



STATE OF NEW HAMPSHIRE
DEPARTMENT OF CORRECTIONS
DIVISION OF ADMINISTRATION

P.O. BOX 1806
CONCORD, NH 03302-1806
603-271-5610 FAX: 603-271-5639
TDD Access: 1-800-735-2964

William L. Wrenn
Commissioner
Bob Mullen
Director

142B *Wm*

June 5, 2013

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

Retroactive

REQUESTED ACTION

Authorize the New Hampshire Department of Corrections to exercise a **retroactive** inter-agency Memorandum of Understanding (MOU) with the New Hampshire Department of Safety which will establish reimbursement cost rates for the NH Department of Corrections, Correctional Industries Plate Shop's manufacture of motor vehicle number plates, beginning July 1, 2012 through June 30, 2013, effective upon Governor and Executive Council approval. 100% Agency Income.

Funds received are to be deposited into the following account: 02-46-46-462010-57310000, Department of Corrections, Prison Industries, and Correctional Industries Inventory.

EXPLANATION

This MOU is **retroactive** due to the time involved in the analysis of the Department of Corrections' direct and indirect costs associated with the manufacture of the license plates and the negotiations with the Department of Safety, Division of Motor Vehicles. Per RSA 228:25-I, the Commissioner of Safety shall, biennially, request the Commissioner of Administrative Services to review and approve the cost rates of vehicle number plates manufactured at the NH State Prison. Administrative Services has approved the negotiated rates for vehicle number plates of \$1.50 per plate for the first 400,000 plates and \$1.00 per plate for the number of plates in excess of the initial 400,000 plates, effective for SFY 2013.

Respectfully Submitted,

William L. Wrenn
Commissioner

State of New Hampshire



JOHN J. BARTHELMES
COMMISSIONER OF SAFETY

DEPARTMENT OF SAFETY
DIVISION OF MOTOR VEHICLES
STEPHEN E. MERRILL BUILDING
23 HAZEN DRIVE, CONCORD, N.H. 03305
TDD Access: Relay NH 1-800-735-2964

RICHARD C. BAILEY, JR.
DIRECTOR OF MOTOR VEHICLES

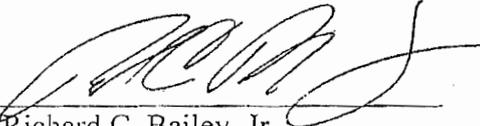
MEMORANDUM OF UNDERSTANDING

WHEREAS, the New Hampshire Department of Safety (hereinafter referred to as "DOS") has made the following agreement with the Department of Corrections (hereinafter referred to as "DOC").

DOS, in accordance with the provisions of New Hampshire RSA 228: 25, par.I, shall reimburse the DOC for the manufacturing of reflectorized motor vehicle number plates the sum of \$1.50 per plate for the first 400,000 plates and \$1.00 per plate for any plates over the initial 400,000 and shall be paid from the inventory fund.

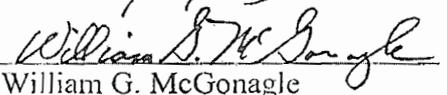
This MOU shall be effective as of July 1, 2012 and shall replace and supersede any previously executed memorandum of understanding regarding this matter. This MOU shall end the second year of each biennium.

DEPARTMENT OF SAFETY

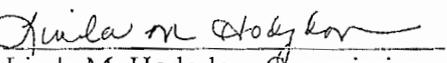
BY: 
Richard C. Bailey, Jr.
Director of Motor Vehicles
Date: 3/15/13

BY: 
John J. Barthelmes, Commissioner
Date: 3/18/13

DEPARTMENT OF CORRECTIONS

BY: 
William G. McGonagle
Assistant Commissioner
Date: _____

DEPARTMENT OF ADMINISTRATIVE SERVICES

BY: 
Linda M. Hodgdon, Commissioner
Date: 3/25/13

State of New Hampshire

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

LINDA M. HODGDON
Commissioner
(603) 271-3261

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

May 9, 2013

Mr. John J. Barthelmes, Commissioner
Department of Safety
33 Hazen Drive
Concord NH 03301

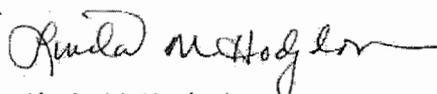
Dear Commissioner Barthelmes:

In accordance with the provisions of RSA 228:25 - I, The Commissioner of Safety shall biennially request the Commissioner of Administrative Services to review and approve cost rates of vehicle number plates manufactured at the state prison. The Department of Safety (DOS) made such request on April 8, 2013 and provided the Department of Administrative Services (DAS) with worksheets authored by the Department of Corrections (DOC) of direct and indirect cost calculations in the amount of \$1.7199 net cost per plate, further revised by DOC to \$1.3242 as a result of removing the calculated cost of the print shop (schedule H) for decals. Decals are billed separately.

Based on the current information available, the proposed payment schedule of \$1.50 for the first 400,000 plates delivered and \$1.00 for each additional plate appears reasonable for the current year. This fee structure attempts to balance both the fixed costs and volume dependent costs that DOC encounters. When contemplating the fee structure for the next biennium, it is imperative that DOC and DOS do additional analysis to more accurately determine the costs of GraniteCor operations in support of license plate manufacturing. The formula should be based on costs of manufacture and not driven by the profitability of the various other GraniteCor business units. DAS stands ready to assist DOC and DOS in the development of a long term payment model.

Please feel free to contact me should you have any questions or concerns regarding our review and the recommendations presented above.

Sincerely,



Linda M. Hodgdon
Commissioner

CC: William L. Wrenn, Commissioner, DOC
Richard C. Bailey, Jr.

TITLE XX TRANSPORTATION

CHAPTER 228 ADMINISTRATION OF TRANSPORTATION LAWS

Commissioner, Deputy and Assistant Commissioners

Section 228:25

228:25 Addition to Fund. –

I. There is hereby established an inventory fund in the department of safety consisting of the initial appropriation of \$1,000,000 which sum is hereby authorized as a revolving fund comprised of funds in the highway fund that are not otherwise appropriated and into which shall be deposited additional revenues derived from the number plate manufacturing fee established in this paragraph. The fund shall be nonlapsing and continually appropriated to the department. The prison shall purchase such raw materials as may be required and agreed to by the commissioner of safety in order for the commissioner of safety to issue fully reflectorized motor vehicle number plates. This purchase shall be a charge against the inventory fund and the prison shall be responsible for the control and accountability of the raw materials so charged. Said number plates shall be manufactured at the state prison. The prison shall be furnished out of said inventory account the raw materials necessary to manufacture said plates and upon receipt of the finished plates by the department of safety shall be reimbursed for their direct and indirect costs. The commissioner of safety shall, biennially, request the commissioner of administrative services to review and approve said cost rates. Notwithstanding any other provision of law, the commissioner of safety shall charge, in addition to the regular motor vehicle registration fee, a number plate manufacturing fee of \$4.00 per plate at the time of issuing said reflectorized motor vehicle number plates or replacement reflectorized number plates. Said additional charge shall not give the registrant any title or other property interest in said plates. The commissioner of safety or assistant commissioner may request from time to time delivery of the number plates from the prison and shall reimburse the inventory fund by a transfer from revenue. At least 6 months prior to subsequent general issue, a transfer from revenue shall be made for all remaining finished plates in inventory. The commissioner of safety shall report to the governor, the president of the senate, and the speaker of the house of representatives, no later than 90 days after the close of the second fiscal year of each biennium, the year ending balance in the inventory fund and the department's recommendation as to when the next general issue of number plates should commence, the estimated cost of such a general issue, and the estimated annual cost to support routine plate issue and replacement without a new general issue.

II. [Repealed.]

III. In accordance with the provisions of paragraph I, replacement plates may be purchased from the inventory fund.

IV. If the state prison shop is unable to manufacture or deliver reflectorized motor vehicle plates in a timely manner because of an emergency interruption resulting from a riot or other unforeseen cause, as determined by the commissioner of corrections or the commissioner of safety, the commissioners shall submit a written report to the governor and council and shall request that an outside vendor be retained to manufacture said plates. If at any time the commissioner of safety or the commissioner of corrections determines that the prison cannot produce number plates at a competitive price or meet reasonable delivery schedules, the commissioner of safety shall report to the fiscal committee of the general court and the governor and council, and shall request that an outside vendor be retained to manufacture the plates. Upon approval of the governor and council, the commissioner of safety shall request the director of plant and property management to select an outside vendor in accordance with RSA 8:19.

V. The commissioner of safety, with approval of the governor, may charge the necessary expenses for the manufacture, storage, handling, issuance, and distribution of reflectorized motor vehicle number plates against the inventory fund provided under this section.

Source. RSA 229:6-d. 1977, 600:33. 1981, 54:3; 87:1; 568:63. 1985, 323:1, 2; 399:3, I. 1987, 404:1. 1997, 186:1, 4. 2002, 165:1. 2008, 158:1, cff. July 1, 2008.