually giving you stress information and things that truly make sense? If you could help me with that. Otherwise, I'm inclined to agree with the Senator at this point.

MR. MCKENNA: Existing sensors that we have -- thank you -- existing sensors that we have include pavement, traffic, and video on the pedestrian and bicycle traffic. The proposed new sensors are atmospheric. It's wind speed and visibility; structural, which are accelerometers -- hopefully, I said that right -- and strain gauges on the structure itself and they're under water. Camera, temperature, pH, turbidity, tidal current and water level. So the synergy of that leverages the sensors in

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the communication network installed by the DOT. Traffic and wind data will be compared to data measured by the structural sensors, and high traffic demand and wind load will increase structural responses.

So I think this is an opportunity to give the Department a lot more information than it's ever had in real-time about the different traffic conditions, the actual tidal conditions and otherwise and make determinations as to which of those conditions combined create the greatest stress on the bridges themselves. And the beauty of it is we have, as Senator D'Allesandro said, the -- the true experts from the University System. We have Dr. Erin Santini Bell who is an extraordinary resource in the State of New Hampshire. And she's going to be monitoring this project and recording that data and working with us in conjunction. So it's -- truly it's an extraordinary opportunity for, quite frankly, as the Senator said, not a cash match. We are using non-cash Turnpike Toll Credit match here.

SEN. STILES: Can I get this now?

CHAIRMAN CHANDLER: Yes, I think we are all done. So you're recognized for a motion.

** SEN. STILES: I'd like to move 15-049 and speak to my motion.

REP. EATON: I'll second.

CHAIRMAN CHANDLER: So it's been moved by Senator Stiles, seconded by Representative Eaton.

SEN. STILES: Patrick, I'd like to thank you very much for your service to the State and, in particular, your innovative ways of looking at things, new ways of doing business. I think this is typical of the projects that you have brought forth in the past. \$20,000 in credits, it's a new -- it's a new way of doing business. I don't think it's a waste of money and I think it's a good time that we should move forward with this because

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sometimes we just miss opportunities that we should have taken long ago.

MR. MCKENNA: Thank you, Senator.

CHAIRMAN CHANDLER: Okay. And then Senator Boutin.

SEN. BOUTIN: Thank you, Mr. Chairman. I just -- I have concerns of taking money like this out of toll credits. We have enough issues with our roads and bridges taking out money for this project. Now, I don't disagree with Senator D'Allesandro. The University of New Hampshire is a class act when it comes to research. We all appreciate that. I still don't understand why the State of Maine is not helping out with this project. And I'm just concerned about, you know, whittling away at our toll credits when we have other priorities that need to be taken care of. We have a system now which told us years ago that the Memorial Bridge was in trouble. We didn't listen to it. We waited and we waited until we finally took care of it. I'm not sure that this will contribute to changing that decision-making process. So for those reasons, I think it's -- I think it's an inappropriate use of our toll credit money.

CHAIRMAN CHANDLER: Okay. We have a motion before us. You just want to vote on this? We have a motion to approve Item 15-049. All those in favor say aye? Opposed?

REP. BYRON: No.

REP. MCCONKEY: No.

SEN. BOUTIN: Opposed.

CHAIRMAN CHANDLER: No, no.

REP. CLOUTIER: Three nos and the rest were yes, I assume, Mr. Chair.

CHAIRMAN CHANDLER: All right. Okay.

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REP. CLOUTIER: Mr. Chairman, do you want me to take a roll call?

CHAIRMAN CHANDLER: No, I think we can figure this out. Three House Members voted yes and two no. How many Senators voted yes? One, two, three, and one no.

REP. CLOUTIER: I voted yes.

CHAIRMAN CHANDLER: Oh, I'm sorry, Dave, how did you vote?

REP. DANIELSON: I voted yes.

CHAIRMAN CHANDLER: Both sides having voted in the majority the motion passes.

REP. CLOUTIER: All right. Thank you.

***** {MOTION ADOPTED}**

CHAIRMAN CHANDLER: Whoever set this up, I don't know but anyway. So yes. The one thing I would ask just for the Committee and would be helpful, could you give us -- you were reading from information about what was actually going to happen.

MR. MCKENNA: Yes.

CHAIRMAN CHANDLER: I don't know if anyone else, I'd like to see that. Can you make copies?

MR. MCKENNA: Absolutely, I'll make copies.

CHAIRMAN CHANDLER: Can you give them to LBA and they can mail them out to the Members and so we have at least have the background information on what's going to happen.

MR. MCKENNA: Certainly.

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MR. BYRON: Mr. Chairman, considering the DOT is also on 15-051, would it make sense to skip the agenda to that now?

CHAIRMAN CHANDLER: Which one?

REP. EATON: Last one. Next page just before Miscellaneous.

CHAIRMAN CHANDLER: I think that's different. Who's -- you're not doing -- are you doing the Equipment Acquisition one?

MR. MCKENNA: We're here for that. I've Dave Rodrigue here with me.

CHAIRMAN CHANDLER: Okay, as long as you're here we can jump over without objection to Item number 15-051, request approval for the Equipment Acquisition.

MR. MCKENNA: And joining me at the table is Dave Rodrigue. He's our Assistant Director of Operations. So Dave.

DAVID RODRIGUE, Assistant Director of Operations, Department of Transportation: Good morning.

MR. MCKENNA: Good morning. We have a requirement to bring -- it's a footnote in our budget for Equipment Acquisition to bring any -- to bring updates to the Committee or any changes to our Equipment Acquisition Plan and that's what we're -- that's what we're doing as the budget moved from Continuing Resolution to final passage. We are effectively reflecting the full budget authority that exists for Equipment Acquisition, updating the plan itself, detailing what is being requested and providing a report on the status. We provide this on a monthly basis as required by the statute for the Equipment Acquisition.

Now, the Equipment Acquisition is slightly different today than it had been in prior budgets. The budget footnote is for the operating budget component of the Equipment Acquisition. We also had -- this Committee's aware we also had a Capital Budget

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request; and while not required by budget footnote to do so, we felt it appropriate and transparent to bring you both groupings so that you understood the full -- the full execution of the plan for equipment and, again, we felt that while not required we would assume the Committee would want that information since there was such a nice amount of work done on the Department's behalf during the Capital Budget.

So we've split the report out to show that which is part of our -- part of our operating budget which now totals \$2 million. We originally had 1.4 million in the Continuing Resolution and added 600,000 as the budget was finally passed. That 600,000 is what we're modifying here. And then as you can see in the pages behind the request, we also have the Equipment Acquisition proposal based on HB25, the \$5 million that was available. So you see in total the Department's equipment -- heavy equipment request here.

CHAIRMAN CHANDLER: I guess I'll just express a concern. While I confess I didn't have time to look through it exactly from the budget process. But I guess when I see 29 passenger vehicles, and I see other things that I know we need, like plow trucks and salt spreaders and things like that, just raises kind of a red flag. As I said, I didn't go through the old list. So that's just my comment and not a --

MR. RODRIGUE: And, Mr. Chairman, I can address that. I did anticipate that concern and thank you for bringing it up. When you look at the Department's fleet, and this is shown on Attachment 3, when you look at the Department's fleet, we have a total of 1192 pieces of equipment. Of those, 613 or 51% of the equipment is beyond what we would characterize as a recommended usage in miles and age. When -- as you go down the column we have our heavy trucks, our extra heavy trucks, which -- which are -- exceeds replacement parameters. Thirty percent of those extra heavy trucks exceed replacement parameters.

On the heavy trucks, which is a three to five, 34% exceed replacement parameters. When you get down to our passenger

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autos, 75% of those vehicles exceed parameters. Those are not vehicles that people are just using to commute to meetings. Those are vehicles that our contract administrators are using on construction sites. Those are vehicles that our operations folks are using -- those are vehicles that our operation folks are using to meet people in the field to look at issues in the field and so forth. So, again, 75% or 85 of 113 vehicles are beyond parameters.

Of the 29 passenger vehicles we plan to purchase, five have been removed from service since July 1st. Five have recently failed inspection and we cannot fix. Another five failed inspection. They have high mileage, over 150,000 miles, and we are putting significant money into them just to keep those on the road to keep those running. Of the 19 additional vehicles we're purchasing, we will not replace all of the vehicles that exceed 200,000 miles in our vehicle fleet. We are working to the point of non-efficiency in our fleet because simply the age and usage is too far past.

We continue to look at efficiencies. We consider paying personal mileage. That's the most expensive way to travel. We have looked at leases. That's the second most expensive way to pay for travel. The most efficient way to pay for travel is for us to purchase and maintain the vehicles.

CHAIRMAN CHANDLER: Thank you. Representative Eaton.

REP. EATON: You answered 90% of what I was going to go --

CHAIRMAN CHANDLER: Close enough.

REP. EATON: You've been on a downhill run for the last seven years of going backwards. Even with these vehicles, you're not going to be close to catching up on where you need to be. And you're actually in the position where it's costing more, am I correct, it's costing more to keep rats on the road than it is to buy new equipment.

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MR. RODRIGUE: You are -- you are correct, and we are paying too much to fix vehicles that do not pass inspection because of rust and mileage. Absolutely. The fleet value is approximately, and I don't want to start quoting numbers, and misquote, but if you give me some latitude, the fleet value is about \$89 million replacement value. So if you say we should replace every piece in ten years in passenger vehicles and pickup trucks that we use to spread salt don't last ten years, but if you grant that, we should be putting \$8.9 million a year into our fleet. We've been putting two to \$3 million a year into our fleet. So this is a bill that has been compounding over years that is -- that is now due.

CHAIRMAN CHANDLER: Representative -- oh, further question.

REP. EATON: Just a quick follow-up. I've been doing the State Auction for 40 years. Your vehicles historically have always brought in a top dollar. Do you know offhand, I know partially, what the values are coming in the last two years in State Auction from your vehicles?

MR. RODRIGUE: I do not know the values. I do know that they are much less than what we have purchased in the past. I do know that our Turnpike System, which is an enterprise system, their fleet's separate from the rest of the State's fleet, and I know when the Turnpike sends a vehicle to the White Farm we look at it to purchase it for the highway side to make the best use of that vehicle. Kind of -- an aside, for our plow fleet, we provide about 40 to 50% of the plow trucks on our State roads around the state. And we rent -- use rented equipment for about 60 to -- 60 or so percent of the rest of the roads. Those rented operators used to go to those auctions and purchase the vehicles, and then we would rent them back with an operator to help us do our roads. That industry is slowly going down. They go to New York State to buy some of their trucks and bring them back --

REP. EATON: Vermont.

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MR. RODRIGUE: -- and plow for us. But it's a delicate match that we find. But as you can see by the age of the fleet, we have prioritized our extra heavy trucks and our heavy plow trucks.

MR. MCKENNA: If I might point out?

CHAIRMAN CHANDLER: Representative McConkey.

MR. MCKENNA: Excuse me.

REP. MCCONKEY: If I could. Gentlemen, thank you. Thank you now both for being with us. I believe we went through this conversation at great length in Public Works several months back, and it was the feeling of Public Works at that time we wanted to prioritize monies that we were going to spend on plowing roads and vehicles and cranes and things that had in excess of ten years of life. Some of the records you showed were 20 years. And we had -- we had pushed this off and I'm surprised to see it right back here again. I understand the age -- the age of the fleet and the need, but I'm not supportive of going with passenger vehicles and half ton trucks at this point in time.

CHAIRMAN CHANDLER: Any other questions or comments?
Representative Danielson.

REP. DANIELSON: Thank you. Thank you, Mr. Chairman. Thank you for being here. My question is around passenger vehicles, actually. Rather hybrids; are these vehicles hybrids?

MR. RODRIGUE: No, they're not hybrids.

REP. DANIELSON: They are not. So long-term explain that to me. If we are looking to try to -- State wants to try to reduce its dependency on fuel or gasoline.

MR. RODRIGUE: Yes.

REP. DANIELSON: That's counterproductive.

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CHAIRMAN CHANDLER: Half as many.

MR. RODRIGUE: Right. We do look at that and we do look at what we call right-sizing our fleet. Again, a lot of these vehicles aren't used to commute to a meeting somewhere. They're used to get to a job site and they're used to do a job. There's two things that we're concerned about as we look at the more fuel efficient vehicles. One is these vehicles are often in and out of traffic on the interstate. Traffic going 70, 75, unfortunately, sometimes 80 miles an hour, we want a vehicle that's going to be able to accelerate. Not to that speed, but to a safe speed to get out into traffic.

The other part is we carry a lot of equipment. Every time a vehicle is purchased that does not meet the State's requirements to downsize, we're required to submit a waiver. And I go to our people and say, why do you need a mid-size vehicle instead of a compact vehicle? I continuously get pictures back of survey rods, survey equipment, boots to go into pipe, shovels and other things that people are storing in their vehicles that are part of their jobs.

MR. MCKENNA: If I may?

MR. RODRIGUE: Yes.

MR. MCKENNA: I think the misunderstanding here that exists, two things happen in the budget and I agree. We had a lot of discussion about that. We had in the Capital Budget, we were specifically tasked with a provision in the Capital Budget that said really no passenger vehicles, all things with useful lives over ten years. We complied with that entirely in this \$5 million component. We brought that forward to you, this specifically, and I really do want to be clear about this. We're a statewide construction enterprise. We have engineers, inspectors, construction supervisors that have to be on job sites. We have 98 -- 98 concurrent construction projects going on right now, and we need our people to be in the field and to

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be on those job sites. These are not managers shuffling around. As a matter of fact, for full disclosure, Dave and I came down here in my own vehicle today, as I've done the entire five years I worked in the state. I've never sought reimbursement for any mileage, not once in five years. And we -- it's not a bunch of managers driving to meetings, although that is a component. These are our construction folks managing construction projects that are required to oversee them by Federal Highway so that we get \$160 million a year in Federal funds. This is not a boondoggle. This is the business we're in and we need these vehicles.

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

** SEN. BOUTIN: Mr. Chairman, I'd like to move approval of 15-051.

REP. EATON: Second.

CHAIRMAN CHANDLER: Okay. We have a motion by Senator Boutin, seconded by Representative Eaton, to approve Item 15-051. Are there any other questions or comments? Senator Daniels.

SEN. DANIELS: Can you tell me what parameters are used to determine when a passenger vehicle should be replaced?

MR. RODRIGUE: Yes, I can. And those are shown on Attachment 3. So for a passenger vehicle would be expected age is five years and the expected usage is 100,000 miles. One of the things I will say is from a fleet management perspective, and that is the lowest economy and life cycle cost, we set these parameters. That's what we believe on average drives to a lowest life cycle cost. Personally, my vehicles have over 200,000 miles on them, 250, 260,000 miles before I get rid of them. The difference is, if I breakdown on my way into work, I call in and say I'm going to be late and I get a ride. When we're working with crews, and other people are depending on you being there, when equipment

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breaks down, it's not available. It's not holding up one person. It's holding up two, three, four, five people. So those parameters when we look at them seem low, but that's what we -- we project to be efficient to run a fleet.

Some DOTs nationwide will buy their vehicles, keep them one or two years, then they will sell them and recapture almost the full cost of the vehicle that they then reinvest in the fleet. There are things, Patrick understands them, I don't, but there are certain fleet discounts, certain government discounts that make it profitable or very much a low cost life cycle analysis to turn their vehicles over -- over more often. I understand in New Hampshire we're not going to do it that way. We're not asking to do it that way. We set these thresholds. We expect a certain percentage will exceed those thresholds before they'll be replaced. We're just -- we just simply now have too great of a percentage too far over those thresholds and that's why we're asking for this, and that's why we're going to need to continue to have this conversation to get ourselves out of the hole we are in.

CHAIRMAN CHANDLER: Okay. I have a motion that's been made and seconded to approve the item. Any more questions or discussions? If not, all those in favor say aye? All those opposed? Motion carries. Thank you very much.

MR. RODRIGUE: Thank you.

*** {MOTION ADOPTED}

CHAIRMAN CHANDLER: Okay. Item 15-054, Adjutant General Department, New Hampshire State Veterans Cemetery. Anyone have any questions or you all set?

** SEN. BOUTIN: I'm all set. I'll move to approve.

REP. EATON: Second.

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CHAIRMAN CHANDLER: Motion to approve Item number 15-054, seconded by Representative Eaton. Questions? You have something? I don't want to preclude you but if you have --

MICHAEL HORNE, Cemetery Superintendent, New Hampshire State Veterans Cemetery, Department of Adjutant General: Mr. Chairman, I'm the Director of the Cemetery and I was just going to speak or answer any questions that the Committee had.

CHAIRMAN CHANDLER: I don't think there are any. Okay.

THE COURT REPORTER: Excuse me. Could you just state your name?

MR. HORNE: Michael Horne, H-O-R-N-E.

THE COURT REPORTER: Thank you. Thank you. Excuse me.

MR. HORNE: If I could, Mr. Chair, just while I'm here, I'd like to introduce the new Deputy Adjutant General. This is Day 2, Warren Perry, who joined the force on Monday, so.

CHAIRMAN CHANDLER: Oh, very good. Well, welcome. Okay. Any questions, comments or anything? Okay. All those in favor of the motion signify by saying aye? Any opposed? Motion carries.

***** {MOTION ADOPTED}**

CHAIRMAN CHANDLER: Item 15-053, I guess, basically, and Item 15-048. Any objections to taking them together?

SEN. BOUTIN: No.

CHAIRMAN CHANDLER: Anything necessary we need to hear from anybody?

****** SEN. BOUTIN: Mr. Chairman, we vetted these two items both in the House and Senate. I'll move approval of both.

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REP. EATON: Second.

CHAIRMAN CHANDLER: Senator Boutin moves approval of both items, seconded by Representative Eaton.

REP. CLOUTIER: Excuse me, Mr. Chairman. For the record, could you state the numbers again of these items?

CHAIRMAN CHANDLER: 15-053.

REP. CLOUTIER: Okay.

CHAIRMAN CHANDLER: And 15-048.

REP. CLOUTIER: Okay. Thank you very much. Who made the motion?

CHAIRMAN CHANDLER: Senator Boutin and Representative Eaton seconded.

REP. CLOUTIER: Okay. Thank you.

CHAIRMAN CHANDLER: Everyone okay doing these together?

SEN. D'ALLESANDRO: Yes.

CHAIRMAN CHANDLER: Okay. If that's the case, any other questions? No. All those in favor of approving both items say aye? Any opposed? Motion carries.

*** {MOTION ADOPTED}

4. Miscellaneous:

5. Informational:

6. Date of Next Meeting and Adjournment:

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CHAIRMAN CHANDLER: Okay. Everything else you have before you is informational. I know the quarterly status report of all federal/local airport projects if you have any questions on that.

SEN. BOUTIN: I was in Whitefield this weekend. Drove by -- is the Whitefield Airport still running?

CHAIRMAN CHANDLER: Oh, sure.

SEN. BOUTIN: I just ask.

CHAIRMAN CHANDLER: No, it is. Reasonably active.

SEN. BOUTIN: Up in your country, Mr. Chairman,

CHAIRMAN CHANDLER: Couldn't have been my country. I didn't get invited.

SEN. BOUTIN: I can't help with that.

SEN. D'ALLESANDRO: Mr. Chairman, a great program on public radio this morning about Kennett High School. Terrific program. You would have loved it. Talked to a group of students about civic responsibility and voting. That's the class I used to teach at Kennett High School.

CHAIRMAN CHANDLER: I know.

SEN. D'ALLESANDRO: Was a wonderful program.

CHAIRMAN CHANDLER: That's a good class you used to teach.

SEN. D'ALLESANDRO: Was a wonderful class.

SEN. BOUTIN: Where's Kennett?

SEN. D'ALLESANDRO: Right in the heart of the valley.

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SEN. BOUTIN: Conway.

SEN. D'ALLESANDRO: Yes.

REP. EATON: Mike Connor here? Mike, not on the agenda, taking you off guard. I've gotten a series of e-mails and some phone calls that apparently there's construction going on at the Fire Academy that has been prolonged. Do you have any info?

MICHAEL CONNOR, Deputy Commissioner, Department of Administrative Services: I don't. Ted, are you aware? It's not one of my projects that I know of.

REP. EATON: Okay.

MR. CONNOR: I can certainly research that. The Fire Academy?

REP. EATON: That's the rumor.

CHAIRMAN CHANDLER: Anything else from the Committee? If not, we will stand in recess to the call of the Chair.

(Recessed to the call of the Chair at 10:19 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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State of New Hampshire
License No. 47

