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STATE OF NEW HAMPSHIRE
DEPARTMENT of NATURAL and CULTURAL RESOURCES
OFFICE OF THE COMMISSIONER

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172 Pembroke Road Concord, New Hampshire 03301
Phone: 271-2411 Fax: 271-2629

June 21, 2022

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

REQUESTED ACTION

In accordance with RSA 12-A:29-b,V, the Department of Natural and Cultural Resources respectfully requests approval of the recommendation of the Cannon Mountain Advisory Commission to implement the Cannon Mountain Aerial Tramway & Ski Area capital improvement project listed in the attached outline, to be funded in the amount of \$450,000 by the Cannon Mountain Capital Improvement Fund. The Cannon Mountain Advisory Commission recommended submittal of this request and is contingent upon approval by the Capital Budget Overview Committee (Item CAP #22-011, scheduled for July 13, 2022).


EXPLANATION

Chapter 134:13, Laws of 1998, authorized the State Treasurer “[t]o provide funds for the Cannon Mountain Capital Improvement Fund (CMCIF)... to borrow from time to time upon the credit of the State such amounts so that the total State obligation shall at no time exceed the sum of \$6,000,000, and for said purpose may issue bonds and notes at such time in the name of and on behalf of the State of New Hampshire in accordance with RSA 6-A.”

The projected June 30, 2023 available balance outstanding is approximately \$856,470. Thus, this request is within the \$6 million threshold as required by Chapter 134:13, Laws of 1998. The Mount Sunapee lease payment revenues support the debt service for the Cannon Mountain Capital Improvement Fund (CMCIF). Projected growth of base payments under Vail Resorts’ ownership is estimated to increase consistently going forward, thus accelerating bond payoff. Attached, you will find the updated spreadsheet as provided by the NH Treasury Department.

Also attached for your information are the minutes from the June 13, 2022 Cannon Mountain Advisory Commission meeting, at which the attending commission members unanimously recommended Cannon’s FY23 capital project plan utilizing said \$450,000 in CMCIF funds as a not-to-exceed. These snowmaking, lift, and building infrastructure projects will provide necessary upgrades in timely order. These improvements help to continue our strong push on high quality service and experiences and addresses our infrastructure needs, allowing us to continue to provide revenue growth in support of the entire State Park System. Your approval of this project would allow Cannon to get a much-needed jumpstart on the contracting and purchasing processes in an effort to complete these projects in the Fall of 2022, or at latest, during the Spring of 2023.

Respectfully submitted,


Sarah L. Stewart
Commissioner



STATE OF NEW HAMPSHIRE
DEPARTMENT of NATURAL and CULTURAL RESOURCES
OFFICE OF THE COMMISSIONER

172 Pembroke Road Concord, New Hampshire 03301
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June 21, 2022

The Honorable John Graham, Chairman
Capital Budget Overview Committee
State House
Concord, New Hampshire 03301

REQUESTED ACTION

In accordance with RSA 12-A:29-b, the Department of Natural and Cultural Resources respectfully requests approval of the recommendation of the Cannon Mountain Advisory Commission to implement the Cannon Mountain Aerial Tramway & Ski Area capital improvement project listed in the attached outline, to be funded in the amount of up to \$450,000 by the Cannon Mountain Capital Improvement Fund. No general funds will be used. The projects in question are three (3) primary snowmaking artery water pipe replacement projects and some necessary snowmaking gun and hydrant purchases, a boiler system replacement at Cannon's primary base lodge, and the replacement of the haul rope grip assemblies on the Cannonball Quad (summit) chairlift.

EXPLANATION

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Respectfully submitted, (15/24)

Sarah L. Stewart
Commissioner

State of New Hampshire Department of Natural and Cultural Resources Cannon Mountain Aerial Tramway & Ski Area Fiscal Year 2023 Cannon Mountain Capital Improvement Fund (CMCIF) Request per RSA 12-A:29-b		
Project	Estimate	Explanation
INFRASTRUCTURE IMPROVEMENTS		
Boiler System replacement at Peabody Lodge	\$ 25,000	Double boiler system currently in place; one system is in falliure mode, second system is same vintage; contractor would either replace with same or replace with larger single system.
Sub-Total Infrastructure Improvements	\$ 25,000	
LIFT MAINTENANCE / REPAIRS		
Replacement of grip assemblies on the Cannonball Quad (summit) lift	\$ 125,000	Grip replacement necessary no later than Spring 2023, preferably Fall 2022, proprietary item through Doppelmayr for this particular lift system..
Sub-Total Lift Maintenance / Repairs	\$ 125,000	
SNOWMAKING IMPROVEMENTS		
Two primary water line replacements, one repair on the main artery, and necessary gun and hydrant additions	\$ 300,000	Replacement of water lines on the "Avalanche," and "Brookside" trails, and a repair on the main artery across the base, and necessary gun and hydrant additions to add flexibility in moving between trails with land guns.
Sub-Total Snowmaking Improvements	\$ 300,000	
GRAND TOTAL FY22 CAPITAL PLAN	\$ 450,000	

STATE OF NEW HAMPSHIRE
 DEPARTMENT OF NATURAL AND CULTURAL RESOURCES (DNCR)
 SUMMARY OF CANNON MOUNTAIN CAPITAL IMPROVEMENT FUND (CMCIF) RSA 12-A:29-c
 FISCAL YEAR 2016 TO 2023

Fiscal Year no.	Actuals							Projected			
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Balance - July 1	\$ (332,618)	\$ (302,214)	\$ (425,908)	\$ (343,975)	\$ (199,291)	\$ (241,548)	\$ (115,284)	\$ 47,545	\$ 154,863	\$ 297,479	\$ 531,349
Revenue from Surplus lease payment	660,534	517,457	623,586	616,608	356,428	586,118	747,808	718,000	737,000	757,000	777,000
Debt Service Issues:											
A Debt service issued as of 6/30/2008 but prior to 2014	554,448	548,523	338,912	277,374	163,789	120,188	106,382	73,368	70,822	68,680	68,223
B Actual for bonding in FY 2014 \$489,129 issue #N2185	38,120	37,291	36,411	36,461	36,461	43,741	42,111	40,481	6,257	6,257	25,847
C Actual for bonding in FY 2015 \$280,325 issue #N2225	27,564	26,963	26,488	20,954	25,119	24,338	23,557	22,778	21,985	21,215	15,358
D Re-Funding Bond Issue Adjustment FY 2017 #N226 on Pre 2009 Issues	-	-	4,420	4,780	4,780	4,554	235	1,854	2,330	825	-
E Actual bonding for FY 2017 \$1,215,210.00 issue #N2278	-	27,344	136,428	131,374	127,322	123,270	119,218	115,186	111,114	107,062	103,010
F Actual for bonding in FY 2019 \$356,510 issue # 232	-	-	-	-	41,252	36,250	35,152	34,082	33,013	31,943	30,873
G Actual for bonding in FY 2020 \$753,987 issue # 235	-	-	-	-	-	81,850	79,588	77,322	75,058	72,794	70,484
H Actual for bonding in FY 2021 \$1,220,783 issue # 237	-	-	-	-	-	25,864	129,566	125,902	122,237	118,573	114,908
I Refunding Bond Issue Adjustment FY 2021 #238 on pre-2009 issue	-	-	-	-	-	-	2,528	1,754	6,742	12,563	3,847
J Refunding Bond Issue Adjustment FY 2021 #239 on pre-2009 issue	-	-	-	-	-	-	46,861	74,857	58,635	-	-
K Projected bonding in FY 2023 from FY 2022 approved \$400,000 issue	-	-	-	-	-	-	-	43,400	42,200	41,000	39,800
L Projected bonding in FY 2024 from FY 2023 approved \$430,000 issue	-	-	-	-	-	-	-	-	43,400	42,200	41,000
Total Debt Service Cost	620,133	641,150	641,654	470,924	398,583	458,855	584,977	610,962	594,104	523,130	514,349
Annual Revenue Over (Under) Debt Service	35,401	(123,693)	61,832	144,884	(42,287)	126,263	162,829	107,038	142,896	233,678	262,651
Projected Deficit/Surplus Account Balance - Fiscal Year End of June 30	\$ (302,214)	\$ (425,908)	\$ (343,975)	\$ (199,291)	\$ (241,548)	\$ (115,284)	\$ 47,545	\$ 154,593	\$ 297,479	\$ 531,349	\$ 794,000
Available to Borrow from Fund	\$ 2,884,061	\$ 2,690,189	\$ 2,341,839	\$ 1,788,029	\$ 112,524	\$ 436,309	\$ 431,179	\$ 696,479	\$ 1,233,879	\$ 1,880,489	\$ 1,883,792

- Notes:
- 1 Revenue projection estimates based on assumption of 3% growth each year.
 - 2 Revenue projection in 2023 assumes 16% decrease from 2022 due to higher than average recreational activity in 2022 driven by COVID pandemic.
 - 3 Actual Revenue in FY 2017 of \$817k reflects decrease of 21% from FY 2016 based on weather related low performance for 15-16 winter season.
 - 4 Future Bond Issues projected @ 3% Interest Rate.
 - 5 Projected Debt Service is based on future timing of issuance of treasury bonding of approved capital spending. Projections may shift to later fiscal years depending on date of bond issues.
 - 6 Availability of funds balance in 2022 reflects net of \$400k draw (current request) against principal paid back.
 - 7 Debt Service figures for FY 2022 are projected per Treasury as reported.

Cannon Mountain Advisory Commission
DRAFT of the Special Meeting Minutes // June 13, 2022 // 10 AM @ Park HQ

CMAC Chairman Terry Penner called the meeting to order at 10:05 AM

Introductions

CMAC members present were... Terry Penner (Chair), Frank MacConnell (Vice Chair), Representative Joyce Weston, State Treasurer Monica Mezzapelle, Richard McLeod, Sherriff's Deputy Jon Tholl, and Thad Presby. CMAC members absent were... (former Senator / new Deputy Secretary of State) Erin Hennessey, Senator William Gannon, and Representative Michael Gunski. The non-CMAC member in attendance was FNSP-Cannon General Manager John DeVivo (acting as meeting steward and scribe).

Updates

DeVivo gave a brief update on ongoing summer operations and the challenges with staffing shortages.

DeVivo and State Treasurer Mezzapelle briefly detailed the status of the Cannon Mountain Capital Improvement Fund (CMCIF). DeVivo had spoken with DNCR Chief of Administration Chris Marino, and Mezzapelle with Deputy State Treasurer Rachel Miller.

- The fund takes into account the \$1.2M recommended and approved at all applicable levels (over the last several meeting cycles) toward the prospective summit septic project.
- The fund takes into account the \$400K recommended and approved toward the planned Fall 2022 track cable relocation at the Aerial Tramway (still awaiting Doppelmayr specs).
- The fund shows availability for the prospective ("Not to exceed \$450K) recommendation to Commissioner Stewart for the three projects to be discussed.

DeVivo detailed his morning conversation with (Marino) regarding Cannon's rolling fund balance. Entering FY22, the balance was in excess of \$900K, and Cannon went to the Fiscal Committee in October for permission to pull \$660K to cover previously unbudgeted FY22 expenses, which was granted. Cannon's fall-winter-spring season(s) went well, and that \$660K was more than covered during FY22; the ski area is expected to (at minimum) cover that \$660K reduction, and is expected to show an existing balance of at least \$1M net positive (or greater) at the close of FY22.

Capital Project Discussion (\$450K)

DeVivo detailed the following projects and termed them "imminent needs."

- \$300K to cover snowmaking water pipe replacement on the "Avalanche" and "Brookside" trails, and repairs to certain sections of the snowmaking "main water line" across the primary base area, with any dollar amount under the \$300K to be allocated toward HKD Viper or HKD Phazer portable Low-E guns and water/air hydrants, all of which are needed to gain more speed and flexibility of movement from trail to trail, given recent weather and staffing patterns. **Prospective timeframe – Fall 2022**
- \$125K to replace the grip assemblies on the Cannonball Quad Chairlift. **Prospective timeframe – Fall 2022 / Spring 2023**
- \$25K to replace the current boiler system at Peabody Lodge; dual system currently, one system is nearing failure, the second is the same vintage. Project will replace both, either with same size systems or one larger system. **Prospective timeframe – Fall 2022**

CMAC Recommendation

Chairman Penner asked for a motion to recommend (to DNCR Commissioner Stewart) an expenditure (not to exceed \$450K) in CMCIF funds to cover the project list as laid out by DeVivo. Sherriff's Deputy Jon Tholl made the motion and it was seconded by Thad Presby. The motion passed unanimously without further discussion.

Other Business

A general discussion was had regarding the ongoing discussion of the Aerial Tramway replacement. DeVivo mentioned that he's been told that the discussion is still actively being held between (the Governor and Governor's Office, NH Legislature leadership, and DNCR / NH Parks leadership), relative to the funding source(s) for the project, and that there's no definitive answer as of yet. The Governor may yet choose to seek ARPA funding, but has indicated more of an inclination at this point to go the legislative route. Chairman Penner indicated a desire to reach out within the near future to (either Commissioner Stewart or Deputy Secretary of State Hennessey) for further detail and clarification.

Adjournment

Chairman Penner asked for a motion to adjourn the meeting. Frank MacConnell made the motion and it was seconded by Sheriff's Deputy Tholl. The motion passed unanimously and Chairman Penner adjourned the meeting at 11:00 AM