



STATE OF NEW HAMPSHIRE
DEPARTMENT of RESOURCES and ECONOMIC DEVELOPMENT
172 Pembroke Road P.O. Box 1856 Concord, New Hampshire 03302-1856

January 31, 2017

The Honorable Chris Christensen, Chair
and the House Resources, Recreation and Development Committee
NH Legislative Office Building, Room 305
Concord, NH 03301

Dear Chairman Christensen and Members of the Committee,

Please accept this testimony on behalf of the Department of Resources and Economic Development (Department), Division of Parks and Recreation (Division) regarding House Bill 608-FN, requiring the state park system to use competitive bidding for the acquisition and resale of firewood. The Division cannot support this bill as written as it is contrary to existing statutes and could be very detrimental to our retail program and existing relationship with the Department of Corrections.

The Division relies on the revenue from retail concessions to support the state parks system. In 2016 concessions transferred \$535,000 to the State Park Fund. New Hampshire State Parks generates more revenue from firewood than any other product sold in its concession outlets. In 2011, state parks generated \$133,500 in firewood sales, \$139,000 in 2012, \$167,500 in 2013, \$203,000 in 2014, and \$265,000 and \$275,000, respectively for 2015 and 2016. The firewood revenue this past season accounts for 12.5% of gross sales and approximately \$112,500 in gross profit, all of which is reinvested into the State Park System.

The retail account is set up as a revolving account to provide flexibility in the purchase of goods for resale. This flexibility provides the state parks system with the ability to maintain inventory in a highly demanding environment that is compressed into a 12-16 week operating season.

If we have a contract with one vendor, we lose all flexibility to respond to conditions out of our control. If the vendor stops supplying firewood or supplies an inferior product, by the time we can make corrections and contract with another vendor, the season would likely be over. This means not only a loss of up to \$112,000 in profit from firewood to support the Parks System but it would mean we would not be able to provide firewood to our visitors as an essential part of the camping experience. This is even more problematic because there is a quarantine on movement of firewood into and within the state so visitors cannot necessarily bring their own firewood from home.

Current statutes also address this concern. RSA 219:21 and RSA 21-I:18,(e), were specifically enacted to exempt the Department from the bidding requirements for certain purchases to enable

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the Division to purchase merchandise for resale in accordance with these laws as necessary for the effective operation of the Department of Resources and Economic Development.

PART 1

RSA 219:21 - DRED is authorized to purchase merchandise for resale in accordance with RSA 21-I:18 (purchases exempt from requirements of RSA 21-I:11)

“219:21 Purchases and Certain Expenses. –

I. The commissioner of resources and economic development may purchase such merchandise for resale and such operating supplies and materials as may be necessary for the operation of the department of resources and economic development. Items for resale may be purchased in accordance with RSA 21-I:18.”

PART 2

RSA 21-I:18, (e) – For purchases provided by RSA 219:21, DRED is exempt from the provisions of RSA 21-I.

“21-I:18 Exemptions. –

I. To the extent indicated in this section, the following agencies and purchases are exempted from the provisions of this chapter. All exempt purchases shall be made in accordance with the existing laws governing such purchases: ...

*(e) The purchase of materials, supplies and merchandise by the department of resources and economic development as provided by RSA 219:21 shall not be subject to the provisions of this chapter.” (Note – This chapter refers to **RSA 21-I:11**).*

PART 3

RSA 21-I:11 requires the purchasing of all materials, equipment, supplies, and services for all departments and agencies of the state through the division of procurement and support services through the competitive bidding process.

In addition, we have been purchasing firewood from the NH Department of Corrections (NHDOC) for over 20 years. In order to address the need for kiln dried firewood, we entered into a 5 year agreement with (NHDOC) to supply kiln dried firewood to the Division (kiln drying ensures the firewood is compliant with quarantines). Through the agreement, the Division has purchased a firewood kiln for the NHDOC and in return, the Division receives a discount on the next 150,000 bundles to recover the cost of the kiln. This agreement was approved by the Governor and Executive Council on February 10, 2016, Item #38.

. RSA 622:28 supports this interagency cooperation and reads:

622:28 Provision of Products for State Agencies. – No articles or supplies, except printing, such as are manufactured at the state prisons or for the state prisons in accordance with arrangements with other prison systems shall be purchased from any

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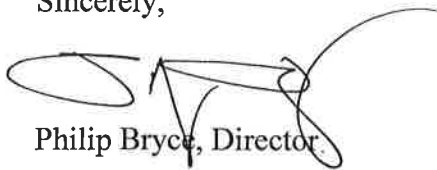
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other source for the state or its departments or institutions if the division of procurement and support services in the department of administrative services determines that such purchases may be made at fair market value. The commissioner of corrections will advise the division of procurement and support services in the department of administrative services as to what articles or supplies are available for purchase and their current prices.

The NHDOC is our primary supplier providing 25,000 bundles out of a total of 50,000 bundles. We also purchased 12,000 bundles from Carroll County Correctional Facility for state campgrounds in the area. The benefit of our relationship with these facilities goes beyond providing quality product to our visitors. We purchase the remainder from private vendors.

We urge you to fully consider the repercussions of this bill given the conflicts with existing statutes and the impact on both Parks and our Correctional Facility partners.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip Bryce", with a large, sweeping flourish extending to the right.

Philip Bryce, Director

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2/10/16
#38

STATE OF NEW HAMPSHIRE
DEPARTMENT of RESOURCES and ECONOMIC DEVELOPMENT
DIVISION OF PARKS AND RECREATION

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January 25, 2016

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

REQUESTED ACTION

Authorize the Department of Resources and Economic Development, Division of Parks and Recreation (DPR) to enter into a Memorandum of Agreement (MOA) with New Hampshire Department of Corrections (DOC) for DPR to provide a firewood kiln in an amount not to exceed \$50,000 to the New Hampshire Correctional Industries (NHCI) entity in exchange for discounted kiln-dried firewood for a 5-year period upon approval of Governor and Executive Council through December 1, 2020. 100% Park Funds

Funding for the purchase of the kiln is available as follows:
03-35-35-351510-37220000 Concession Operations – State Parks
030-500311 Equipment – General (New) \$50,000

EXPLANATION

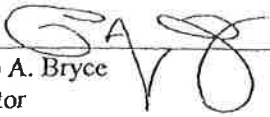
New Hampshire State Park's largest concessions revenue stream is from the sale of firewood. DPR has purchased firewood from NHCI for over 20 years. The MOA will enable DPR to provide a kiln to NHCI for the production of firewood for DPR that would control costs and increase product availability. The MOA will allow for a sustainable source of firewood for DPR while providing a revenue-generating work environment for inmates.

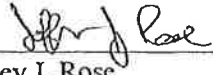
The firewood market has proven to be volatile over the past few years because of market conditions and more strict regulations in response to invasive species and tree disease. The addition of a kiln will limit the spread of invasive species and vastly improve the lead time and distribution of firewood throughout the state park system while providing campground guests with a superior product. This MOA will provide for and strengthen the partnership between DPR and NHCI for a 5-year period through December 1, 2020.

The Attorney General's office has reviewed and approved this MOA as to form, substance and execution.

Respectfully submitted,

Concurred,


Philip A. Bryce
Director


Jeffrey J. Rose
Commissioner