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State of New Hampshire
DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

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VICKI V. QUIRAM
Commissioner
(603)-271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603)-271-3204

October 6, 2016

The Honorable Neal M. Kurk, Chairman
Fiscal Committee of the General Court
State House
Concord, New Hampshire 03301

[Signature]
Approved by Fiscal Committee Date 10/14/16

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to the provisions of Chapter 276:4, Laws of 2015, Transfer Among Classes, and at the request of the Joint Concord Steam Task Force, authorize the Department of Administrative Services to transfer funds in and among accounting units in the amount of \$1,000,000. The adjustment is summarized below. Effective upon Fiscal Committee and Governor and Council approval through June 30, 2017. **Funding Source: 97% General Funds 3% Other**

SFY 2017 01-14-14-141510-29500000 Department of Administrative Services, Division of Plant and Property Management, General Services Maint. & Grounds

Class	Description	SFY 17 Adjusted Authorized	Requested Action	Revised SFY 17 Adjusted Authorized
010-500100	Personal Services	\$844,427		\$844,427
018-500106	Overtime	\$37,069		\$37,069
020-500200	Current Expenses	\$148,952		\$148,952
022-500257	Rents – Leases Other Than	\$1,209		\$1,209
023-500266	Utilities	\$1,393,672	(\$1,000,000)	\$393,672
024-500225	Maint Other Than Bldgs.	\$1		\$1
030-500301	Equipment	\$796		\$796
039-500188	Telecommunications	\$15,710		\$15,710
047-500240	Own Forces Maintenance	\$43,629		\$43,629
048-500226	Contract Maint Buildings	\$880,970	\$1,000,000	\$1,880,970
050-500109	Personnel Services Temp	\$269,267		\$269,267
060-500602	Benefits	\$506,942		\$506,942
061-500536	Unemployment Comp	\$7		\$7
070-500704	In State Travel	\$6,654		\$6,654
103-500737	Contracts for OP Services	\$108,763		\$108,763
	Total Expenses	\$4,258,068	\$0	\$4,258,068

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EXPLANATION

The transfer is required within Accounting Unit 29500000, General Services Maintenance and Grounds to pay for emergency engineering services to convert state office buildings heated by Concord Steam to state owned heating equipment. The State has been buying steam from Concord Steam a Public Utilities Commission (PUC) regulated utility, to heat 25 state owned facilities in Concord. Concord Steam recently announced that it is planning to cease operations effective May 31, 2017 and is working with the PUC and customers toward a managed shut down. The estimated cost for the design, engineering, installation project management to replace these heat and hot water services with state owned equipment and decommission the existing plans is \$23.8 million. This has created an emergency need for the Department of Administrative Services to begin the design of new heating equipment for 25 state owned facilities, to be bid and contracted prior to the Concord Steam closing date. The cost to do the design and engineering work is estimated to be \$3.0 million, with \$1 million for preliminary engineering needed before issuance of the RFP in March 2017.

The legislature appointed the Joint Concord Steam Task Force to assist the Department of Administrative Services in assuring that state buildings have continued heat and hot water after the closure of Concord Steam. At their meeting on October 4, 2016 the Task Force recommended that Administrative Services request to transfer the funds from their utility class line to partially pay for the required engineering with the caveat that they could return to the Joint Fiscal Committee at a later date to request an additional appropriation to cover any shortfall in the FY 17 utility class line. Funding will be required to pay the utility shortfall beginning in December 2016 at which time DAS will request the Fiscal Committee and the Governor and Council to appropriate \$1 million pursuant to Chapter 275 Laws, of 2015, Agency Footnote, as follows;

Department of Administrative Services (DAS1410) appropriation budgeted in class 023 Heat-Electricity-Water, shall not lapse until June 30, 2017. In the event the expenditures are greater than amounts appropriated, the Commissioner may request, with prior approval of the Fiscal Committee, that Governor and Council authorize additional funding. Upon Fiscal Committee, and Governor and Council approval, the Governor is authorized to draw a warrant from money in the Treasury not otherwise appropriated.

The following is the information specifically required when transfers are requested, in accordance with the Budget Officer's instructional memorandum dated April 17, 1985, to support the above requested action.

- A. *Justification:* This transfer is required to pay for emergency engineering services that are required because of the 5/31/17 closure of Concord Steam and to assure that 25 state owned buildings have continuous heat and hot water.
- B. *Does this transfer involve continuing programs or one-time projects?* This transfer will pay for one time emergency engineering fees.
- C. *Is this transfer required to maintain existing program levels or will it increase the program level?* This transfer is required to maintain existing program levels; however upon project completion significant energy costs savings will be realized.
- D. *Cite any requirements which make this program mandatory.* The engineering is required to enable the State to have new heat infrastructure in place and operational by October 1, 2017 at two facilities and October 1, 2018 at the remaining 23 state owned facilities.
- E. *Identify the source of funds on all accounts listed on this transfer.*
- F. *Will there be any effect on revenue if this transfer is not approved?* There is no anticipated effect on revenue as a result of this transfer;

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- G. *Are funds expected to lapse if this transfer is not approved?* It is anticipated that there will be no lapse if this transfer is not approved; if the transfer is approved, an equal appropriation will need to be added to cover a shortfall in the 2017 utility class line.
- H. *Are personnel services involved?* No

The Department has conducted a detailed review of these line items in the budget to ensure that available funds are maximized to the greatest degree possible.

Respectfully submitted,



Vicki V. Quiram
Commissioner