



New Hampshire Liquor Commission

**HOUSE PUBLIC WORKS AND
HIGHWAY COMMITTEE
CAPITAL BUDGET HEARING
FY 2024 - 2025**

MARCH 6, 2023



Summary of Requests

Governor's Capital Budget:

IX. LIQUOR COMMISSION:

1. Hampton North and South New Stores	\$ 13,780,000
2. Headquarters Life Safety Improvements	\$ 2,400,000
3. Roof Replacement	\$ <u>220,000</u>
Total Governor's Capital Budget:	\$ <u>16,400,000</u>

Agency Original Requested Projects not in Governor's Budget:

4. Computer Software – POS – D365	\$ 1,500,000
Total Additional Agency Requests:	\$ <u>1,500,000</u>
Total Requests (100% Liquor Funds):	\$ <u>17,500,000</u>



#1 Hampton North & South New Stores

This request is for the additional funds necessary to construct two new 20,000 to 22,000 square foot retail outlets on Interstate 95 in Hampton. The original request of \$14M was based on cost estimates from the FY18-19 budget, the additional funds requested are based on current rates provided by the Division of Public Works, Design and Construction (DPW).

Current Status of the Project:

NHLC continues to work with HNTB/DOJ/DES/DAS relative to existing title issues in advance of issuing an RFP pursuant to RFQ 2021-001. Most recently, NHLC requested a change to the wetland delineation with DES. On February 6, 2023, DES acknowledged receipt of the NHLC's application to adopt updated wetland delineations based on NHLC's January 2023 wetland field report. In a letter dated February 8, 2023, the Town of Hampton's Conservation Commission acknowledged receipt of the NHLC's application, and they hired a wetland scientist to verify the NHLC's submitted plans. A site visit with the Commission's expert and the town's wetland scientist occurred on February 17th. The town's wetland scientist concurred with the Commission's expert, and the town provided DES a letter stating the same. On March 1, 2023, in accordance with Env-Wt 703.03, Changes to Prime Wetland Boundaries, DES accepted the revised Prime Wetland boundary. Since the Prime Wetland boundary was revised, the NHLC is working with HNTB/DOJ/DAS on the covenant/easement attached to the property. Issuing an RFP prior to the resolution of the covenant/easement could significantly diminish the value of the proposals received and impact target revenue projections. The additional time and expense resulting from the unexpected due diligence, combined with the substantial increase in building materials, fuel, and availability of construction related labor has yielded escalation of all aspects of the project financially in very significant terms.

Agency Request: \$7,490,660 (100% Liquor Funds)

Governor's Budget: \$13,780,000 (100% Liquor Funds)



#2 Headquarter Life Safety Improvements



The Concord Headquarters facility is over 60 years old and in need of a few life safety improvements and a small renovation for office space. The funding is necessary to;

- Replace warehouse bay doors; 10 roll-up fire doors with connection to fire alarm that do not meet code as noted in the fire marshal annual inspection and 4 exterior freight bay roll-up doors.
- Replace building security and door access controllers that are past useful life and no longer supported.
- Supplement the FY18-19 appropriation for the parking lot rehabilitation project. The original funding was to expand and repave the existing parking lot but after further inspections has turned into a sewer line, catch basins, infiltration systems, and curbing, as well as infrastructure repairs under the parking lot along with repaving.
- Roof replacement for the section of roof that was replaced in 2017. At the time of the Agency capital request submission the roof had been leaking and the company that did the original replacement went out of business, leaving the roof unrepaired. Since then, the manufacturer has completed repairs, but it is too soon to determine if the leaks have been eliminated or if replacement is still needed.
- Renovate 2,200 square feet of current warehouse space for multiple offices and a conference room. This will accommodate space for new employees and allow workspaces to be safely distanced and add a small conference room. (This was a separate Agency request that is not in the Governor's budget.)

Since it is currently unknown if the roof needs to be replaced, we are requesting to add the renovation for office space to this request in the event funding is available.

Agency Request: \$1,450,000; Did not include the warehouse renovation to office space.

Governor's Budget: \$2,400,000 (100% Liquor Funds)



#3 Keene Outlet Roof Replacement



The Liquor and Wine outlet in Keene was built in 2005 but it has been determined that the roof was not properly installed. The roof is leaking into the store and needs to be replaced. The original roof was not properly prepared, flashed, and sealed to industry standards by original installer.

Agency Request: \$220,000 (100% Liquor Funds)

Governor's Budget: \$220,000 (100% Liquor Funds)



#4 Computer Software – POS – D365

The NHLC is in the process of replacing all point-of-sale software, hardware and back-office computer systems referred to as D365. This request is for supplemental funds for contracts related to the project and to allow for enhancements or changes to the system and additional equipment should the need arise post go live. With the rapid changes in technology this request would allow the NHLC to implement enhancements that could improve efficiencies or increase revenue.

The D365 implementation requires additional funds due to delays in testing caused by blackout periods for Liquor operations and the State's financials (NHFIRST blackouts, financial blackouts for year-end ACFR, 1099s, etc.) for; Accenture to provide additional cutover support; to resolve integration issues discovered during testing; to work with Microsoft to resolve persistent software update issues; to allow for additional performance testing recommended by DoIT and Microsoft; to conduct a third-party security audit of the new system; and to protect revenue by avoiding going live with a new system during the highest sales volume months for NHLC.

In the Agency Capital Improvement request the Commission requested \$1,000,000 for an emergency fund and \$1,000,000 for this project; Computer Software – POS – D365.

We are now requesting \$1,500,000 for the D365 project and no funds for an emergency fund.

Agency original request: \$1,000,000 (100% Liquor Funds)

Current request: \$1,500,000 (100% Liquor Funds)