



New Hampshire Liquor Commission

HOUSE PUBLIC WORKS CAPITAL BUDGET REVIEW

February 26, 2021



New Request – Governor’s Budget

1:X-1: Computer Software - Credit Card - POS (pg.4)

New Capital Budget Request \$1,000,000 (100% Liquor Funds)

This request is for additional funds for the current NextGen D365 project. When the request was originally submitted it was for supplemental funds to allow for enhancements or changes for the project, such as additional equipment, licensing or subscriptions, should the need arise.

Since the request was submitted a few items have been identified that need to be purchased:

- \$250k for additional Cisco Meraki access points for Wi-Fi functionality at retail outlet locations.
- \$400k for wireless scanners in support of inventory functions at all retail outlet locations.
- \$50k to replace store office printers at all retail outlet locations.



Lapse date extension to June 30, 2023

XXX: Lapse Dates Extended to June 30, 2023 (pg.13):

Computer Software Credit Card (19-146:1-XI-A) (17-228:1-XV-A extended by 19-146:20-115) (13-195:1-XII-G extended by 15-220:23-82 extended by 17-228:22-101 extended by 19-146:20-121)

Original Request:

This original request is to replace the outdated and obsolete point of sale software and hardware in our 79 retail stores and back offices. Replace point of sale software, hardware and back office computer systems. The core applications are 30-35 years old, hardware is at the end of useful life & no longer under warranty due to age.

Background:

The New Hampshire Liquor Commission (NHLC) NextGen project will replace all retail point of sale hardware and software (including the installation of electronic shelf tags in select stores); all retail back office hardware and software; the NHLC headquarters' fiscal, inventory management and reporting software, with complex integrations with the State of New Hampshire's financial system, NH FIRST, and the DHL warehouse, amongst others; as well as all eCommerce sites to include: a new business to consumer website and ordering system with the option for home delivery within the State of New Hampshire; a new business to business website and ordering system for NHLC on premise and off-premise licensees; and a new Business Portal for our broker, vendor, and manufacturer licensees to conduct business with the NHLC. As stated above, the "MAPPER" legacy system is more than 35 years old and there is a lack of technical resources to maintain the system.



Lapse date extension to June 30, 2023

Background (continued):

Although capital funds were approved in FY14, this appropriation preceded the development of requirements for the NextGen project and the RFP process. As a result of receiving no successful bid during the first RFP process, the project went out to bid a second time in FY16. For the second RFP, the NHLC contracted with consulting firm BerryDunn to assist with the development of the RFP and management of the RFP process. This consulting work was paid for from the capital appropriation in FY15 and FY16.

As a result, a successful bid was selected and a contract signed with AlfaPeople, Inc. in June of 2016. In advance of software and hardware improvements, and in compliance with PCI standards, the NHLC replaced all credit card pin pads in each of our retail locations. This too was paid for from the capital appropriations for the NextGen project and significantly reduced the State's fiscal liability for fraudulent credit card purchases.

Initially, it was the intent of the NHLC to use Microsoft Dynamics AX as the software solution for this project. In October of 2016, Microsoft published the lifecycle end date of that product which drove the NHLC to move from the AX software to Microsoft Dynamics 365 (D365). This move required additional training, analysis of the NHLC's requirements, and re-work of planned designs, causing an unanticipated delay to the original project timeline.

In 2019, Upon testing of AlfaPeople's developed solution, it became apparent that the vendor had failed to develop a viable solution and did not have the resources available to finalize a working solution. The NHLC engaged with Microsoft to assess the status of the development and project and, as a result, the NHLC ended its contract with AlfaPeople in August of 2019.



Lapse date extension to June 30, 2023

Background (continued):

In January 2020 the NHLC entered into a sole source contract approved by the Governor and Executive Council for the completion of the eCommerce portion of the project. The NHLC moved forward with Evenica, the eCommerce subcontractor for AlfaPeople, because of their successful development. Project Kickoff for the new eCommerce portion of the project occurred in February of 2020.

In response to the global coronavirus pandemic, the NHLC added to the eCommerce requirements to include curbside pickup option for consumers. The new Business to Consumer (B2C) website was successfully launched in September of 2020 providing retail customers the ability to buy online for in-store or curbside pickup. Currently available at 14 stores with plans to roll out an additional 5 stores in the near future.

Also in January of 2020, the D365 portion of the project went back out to bid to find a vendor to complete the project utilizing as much of the previous design and development work as possible. In March of 2020 the Governor and Executive Council approved the contract with Blue Horseshoe Solutions. Blue Horseshoe has successfully implemented Microsoft Dynamics 365 in two other alcohol control states, Alabama and Vermont, and was also involved in successful implementations of the previous version of the software (AX) in Iowa, Ohio, and Utah. Their involvement in Utah and Ohio came after failed attempts with previous vendors.

Project Kickoff with Blue Horseshoe occurred in July of 2020.



Lapse date extension to June 30, 2023



Project Status:

To date electronic shelf tags have been installed in five retail outlet locations, the new B2C website launched and Evenica continues with the development of in-state ship to home functionality as well as the new Business to Business (B2B) website.

D365 planning and design phases are complete, development work is almost complete, and testing of the solution is in process. The next steps include completing development; testing in preparation for full user acceptance testing which is anticipated to occur in the late spring, early summer of 2021; planning for training of employees and licensees; as well as planning for rollout of the new system.

The project is currently on schedule with a projected go-live the end of 2021.



Lapse date extension to June 30, 2023



Hampton North & South New Liquor Stores (17-228:1-XV-D) extended by (19-146:20-117)

(Pg.13):

Original Request:

This request is to construct two new 22,000 sq. ft. stores on both the northbound and southbound side of Interstate 95 in Hampton along with 5,000 sq. ft. restrooms on each side. The plan would be to construct the new stores on the current site and then demolish the existing stores after the new stores are constructed. The northbound store was constructed in 1996 and is 16,000 sq. ft. the southbound store was constructed in 1981, expanded in 2001 and is currently 18,990 sq. ft. These two locations effectively act as rest areas and for that reason we want to include restrooms adjacent to both stores.

Background (continued):

In 2017 Session Chapter 156; HB517, the Department Of Transportation (NHDOT) and the New Hampshire Liquor Commission (NHLC) may undertake and/or participate in the development of the existing Northbound and southbound liquor and wine outlets in the town of Hampton on Interstate 95. Allowing NHDOT to purchase the land to construct, operate, and maintain a turnpike service plaza for motorists similar to the Hooksett Welcome Center ("HWC") model with the NHLC retaining title to sufficient land for the future construction of its liquor and wine outlets. All proceeds from the sale of any land shall be deposited into the liquor commission fund and used to exclusively to retire existing debt. On June 14, 2019 Commissioner of DOT Victoria Sheehan formally advised in writing that DOT was declining the opportunity to acquire said property.



Lapse date extension to June 30, 2021



Background (continued):

- NHLC had a comprehensive and accurate assessment of the sites done by T.F. Moran Land Services which has addressed both feasibility of redevelopment as well as a full instrument surveyor's report of all acreage owned by NHLC.
- Subsequent to the completion of Moran's work NHLC issued an RFB for a Commercial Real Estate Appraisal and Market Analysis. As a result of the RFB, B.C. Underwood of Rye NH was engaged and a full analysis and opinion of value ("OOV") was provided to the NHLC.
- NHLC issued an RFP for Consulting Services similar to what had been utilized in the earlier HWC redevelopment project. As a result of the RFP, HNTB was engaged and has among other things identified multiple scenarios and projections of potential uses of the sites pursuant to NHLC's stated goals. HNTB is continuing in this role and is facilitating dialogue with other State (NHDOT) as well as Federal Highway Administration (FHWA) as to the allowable and conforming uses of this property.
- NHLC met with NHDOT and FHWA to outline their internal findings and provide context for what the agency is seeking to do from a development as well as financial perspective. Both FHWA as well as NHDOT expressed a potential impediment involving how the current sites' access onto and off the Interstate was originally funded. Specifically they advised that if said funding was from a federal source then any development and/or commercialization of the various parcel using those access points could possibly require approval and oversight from the FHWA. On February 24th 2019 HNTB received verbal confirmation that FHWA had ascertained that no federal funds were utilization in any of the existing properties construction the NHLC is now in receipt of formal and written confirmation of their findings that no federal monies were utilized.



Lapse date extension to June 30, 2023



Background (continued):

- The NHLC has declared the property as surplus and has worked with DAS, CORD, DES, LMAC(Lakes Management Advisory Committee, RMAC(Rivers Management Advisory Committee). The disposal of surplus real property has been reviewed by each and recommended for approval by all.
- HNTB obtained extensive and needed archaeological investigation of both sites as required statutorily. The findings were reviewed and accepted by Division of Historical Resources (DHR).
- NHLC issued an RFQ and then an RFP for the provision of Commercial Real Estate Brokerage Services to assist with and facilitate the evaluation, marketing, and eventual disposal of the parcels) with the exception of the on/off ramps as well as sufficient acreage for the NHLC's construction of 2 new NHLWO on each side of I-95 Hampton NH to replace existing ones.
- As a result of the above referenced RFP process the project was awarded to New England Coastal Realty Inc., d/b/a Keller Williams Coastal Realty (Keller Williams) based in Portsmouth NH, and approved by Governor and Executive Council in January 2021.



Lapse date extension to June 30, 2023



Project Status:

- Keller Williams is working on their initial evaluation of the potential market valuation of the available buildable developable lands with an anticipated completion date of on or before April 30, 2021.
- Next steps will include the issuance of an RFQ to identify select Buyers/Developer Operators on a national and/or international level and subsequently developing and issuing an RFP for concepts and purchase of the surplus properties consistent with the objectives of being geared to the travelling public, consistent with similarly located interstate plazas, and NH centric in design.

Est. Completion Date: Last quarter of 2021



Lapse date extension to June 30, 2023



Concord Roof Replacement: (17-228:14-III) – amended by (19-146:16-III) for Concord Headquarters Roof Replacement and Parking lot and extended by (19-146:20-118) (pg. 13):

Original Request:

Repurposed funding from Concord Warehouse and Headquarters Roof Replacement for our Headquarters parking lot. Funds will be used to repair drainage then expand and repave existing parking lot.

Status:

Project is on hold.



Lapse of prior capital balances

Chesterfield Store Expansion (19-146:19-II) \$288,000

Status:

Project cancelled

Lapse Amount: \$288,000

Signage and Branding (15-220:14-XII-J) extended by (17-228:22-99) extended by (19-146:20-120):

Status:

Project will be complete by end of fiscal year with security systems installed in all stores.

Lapse Amount: None

Concord Warehouse and headquarter roof replacement (15-220:1-XI-A) extended by (17-228:22-96) expended by (19-146:20-119):

Status:

Project is complete.

Lapse Amount: \$490,000

New Ports Store (17-228:1-XV:B) extended by (19-146:20-116):

Status:

Project is complete.

Lapse Amount: \$1,100,000