



**THE STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF TRANSPORTATION**



**CHRISTOPHER D. CLEMENT, SR.**  
**COMMISSIONER**

**JEFF BRILLHART, P.E.**  
**ASSISTANT COMMISSIONER**

April 15, 2014  
Bureau of Mechanical Services

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

**REQUESTED ACTION**

Pursuant to the provisions of Chapter 143, Laws of 2013, Budget footnote 04-96-96-960515-3005-030, **amend** the Department of Transportation's Equipment Acquisition Plan for Fiscal Year 2014, originally approved by the Capital Budget Overview Committee on September 24, 2013 and further approved by the Governor and Council on October 16, 2013, Item #100, by increasing the FY2014 plan amount by \$205,000, from \$2,500,000 to \$2,705,000 and adding the purchase of light fleet vehicles. The Capital Budget Overview Committee approved the amended Equipment Acquisition Plan on April 15, 2014.

**EXPLANATION**

The Department of Transportation, Bureau of Mechanical Services maintains a fleet of vehicles and equipment with an estimated replacement value of \$77.8 million. At the current funding levels of \$2.5 million per year, the replacement cycle for the fleet is approximately 29 years. This has forced us to budget class 70 funds for personal mileage as fleet vehicles meet the end of their life.

The initial Equipment Acquisition Plan submitted and approved for Fiscal Year 2014 and 2015 concentrated limited resources on purchasing heavy equipment while the Department cooperated with Administrative Services to explore other options to meet the light fleet needs.

Through the Administrative Services process of acquiring bids for lease-purchase vehicles, the Department has confirmed that it cost significantly more to lease-purchase vehicles or pay personal mileage, as shown on Attachment 2, than to purchase new vehicles outright. Lease-purchasing 13 – ½ ton pick-up trucks over a period of 5 years would cost the Department and additional \$114,163 when compared to a normal purchase. The Department has transferred \$205,000 from other classes to Mechanical Services class 30 to fund this proposed purchase.

The Amended Plan outlines the Department's original request for FY 2014 to purchase equipment estimated to cost just under \$2.5 million, and now includes additional \$205,000 for the purchase of 13 - ½ ton pick-up trucks as shown on Attachment 1.

I appreciate your support and understanding of these needs.

Sincerely,

A handwritten signature in black ink, appearing to read "C. D. Clement, Sr.", written in a cursive style.

Christopher D. Clement, Sr.  
Commissioner

Attachments

**State of New Hampshire  
Department of Transportation  
Bureau of Mechanical Services**

**FY 2014 – 2015 Equipment Acquisition Plan**

-Amended-

March 25, 2014

Prepared by:  
William J. Dusavitch  
Administrator

Submitted by:  
Christopher D. Clement, Sr.  
Commissioner

## Department of Transportation

### Bureau of Mechanical Services

#### FY 2014 – 2015 Amended Equipment Acquisition Plan

Chapter 143, Laws of 2013, Budget footnote 04-96-960515-3005-030, requires the Department to Develop an Equipment Acquisition Plan and receive approval from both the Capital Budget Overview Committee and the Governor and Council before purchasing any new or replacement equipment. This Chapter also requires NHDOT, Bureau of Mechanical Services to submit a monthly status report of the plan to the Capital Budget Overview Committee and the Governor and Council. This document serves as the FY2014 – 2015 Acquisition Plan.

Below is a description of the fleet purchasing process that the Department follows in accordance with the above laws. The Department purchases replacement equipment and vehicles in five distinct and separate phases throughout a given fiscal year:

**Phase I - Approval Process:** The Department reviews the fleet to prioritize replacement needs considering equipment condition, age, and usage. Based on the needs identified and the available budget, the Department identifies the pieces to be replaced and prepares the Equipment Acquisition Plan. The Department then submits the plan to the Capital Budget Overview Committee and the Governor and Council for approval to expend Class 30 – Equipment New/Replacement funding as appropriated.

**Phase II - Bid & Award:** Once the Acquisition Plan is approved the Department works with Administrative Services to prepare a bid package that includes vehicle specifications and options. When the documents are complete Administrative Services puts the equipment out to bid, determines the low bidder and executes a notice of contract.

**Phase III - Financial Evaluation:** The Department compares the contract costs to the estimated costs. Minor quantity adjustments may be made to adjust for actual vs. estimated costs or because of equipment failure or other factors.

**Phase IV – Purchasing:** Purchasing is initiated based on the financial evaluation. Priority is given to purchasing the major units and equipment first. Remaining funds may be used to purchase necessary miscellaneous shop equipment.

**Phase V - Reporting:** The Department submits a monthly status report to both the Capital Budget Overview Committee and the Governor and Council.

**Amendments:** Based on actual expenditures and available funding mechanisms, any significant change to the approved plan will be submitted as an amendment, to be approved by the Capital Budget Overview Committee and Governor and Council.

The purpose of this amended Equipment Acquisition Plan is to provide approval for the Department to add the purchase of 13 - ½ ton pick-up trucks, as shown on Attachment 1, at an estimated acquisition cost of \$194,892.

The Department respectfully requests your approval of the amended FY 2014-2015 Equipment Acquisition Plan.



**Costs Comparison Summary - NHDOT Bureau of Mechanical Services**

**Purpose:** Determine the most cost effect method to provide transportation to DOT employees required to fulfill their duties.

**Assumptions:** Comparison for 13 vehicles

Monthly Lease/purchase cost was obtained from Competitive bid through Administrative Services.  
 Purchase cost was obtained from Competitive bid through Administrative Services.  
 Lease/purchase timeframe is for 5 years  
 Personal Mileage reimbursement utilizes 18,000 miles/per @ 56.5 cents per mile.  
 Maintenance expenses are excluded in the comparison, but would be borne by the Bureau leasing the units

1/2 Pick-up Trucks	Lease to Own		Purchase		
	# of Units	Cost / Month	Total Cost for 5 years	Cost / each	Total Costs
	13	\$396.23	\$309,059.40	\$14,992.00	\$194,896.00

**Summary for 13 units**

Purchase	\$194,896.00
Lease *	\$309,059.40
Personal Mileage	\$661,050.00
<b>Total Cost for 5 years</b>	

\* Maintenance costs exclude for comparison purposes.