



STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF BUSINESS OPERATIONS
BUREAU OF FINANCE

Nicholas A. Toumpas
Commissioner

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Stephen J. Mosher
Chief Financial Officer

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September 30, 2013

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

REQUESTED ACTION

Authorize the Department of Health and Human Services to increase their fleet by eleven (11) vehicles pursuant to ADM 611.08(g).

EXPLANATION

Over the years, the Department of Health and Human Services (DHHS) has strived to minimize the cost of operating a fleet while also meeting the needs of their customers and their mission. As such, the Department has historically reimbursed employees for the use of their personal vehicles for miles traveled for conducting state business. While this practice has enabled the Department to maintain its fleet size, the cost to the state has been high. By transferring eleven (11) of our employees into a state-owned vehicle, via the leasing contract established with Merchants Automotive of Hooksett (G&C Item 28A, 9/4/13), DHHS can save \$34,179 per year. During the five year lease term this equates to \$170,895 of savings. The potential exists for additional savings since the average lifespan of a state-owned vehicle is ten (10) years. The amount of those savings depends upon the specific vehicle and the mileage after the lease period has concluded.

Attachment A identifies eleven (11) employees who have the highest reimbursement for business use of their personal vehicle. We have completed a cost comparison of reimbursing for their annual business mileage, purchasing and the annual cost to lease vehicles via the Merchants Automotive leasing contract. This analysis clearly shows the savings available by increasing our fleet size to allow the Department to execute contracts for the leasing of vehicles.

Her Excellency, Governor Margaret Wood Hassan
And the Honorable Council
August 30, 2013
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Respectfully submitted,



Stephen J. Mosher,
Chief Financial Officer

Approved by: 
Nicholas A. Toumpas,
Commissioner

Attachment A

Fleet Management Unit
Analysis of Leased Rather than In-State Travel Reimbursement

Employee: **Multiple**
 Recommended Vehicle: **Dodge Avenger**

EXISTING OPERATIONS:

Employee	Type of Operation	\$/Mile (FY13)	Miles (FY13)	Ann Cost
1	In-State Travel Reimbursement	\$ 0.565	24,780	\$ 14,001
2		\$ 0.565	21,642	\$ 12,228
4		\$ 0.565	20,463	\$ 11,562
5		\$ 0.565	19,927	\$ 11,259
3		\$ 0.565	19,698	\$ 11,129
10		\$ 0.565	18,144	\$ 10,251
8		\$ 0.565	16,929	\$ 9,565
9		\$ 0.565	14,561	\$ 8,227
7		\$ 0.565	14,331	\$ 8,097
11		\$ 0.565	14,230	\$ 8,040
6		\$ 0.565	14,204	\$ 8,025
				\$ 112,384

PROPOSED OPERATIONS:

Employee	Type of Operation	\$/Mile	Miles	Estimated Ann Cost	est cost/mile
1	Leased		24,780	\$ 7,998	\$ 0.32
2			21,642	\$ 7,582	\$ 0.35
3			20,463	\$ 7,425	\$ 0.36
4			19,927	\$ 7,354	\$ 0.37
5			19,698	\$ 7,324	\$ 0.37
6			18,144	\$ 7,118	\$ 0.39
7			16,929	\$ 6,956	\$ 0.41
8			14,561	\$ 6,642	\$ 0.46
9			14,331	\$ 6,612	\$ 0.46
10			14,230	\$ 6,598	\$ 0.46
11			14,204	\$ 6,595	\$ 0.46
				\$ 78,205	

ANNUAL COST SAVINGS:
 Estimated annual cost savings **\$34,179**

RIO (non-general fund):
 Vehicle Investment \$0
 Annual Cost Savings \$34,179
 Est. Yrs to Recoup Investment **0.00**

Assumptions:

- ¹ \$/Mile (FY13) is the current IRS reimbursement rate.
- ² "Vehicle Investment" is \$0 because there is no cash outlay; it is included in the annual cost and cost savings.
- ³ Annual Costs for Leased Operations includes maintenance, insurance and estimated fuel (@22MPG) costs.
- ⁴ See Estimations Tab to see calculation for the Estimated Ann Cost column.

Employee	Type of Operation	\$/Mile	Miles	MPG	Gallons	cost /gallon	Fuel costs	Insurance Costs	Lease costs	Estimated Annual costs
1 Ottolini, Jean M	Leased		24,780	22	1126.364	\$2.92	\$3,288.98	\$431.00	\$4,278.48	\$7,998.46
2 Smiley, Traci M			21,642	22	983.7273	\$2.92	\$2,872.48	\$431.00	\$4,278.48	\$7,581.96
3 Bonafair, Mary A			20,463	22	930.1364	\$2.92	\$2,716.00	\$431.00	\$4,278.48	\$7,425.48
4 Rowe, Thurlow A			19,927	22	905.7727	\$2.92	\$2,644.86	\$431.00	\$4,278.48	\$7,354.34
5 Eskedahl, Deborah K			19,698	22	895.3636	\$2.92	\$2,614.46	\$431.00	\$4,278.48	\$7,323.94
6 Eldridge, Mary			18,144	22	824.7273	\$2.92	\$2,408.20	\$431.00	\$4,278.48	\$7,117.68
7 Scoville, Debra L			16,929	22	769.5	\$2.92	\$2,246.94	\$431.00	\$4,278.48	\$6,956.42
8 McIntire, Constance			14,561	22	661.8636	\$2.92	\$1,932.64	\$431.00	\$4,278.48	\$6,642.12
9 Dombroski, Heather			14,331	22	651.4091	\$2.92	\$1,902.11	\$431.00	\$4,278.48	\$6,611.59
10 Bove, Martin			14,230	22	646.8182	\$2.92	\$1,888.71	\$431.00	\$4,278.48	\$6,598.19
11 Sanders, Kathryn			14,204	22	645.6364	\$2.92	\$1,885.26	\$431.00	\$4,278.48	\$6,594.74