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THE STATE OF NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION



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William Cass, P.E. Commissioner

David Rodrigue, P.E. Assistant Commissioner Andre Briere, Colonel, USAF (RET) Deputy Commissioner

The Honorable Ken Weyler, Chairman Fiscal Committee of the General Court and

Division of Operations August 2, 2024

His Excellency, Governor Christopher T. Sununu and the Honorable Council State House Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to Chapter 337:4, Laws of 2024 (HB 1355-FN) and RSA 228:12, authorize the Department of Transportation to transfer \$3,507,796 from the Highway Surplus Account to support the Winter Maintenance Employee Retention Program (WMERP) effective upon Fiscal Committee and Governor and Council approval through June 30, 2025. 100% Highway Funds.

Funds are to be budgeted as follows:

From: 04-096-096-960015-363615-0000 Highway Surplus Account \$3,507,796

Table with 4 columns: 04-096-096-960515-2928, Current Budget FY2025, Requested Change, Revised Budget FY2025. Rows include Winter Maintenance Expenses and various line items like FT Employees Special Payment, Overtime, Holiday Pay, etc.

04-096-096-960515-2928	Current Budget FY2025	Requested Change	Revised Budget FY2025
Source of Funds			
Revenue:			
000-000015 Highway Funds	\$32,982,356	\$3,507,796	\$36,490,152
Total	\$32,982,356	\$3,507,796	\$36,490,152

EXPLANATION

HB 1355-FN, Section 4 authorizes the Department of Transportation to continue to proactively address vacancy rates through its recruitment and retention incentive programs including financial incentives for those employees providing critical winter maintenance services. HB 1355-FN, Section 5 further requires any expenditures for recruitment or retention incentives or bonuses to be approved by the Fiscal Committee. The purpose of this request is to obtain the required approval to transfer funds from the Highway Fund surplus for the incentives outlined in the Department’s Winter Maintenance Employee Retention Program.

The Winter Maintenance Employee Retention Program is aimed at mitigating the turnover of state employees who provide critical winter maintenance activities and to incentivize employees from other State agencies with Commercial Drivers Licenses (CDLs) to assist with winter maintenance. Over the last several years, the turnover rate, as well as the number of vacant positions across DOT winter maintenance, has continued to climb. High vacancy rates impede the Department’s ability to maintain expected service levels. This is particularly crucial during the winter season. See grid below for the Department’s vacancy statistics during the past five years:

Year	DOT Total Vacancies	Agency Vacancy Rate	Maintenance Staffing Vacancies	Maintenance Staffing Vacancy Rate
2020	203	12.4%	95	13.9%
2021	267	16.3%	114	16.6%
2022	328	19.8%	163	23.8%
2023	392	23.6%	188	27.4%
2024	407	24.5%	200	29.2%

Data as of July 1st each year

The Winter Maintenance Employee Retention Program has been successful in mitigating employee loss during the winter season for the past two years and consistently increased the number of volunteers performing snow and ice removal allowing the Department to maintain current expected service and road safety levels. Increases in volunteers are shown below:

	2021-2022	2022-2023	2023-2024
Winter Maintenance Volunteers	34	108	138

It is anticipated that renewing this program will again become a critical tool for the Department during the upcoming 2024-2025 winter.

In order to fund the Winter Maintenance Employee Retention Program, the Department requests authorization to transfer \$3,507,796 from the Highway Surplus Account. Details relating to the Department’s spending requests are as follows:

Winter Maintenance (2928) 100% Highway Funds

Class 017 Increase FT Employees Special Payment by \$2,800,000
Class 049 Increase Transfer to Other State Agencies by \$100,000
Class 060 Increase Benefits by \$607,796

The Department is estimating the number of Winter Maintenance personnel to be 580, at \$5,000 per person for a total of \$2,900,000 plus benefits. This includes retention incentives for full-time (Class 17) and other State employees (Class 49). The break down between DOT personnel and those from other agencies is estimated and could change depending on interest in the program and excess funds from this request will be returned to the Highway Fund.

See attached surplus schedule for available highway fund balance.

Your approval of this resolution is respectfully requested.

Sincerely,



William J. Cass, P.E.
Commissioner

Attachment

State of New Hampshire
Surplus Statement - Highway Fund
Fiscal Years 2021-2025
(expressed in millions)

8/9/2024

	<i>Actual</i> Per ACFR	<i>Actual</i> Per ACFR	<i>Actual</i> Per ACFR	<i>Actual</i> Preliminary ⁽¹⁾	<i>Budget</i> Adj Authorized ⁽²⁾
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Undesignated Fund Balance, July 1 (Budgetary)	\$ 63.7	\$ 69.9	\$ 147.8	\$ 148.4	\$ 106.6
Additions:					
Unrestricted Revenue					
Gasoline Tax	118.4	124.1	126.8	126.7	125.6
Motor Vehicle Fees (actual includes Plea by Mail / Real ID)	130.0	133.3	126.7	139.5	133.5
Other	0.5	0.8	2.0	0.3	0.2
Less: Cost of Collection, net of lapse-DOS	(27.1)	(26.2)	(28.1)	(31.4)	(34.5)
Other Credits (FY21 \$8.1M; FY22 \$50M and FY23 \$10M)	8.1	50.0	10.0	-	-
Total Additions	229.9	282.0	237.4	235.1	224.8
Deductions:					
Appropriations Net of Estimated Revenues-DOT	(230.5)	(190.5)	(227.0)	(261.2)	(251.2)
Appropriations Net of Estimated Revenues-DOS/Other	(34.3)	(35.5)	(37.0)	(39.8)	(45.6)
Appropriations Net of Estimated Revenue SUBTOTAL	(264.8)	(226.0)	(264.0)	(301.0)	(296.8)
Additional Appropriations:					
Transfer from Highway Surplus - Winter Maintenance RSA 228:12 - February 2024	(5.0)	(3.4)	(9.7)	(6.6)	
Transfer from Highway Surplus - Winter Maintenance Retention Bonus ⁽³⁾	-	-	(4.3)	(4.2)	(4.0)
Transfer from Highway Surplus - Purchase of Backhoes				(4.8)	
Transfer from Highway Surplus - CBA: Increased Winter and new Non-Winter Stipends				(1.3)	
Subtotal Additional Appropriations	(5.0)	(3.4)	(14.0)	(16.9)	(4.0)
Less Lapse:					
Lapse-DOT	41.3	24.0	44.7	40.9	22.8
Lapse-DOS/Other	6.8	0.2	1.7	1.6	4.0
Subtotal Lapse	48.1	24.2	46.4	42.5	26.8
Other (Debits) ⁽⁴⁾	(2.0)	1.1	(5.2)	(1.5)	(1.5)
Total Deductions	(223.7)	(204.1)	(236.8)	(276.9)	(275.5)
Current Year Activity	6.2	77.9	0.6	(41.8)	(50.7)
Total Fund Balance, June 30 (Budgetary)	69.9	147.8	148.4	106.6	55.9
GAAP and Other Adjustments ⁽⁴⁾	(34.6)	(36.1)	(35.0)	(25.0)	(25.0)
Undesignated Fund Balance, June 30 (GAAP)	35.3	111.7	113.4	81.6	30.9

Notes

- (1) Preliminary numbers derived from final Statement of Appropriations for FY24, approved transfer requests, DoS request
- (2) Source: https://www.gencourt.state.nh.us/LBA/Budget/operating_budgets/2024-2025/House_Finance/Highway%20Surplus%204-6-23.pdf
- (3) Assuming approved transfer request for FY25
- (4) FY24 actuals to be determined through FY24 year-end closing process

NHDOT
Turnpike System Cash Flow

	CASH-BASED			
	FY 22	FY 23	FY 24	FY 25
Audited Accrual				
Existing Toll Revenue	121.0	124.0	124.6	120.0
Transponder Revenue	0.6	0.8	0.8	0.8
Other Revenue (Including Violation Fee Receivables)	16.8	10.0	10.0	10.0
Projected Video Tolling Fee Revenue Attributable to AET (Dover, Rochester & Bedford)	-	1.5	4.1	4.1
Hooksett Service Area Revenue	1.9	1.9	1.9	2.0
Interest Income Projections	0.4	1.6	1.4	1.3
Estimate Covid Revenue for staffing Call Center				
I95 ITS 16189B Estimate Revenue from Maine DOT and Turnpike		6.2		
Total Revenue	141.7	144.0	142.7	146.0
Operating Expenditures				
Existing Operating Expenditures	17.0	38.5	33.9	34.2
Operational Savings Exit 10 removal		(0.8)		
Operation Savings Expected from Bedford AET Class 10 & 60			(1.3)	(1.3)
Operation Savings Class 10 & 60 from 7AX - hold on positions for Commissioner's Office		(4.8)	(3.0)	(3.0)
Projected Lapse				
Project Lapse Toll Operations Snn change & AET		(1.0)		
Transponder Expense	0.6	0.8	0.8	0.8
Toll System Lane, CRT and AET O&M Expenditures (Class 24)	1.0	3.1	-	-
Toll System Upgrade Hampton and Hooksett			6.0	-
Toll System AET Design/Test/Implementation Expenditures (Class 37, 38, 46) (Accrual FY Inc Capitalized)	0.5	-	-	-
Toll System Lario Design/Test/Implementation Expenditures (Class 37,38, 46) (Accrual FY Inc Capitalized)	0.3	-	-	-
EZPass Back Office O&M Expenditures (Class 102)	12.0	7.9	8.6	8.8
EZPass Back Office Expenditures Design/Test/Implementation (Class 46)			5.8	7.6
EZPass Back Office O&M Expenditures for Invoice (Class 102)			7.4	7.6
EZPass Back Office O&M Expenditures for AET (Class 20)				
Future EZPass BOS RFP				
IAG Hub Development (Class 046)		0.05	0.05	0.05
IAG Hub O&M (Class 102)			0.1	0.1
Enforcement Expenditures (Safety)	7.8	9.3	9.5	9.6
Turnpike Funding of Welcome Centers (DBEA)	1.0	1.1	1.1	1.1
Turnpike Funding of DOT (Budget Class 029)	2.2	2.0	3.0	3.0
Total Operating Expenditures	43.4	60.4	65.0	67.0
Net Revenue	98.3	83.6	77.7	79.0
BABs Interest Subsidy (199)	(1.9)	(1.8)	(1.6)	(1.5)
Debt Service on 2008 (189)				
Debt Service on FY 2010 Revenue Bonds (2000 w/o BABS - 108)	14.1	17.1	12.0	14.3
Debt Service on FY 2010 Refunding Revenue Bonds (2009 Series B - 199)	-	-	-	-
Debt Service on FY11 Refunding Revenue Bonds	5.0	2.8	-	-
Debt Service on 2012 Revenue Bonds (Series C - 215)	-	-	-	-
Debt Service on Remaining Revenue Bonds (2012 Series A - 210)	4.5	-	-	-
Debt Service on Remaining Revenue Bonds (2012 Series B - 213)	6.0	5.1	-	-
Debt Service on 2018 Revenue Bonds Series A	2.0	2.0	2.0	2.0
Debt Service on 2019 Revenue Bonds Series A	0.8	3.1	11.9	11.3
Debt Service on 2022 Revenue Bonds Series A	3.4	30.1	25.8	27.6
Total Revenue Bond Debt Service	32.8	28.3	24.2	26.1
Net Total Revenue Bond Debt Service	30.9	26.5	22.6	24.6
R&R Assessment	18.9	18.2	16.3	16.8
R&R TYP 2023-2032			14.0	16.0
Existing Debt Service General Obligation Bonds				
Existing Turnpike Renewal and Replacement Program	14.0	26.0	24.1	10.2
Portsmouth-Kittery High-Level Bridge (R&R)			0.1	6.1
Additional R&R Program (Capitalized)	8.8			
Carry-Over R&R				
I-95 Advanced Payment				
Payments from General Reserves for I-95 Acquisition				
Total Other Obligations	22.8	26.0	24.2	25.3
Total Operating Annual Surplus/(Deficit)	44.2	31.2	29.3	32.7
Capital Additions				
Turnpike Operating Transfer	43.2	31.2	29.3	32.7
Bond Proceeds	-	-	-	-
Board Resource Costs	-	-	-	-
Total Capital Additions	43.2	31.2	29.3	32.7
Turnpike Improvement Capital Expenditures				
Hampton CRT, Seabrook NH107 Bridge, & Portsmouth Sound wall				
Hooksett CRT 16803				
Bedford/Merrimack CRT Conversion 10100 Org 7511		1.0	6.3	6.4
Newington-Dover (Dover End & GSB) 11238 Q, S, U, V ORG 7514	0.9	17.0	29.3	6.9
Spaulding Turnpike AET 29440 ORG 7511	5.2	12.7	7.5	-
Merrimack-Bedford FEET Widening to 3 Lanes 13761 Org 7507	3.4	14.6	29.3	28.3
Manchester 1609B-FEET Rebuild Exit 6 (16099A) and Exit 7 (16099B) ORG 7507		2.0	7.6	6.0
Bow-Concord I-93 Widening & Improvements 13742 ORG 7507	0.0			0.2
Nashua - Concord ITS 29408 org 7507	0.2	0.1		
Dover-Rochester-Somersworth Exit 10 Feasibility Study 40599 ORG 7512			0.0	
Removal of Merrimack Exit 12 28306				
Removal of Merrimack 41727 Exit 11 org 7507				
Statewide 28199 org code 7614	0.5			
Merrimack 43759 Exit 10 removal org 7507		1.1		
Portsmouth 43765 IS5 Sound wall Org 7500		0.5	0.7	
Total Capital Expenditures	10.1	48.9	82.8	47.8
Total Annual Capital Surplus/(Deficit)	33.2	(17.6)	(53.3)	(15.1)
BEGINNING Operating Cash	120.2	149.7	133.2	97.1
Annual Surplus / (Deficit)	33.2	(17.6)	(53.3)	(15.1)
Set aside Reserve on Proposed bonds		1.2	7.2	3.7
Prior Period Adjustment				
Ending Operating Cash and Short Term Investments	153.9	119.5	72.5	75.7
Restricted Cash (Bond Proceeds for Construction)				
Unrestricted Cash	149.7	133.2	87.1	75.7
Change in Reserve Accounts	(18.8)	(1.2)	(7.2)	(3.7)
Ending Balance of Reserve Accounts	46.3	47.1	39.9	36.2
Total Cash	196.0	180.3	127.0	111.9
PROJECTED BOND COVENANT COVERAGE RATIOS				
Revenue Bond Debt Service Coverage 1.2 (1.3)	3.02	3.02	3.21	3.22
All Obligation Coverage 1.0 (1.1)	2.04	1.97	2.03	2.04
Turnpike Capital Program 2022-2032 (in millions)				
\$594.02				