

CAPITAL BUDGET OVERVIEW COMMITTEE

Legislative Office Building, Room 301

Concord, NH

Wednesday, November 30, 2016

MEMBERS PRESENT:

Rep. Gene Chandler, Chair

Rep. John Cloutier

Rep. Frank Byron

Rep. David Danielson

Rep. Dan Eaton

Rep. Mark McConkey

Sen. Regina Birdsell

(The meeting convened at 10:33 a.m.)

(1) Acceptance of Minutes of the October 26, 2016 meeting.

GENE CHANDLER, State Representative, Carroll County, District #01, Chairman: Okay. Good morning. For those who are new to this meeting, we'll open the meeting of the Capital Budget Overview Committee. First item, acceptance of the minutes.

****** FRANK BYRON, State Representative, Hillsborough County, District #20: Mr. Chairman, I will make a motion to accept the minutes of October 26, 2016.

CHAIRMAN CHANDLER: Okay. We have a motion. Do we have a second?

DAN EATON, State Representative, Cheshire County, District #03: Second.

CHAIRMAN CHANDLER: We have a second, Representative Eaton. Are there any questions or discussion on the minutes? If not, all those in favor? Opposed? The motion carries.

***** {MOTION ADOPTED}**

(2) Old Business:

(3) New Business:

CHAIRMAN CHANDLER: New Business. Item 16-049, Department of Transportation request regarding toll credits. Someone here? Mr. Waszczuk, are you speaking to this? This was part of one -- we had three requests, I think, at the previous meeting. One we approved, two we denied, and the Department asked if they could come back again with, I will say, a better or another -- whatever explanation of why they really wanted to do this one. They didn't bring the other one back, but they did bring this one back.

CHRISTOPHER WASZCZUK, Deputy Commissioner of Administration, Department of Transportation: Right.

CHAIRMAN CHANDLER: I said that's fine.

MR. WASZCZUK: Good morning. Thank you for giving me the opportunity to speak to this item again. For the record, my name is Chris Waszczuk, the Deputy Commissioner for the Department of Transportation. What this item seeks to -- seeks to do is to use toll credits as the matching funds for the SPR Program. The SPR Program is the State Planning and Research Program. This is for the research component of that program. This is a mandated program by the Federal Government. So as part of the Federal funds that we receive each year, a certain percentage of those funds are set aside for planning and research efforts. And if they're not used on those efforts, then those funds are returned to the Federal Government and other states can use those funds as part of their redistribution efforts that are done in August. So it's a mandated program.

What we are requesting to do is to match this program because we do not have State funds in our budget as the matching funds to this program. We're asking that this Committee approve the use of toll credits for that match component.

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As you know, toll credits, in essence, are earned when there's work done on the Turnpike System. Because the Turnpike System is kind of co-joined with the interstate highways, the Federal Government allows us the ability to earn credits for each dollar that is spent on the Turnpike System in terms of construction or rehabilitation remedial efforts. The Department has collected and we included a chart that we have a balance of over 300 million as of the end of 2016 in toll credits. We fully match the Federal program each year. We've been doing that for the last probably six or eight years, because we do not have the State dollars to match the Federal program. Although not shown in this sheet, we have done a projection for what the toll credit balance will be at the end of the current ten-year plan with the work that's planned on the Turnpike System, as well as matching the Federal program to its fullest extent, and that balance is going to grow to 374 million at the end of 2026.

In essence, what this item does, the Department has a Committee that's called the Research Advisory Committee that was formed back in 1993. It's made up of all the Bureau Administrators in Project Development, as well as officials from Operations, and they evaluate different research proposals. Nineteen research proposals were submitted as part of this current planning effort -- as part of this current research effort. They were evaluated and ten were selected. We received approval for one of those at the last meeting to use toll credits as a match, and we are seeking approval for the remaining nine projects.

The work program has been approved by Federal Highway already for 2017. On the second page it includes those -- those research efforts that we're proposing to -- to undertake as part of this -- as part of this proposal. And then at the bottom of the second sheet we note how much savings we've realized from some of the major efforts in the past. For example, we could not use wrap or recycled asphalt pavement in our pavements back in the early nineties. There was a research effort that was done under this type of program that identified a certain percentage of wrap that could be used in our pavements. And we have been tallying that savings at 38 million since 1994.

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We also we had a research effort relative to W-Beam guardrail that has savings of 5.3 million over the last four and a half years. So these are very useful type of efforts. Not each one will materialize and become implemented and result in savings, but certainly these are ones that the staff at our Department feel have merit and have potential for savings in the future. And I'll be happy to answer any questions on this program.

CHAIRMAN CHANDLER: Would you -- so all or at least most -- I assume, all of these are something that the Department feels beneficial to look at.

MR. WASZCZUK: Correct. The Department selects all of these.

CHAIRMAN CHANDLER: What they want.

MR. WASZCZUK: And prioritizes them.

CHAIRMAN CHANDLER: All right. And are the prices competitive with what the people are going to do this with the private sector, would you say?

MR. WASZCZUK: I would say it's even -- it's even less costly than if you went out to a consultant and tried to get a consultant to do some of this research work.

CHAIRMAN CHANDLER: Okay.

MR. WASZCZUK: Some of this is done by internal staff. Some of it is being done with cooperative agreements with universities. I think there's one with the -- there's a research laboratory in Hanover that does research on -- I think it's called -- called Regions Engineering Laboratory in Hanover, New Hampshire, that is going to do some research on paving work.

We have a lot of money invested in our paving program, and we want to make sure we use the best techniques to minimize the level of work and minimize the design that is necessary and have

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a high-performing pavement treatment. You know, I think there's two or three that are focused around paving so that we can -- we feel that those -- these efforts are going to bear fruit in terms of helping us better design paving projects so that they're more durable, longer lasting, and less costly.

CHAIRMAN CHANDLER: Thank you. Any questions?

** REP. EATON: Move approval.

REGINA BIRDSELL, State Senator, Senate District #19:
Second.

CHAIRMAN CHANDLER: Okay. We have a motion to approve -- I lost the item number here -- 16-049 by Representative Eaton, seconded by Senator Birdsell. Questions or discussions?

DAVID DANIELSON, State Representative, Hillsborough County, District #07: I have one question, Mr. Chairman.

CHAIRMAN CHANDLER: Yep.

REP. DANIELSON: Forgive me, because I may have been confused with something else. Didn't the last request have something about monies that were going to be spent to take a look at research on mileage?

MR. WASZCZUK: This is different.

REP. DANIELSON: It is a different one.

CHAIRMAN CHANDLER: We voted that down or didn't approve it. I don't know if we voted it down?

REP. DANIELSON: I just wanted to be sure that was the case. Okay. Thank you, Chair.

CHAIRMAN CHANDLER: Okay. Any other questions? If not, all those in favor of the motion say aye? Opposed? Motion carries.

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*** {MOTION ADOPTED}

CHAIRMAN CHANDLER: The one question -- not a question -- you've done this before and I -- do we ever see -- I say we, the Legislature, ever see the results of the studies or could we? I mean --

MR. WASZCZUK: Absolutely. Absolutely.

CHAIRMAN CHANDLER: Whoever does one must produce a report; right?

MR. WASZCZUK: Yes. And I believe they're posted on-line; but certainly we can provide a link to all this research.

CHAIRMAN CHANDLER: Yeah, give this to the LBA so if members are interested in getting something.

CHRISTOPHER SHEA, Deputy Legislative Budget Assistant, Office of Legislative Budget Assistant: Okay.

CHAIRMAN CHANDLER: Okay. Thank you.

MR. WASZCZUK: You're welcome. Thank you.

(4) Miscellaneous:

(5) Informational:

CHAIRMAN CHANDLER: Informational items. We have the monthly summary of Public Works Design Construction, et cetera, et cetera. Any questions on that?

Okay. We have Aeronautics Division Quarterly Report and any questions on that? Some of these folks are here. I know Aeronautics is here. Administrative Services is here if you have any questions. Women's Prison Quarterly Report. Prison here?

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JONATHAN HANSON, Administrator III, Division of Administration, Department of Corrections: Yes, sir.

CHAIRMAN CHANDLER: Right here. Okay. Any questions for the Prison Folks? Okay. Boy, must be the holidays. Oh, I'm sorry, Representative Danielson.

REP. DANIELSON: Chair, this isn't a specific question. I guess it's a general question, because I know in Finance we have seen -- we have seen the Prison requests come in. There's usually a question about where we are in budget expenditures-wise. Are we anticipating any kind of changes that we don't know about right now?

CHAIRMAN CHANDLER: Could you -- whoever is going to speak identify themselves.

MR. HANSON: Jonathan Hanson from the New Hampshire Department of Corrections. We are on target on budget right now. We do not expect anything, extenuating circumstances. As you recall, and from some of you folks that visited the site, substantial amount of granite which we have removed in large boulders. But right now, no, we are on target. It's looking real good and we encourage you to come back in a few months and see we are now up out of the ground. The concrete panel is up. It looks like a building.

REP. DANIELSON: Sounds like a facetious question but it's not really is that the area that that's being built in the fact you found granite isn't a great surprise since there's a commercial enterprise right behind you that's been mining that for years.

MR. HANSON: Yes, sir.

REP. DANIELSON: Is there any kind of effort at all to try to resell some of that granite?

MR. HANSON: That's a good question. I mean, when you think about the history of this building in front of us here and part

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of this building here, the granite from the quarry, the prison quarry, actually came to build the original State House. That was very rough dimensional granite. With our competitors -- our neighbors next door, Swenson's Granite, they are on the best vein of the best granite. The granite we have is fractured and the test areas that we went in to do drilling and blasting, it wasn't such that would be -- could be used for building blocks or anything like that. So right now we think the answer is no. But we still have plenty of quarry left. There's 393 contiguous acres on that side of the street. We own another 750 on the east side of the street. So the west side's got quite a bit of property.

REP. DANIELSON: Further.

CHAIRMAN CHANDLER: Further.

REP. DANIELSON: What do you call them, when you chew up --

MR. HANSON: Crushers.

REP. DANIELSON: They have equipment that chews up the granite.

MR. HANSON: Rock crushers.

REP. DANIELSON: And then they use it for sides of the roads and drainage on the side of roads. Can we look at any kind of revenue sources from that?

MR. HANSON: Well, good question. Not to belabor the point, but we used the materials through a crushing operation for the Women's Prison and saved over \$1 million because all of that material would have been trucked in. The spec material was right on-site. We brought in portable crushers and we did have pictures, of course, available for you but a substantial mountain of rock that we made up there. And further down the road, obviously, the Legislature's discretion some of that property could potentially be used for crushing operations. I'm not sure how the City would feel about that, but there's not an

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active quarry there now for rock crushers, just for temporary portable crushers.

REP. DANIELSON: Thank you, Chair.

CHAIRMAN CHANDLER: Thank you. Anyone else have any questions? I will say Mr. Connor stood here two years ago and said this is enough money to finish. So still agreement, right?

MICHAEL CONNOR, Deputy Commissioner, Department of Administrative Services: We are on target. We are on target.

CHAIRMAN CHANDLER: Okay. Liquor Commission report here. Any questions? No. And Portable Housing Quarterly Report. Any questions? If not, I believe we are done. And -- and we are done. This is, obviously, our last meeting. So there will be a new committee after the first of the year and thank you all for your time and effort. And that's it.

(The meeting adjourned at 10:46 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.

Cecelia A. Trask
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