

CAPITAL BUDGET OVERVIEW COMMITTEE

Legislative Office Building, Room 201

Concord, NH

Wednesday, May 27, 2015

MEMBERS PRESENT:

Rep. Gene Chandler, Chair

Rep. John Cloutier, Clerk

Rep. Mark McConkey

Rep. David Danielson

Rep. Frank Byron

Rep. Dan Eaton

Sen. David Boutin

Sen. Nancy Stiles

Sen. Gary Daniels

(Convened at 12:00 noon)

(1) **Acceptance of Minutes of the March 19, 2015, and March 26, 2015 meetings**

CHAIRMAN CHANDLER: Time being 12 o'clock, we will open the Capital Budget Overview Committee meeting. The minutes, approval of the minutes --

** REP. EATON: Move approval.

SEN. STILES: Second.

CHAIRMAN CHANDLER: -- of the last meeting. Representative Eaton moves approval, seconded by Senator Stiles. All those in favor? Any opposed? The motion carries.

*** {MOTION ADOPTED}

(2) **Old Business:**

CHAIRMAN CHANDLER: Old Business.

(3) **New Business:**

CHAIRMAN CHANDLER: New Business. First item on the agenda --

SEN. BOUTIN: Mr. Chairman.

CHAIRMAN CHANDLER: Yes.

SEN. BOUTIN: There's another set of minutes in here.

CHAIRMAN CHANDLER: Oh, there's two.

SEN. BOUTIN: March 26th.

REP. CLOUTIER: I think the elected officers.

CHAIRMAN CHANDLER: March 26th meeting. The same people move approval and second. All those in favor? Motion carries.

***** {MOTION ADOPTED}**

CHAIRMAN CHANDLER: The first -- yes, right. The first Item 15-026, Department of Resources and Economic Development requests approval of the recommendation, et cetera, et cetera. Capital Improvement Project shall be funded in the amount of \$625,000. Anyone wishing to speak?

JOHN DEVIVO, General Manager, Cannon Mountain Aerial Tramway and Ski Area and Franconia Notch State Park: Good afternoon. My name is John DeVivo, General Manager at Cannon Mountain Aerial Tramway and Ski Area and Franconia Notch State Park. I'll let Chris handle his own introduction.

CHRISTOPHER MARINO, Finance Administrator, Department of Resources and Economic Development: Good afternoon. My name is Chris Marino. I'm the Finance Administrator for the Department of Resources and Economic Development. I just handed out a schedule for you just to supplemental to the package. Do you all have the document that we submitted originally?

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What we're looking at today is to try and procure \$625,000 in capital spending, capital money to make some advance improvement over in the Cannon Mountain area. I just handed out to you some projections based on our profit margin and how we would intend to use that under the circumstances. There's some current language in HB2 that we are trying to get through which would allow us to put any profits that are generated from the Cannon operations into the Cannon Mountain Capital Improvement Fund. So that's what that projection is that you see before you that I just handed out.

The one that was included in the package originally is a more conservative projection, \$150,000 each for two years. That get us back to a positive projected balance in 2018 and with that going forward would be covered. The payments from the Sunapee lease would cover the cost for the Capital Mountain Improvement Fund going forward.

CHAIRMAN CHANDLER: Questions? Senator Boutin.

SEN. BOUTIN: Thank you. I just want to touch on one that -- I have a number of questions, but the one that was I just found out about it yesterday, and if I understand it, what's in House Bill 2 is to transfer the money that's transferred to Parks is if House Bill 2 passes that would no longer transfer to Parks.

MR. MARINO: That's correct.

SEN. BOUTIN: And I guess I have a concern about that, and perhaps you can explain the rationale for doing that.

MR. MARINO: Sure. Well, in looking at the progress that we've made with the transition -- transfer of profits to the Park Fund, it has been helpful to the Park. But in looking at projections of Capital Mountain Improvement Fund going forward, we think it's important. We are running a deficit as you can see at the moment. And this is the strategy to get us back onto track to move that in a positive direction going forward so that we can sustain the investments in the Cannon Mountain

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Improvement Fund going forward. We have considered possibly looking to amend that language should it be necessary to reduce that. We do see value in moving that money into the Parks Fund. But this was an aggressive approach to try and capture that motion for Cannon Improvement Fund back in a positive direction. So that was the rationale, the basic rationale behind that request.

SEN. BOUTIN: Follow-up, Mr. Chairman.

CHAIRMAN CHANDLER: Further question.

SEN. BOUTIN: I'd like to take this a little bit further. So in your own words you are currently running a deficit in Cannon Mountain Capital Improvement Fund.

MR. MARINO: There is a current deficit in that balance currently, yes. A small -- yes.

SEN. BOUTIN: And if -- if the Legislature decided that the money that's supposed to be going to the Parks -- of course, it's been going to the Parks as long as I can remember.

MR. MARINO: At least the last biennium.

SEN. BOUTIN: So that being the case, if they did not agree with you, then you wouldn't have enough money to pay. You're in deficit mode now, and you wouldn't have enough money to pay new costs of the \$6 million; correct?

MR. MARINO: Well, we do have a projection. I'm sorry. We do have a projection out there. Assuming that that language were not to allow us to do that, we would still catchup. It would just take us a little bit longer down the road to get to that point.

SEN. BOUTIN: Do you have that with you?

MR. MARINO: I don't have the one with the additional 625.

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As it currently stands, we'd be looking at probably 2018. If we were to not put anything in there, it would take us a couple years longer than that to get back to a breakeven in there. That also assumes that we are not having any increases in our revenue projections beyond 3% with the payments from the Sunapee establishment.

SEN. BOUTIN: Thank you. Mr. Chairman.

CHAIRMAN CHANDLER: Further question.

SEN. BOUTIN: No, I want to let others ask questions, but I do want to ask of the Chair that we make a formal request to get that information based on that language not being in House Bill 2.

CHAIRMAN CHANDLER: Okay. You heard that?

MR. MARINO: Yes, sir.

CHAIRMAN CHANDLER: That's the request. I just have one quick question for you. The paper you just handed out now --

MR. MARINO: Yes.

CHAIRMAN CHANDLER: -- is somewhat different than what was in the packet; is that correct?

MR. MARINO: That's correct.

CHAIRMAN CHANDLER: Okay. I just want to make sure that I was looking at it correctly.

MR. MARINO: Yes. The estimated figures for expenditures are the same. The only difference between the two is the package that was originally sent to you estimated we put \$150,000 a year from the fund in '16 and '17 to bring us to a breakeven by 2018 with the 625,000 included.

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CHAIRMAN CHANDLER: Hm-hum.

MR. MARINO: The package I just handed you or the paper I just handed you shows a projection with a \$500,000 estimate for '16 and '17. You can see it's a significant turnaround, much quicker turnaround. This would be a depiction of what it would look like if the HB2 language that we're currently requesting were to pass.

CHAIRMAN CHANDLER: Thank you. Senator Stiles.

SEN. STILES: Thank you. Thank you. Thank you for being here. If that language in HB2 passes, is that a permanent thing that you would no longer give any money to the Parks?

MR. MARINO: No, Representative. We're requesting this for the -- currently for the biennium, the 16-17 biennium.

SEN. STILES: Only?

MR. MARINO: This is not something we expect to request in perpetuity.

SEN. STILES: Thank you.

CHAIRMAN CHANDLER: I, unfortunately, don't have the language with me. I don't think there's anything in that that says that it's only for the biennium. So would take a change.

MICHAEL KANE, Deputy Legislative Budget Assistant, Office of Legislative Budget Assistant: It says for the biennium ending June 30th, 2017.

CHAIRMAN CHANDLER: In House Bill 2 it says just for the biennium.

MR. KANE: Yes, House Bill 2 as passed by the House, correct.

CHAIRMAN CHANDLER: Representative McConkey.

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REP. MCCONKEY: Thank you, Mr. Chairman. I don't know if you're the correct person for this, but looking at the amount of your purchases for the total up to the 625, top one is an excavator. I'm familiar with -- somewhat familiar with Wildcat, Bretton Woods, and so forth. An excavator certainly has its merits. Can you tell me where you are with machinery on that now? Do you have equipment now or is this replacing something or is this the first time you're going to purchase an excavator?

MR. DEVIVO: Thanks for the question. This would be a new purchase for us. We currently lease at 16 to 20,000 a year an excavator for anywhere from two to four months for various projects. We own a -- we'll soon own a backhoe that we've leased over the last four years and we have a purchase agreement tacked on to that one at the end. We own a small John Deere tractor, and then the rest of our fleet is about 41 vehicles, slope mower and whatnot.

REP. MCCONKEY: If I understand, you do not have an excavator.

MR. DEVIVO: We do not own one at this time.

REP. MCCONKEY: Thank you.

CHAIRMAN CHANDLER: Further questions? Senator Boutin.

SEN. BOUTIN: Thank you, Mr. Chairman. Can we look at your sheet you sent us in the back for the moment?

MR. MARINO: Yes, sir.

SEN. BOUTIN: On the language that transfer of net revenue from Cannon operations. So you're going to take operating money of \$150,000 in those two years and put it into the account to pay down the Capital Budget improvement budget?

MR. MARINO: Yes, surplus. That is correct. This is a projection, estimating a need for \$150,000 for each Fiscal Year in order to bring us back to a breakeven of going forward and

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running a positive balance going forward after 2000 -- starting in 2018.

SEN. BOUTIN: Follow-up, if I may, Mr. Chairman?

CHAIRMAN CHANDLER: Further question, yes.

SEN. BOUTIN: How do you do it now? How do you pay down that?

MR. MARINO: Currently, the way that it's designed is the language that exists any profits generated from the Cannon Mountain operations, that is, the concessions and the operations, the first \$500,000 that is earned goes to the Parks Fund and anything in excess of that would then be applied to, in addition to the revenues from the lease payments from Sunapee. That's how it's worked.

SEN. BOUTIN: So --

MR. MARINO: The second sheet I handed out to you shows an example of how that works a little bit better.

SEN. BOUTIN: So -- further question.

CHAIRMAN CHANDLER: Further question.

SEN. BOUTIN: So the money that comes from Sunapee, is that strictly for operation?

MR. DEVIVO: Strictly for capital.

SEN. BOUTIN: What's that?

MR. DEVIVO: Excuse me. The Sunapee lease payment by law is strictly to be used for capital at Cannon Mountain for the Cannon Mountain Capital Improvement Fund.

MR. MARINO: Right, right.

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SEN. BOUTIN: So --

MR. MARINO: So, ideally, that money is what would fund the cost of the bonding.

SEN. BOUTIN: You didn't know this \$600,000 projected or is that your actual number for 2015?

MR. MARINO: Our actuals we don't have. We received one payment. We are still waiting for the final payment to get that correct number.

SEN. BOUTIN: So this money which made 642 to 506,000 is what pays your -- right now you have what? You have roughly 2.4 million out in bonds. Does it take all of that money to pay the bond down?

MR. MARINO: Yes. We're estimating an expense of about 650,000. We expect payments to come in this year somewhere around 642. So we are very close to that break-even. Going forward we expect that to reverse.

SEN. BOUTIN: So there's no money left over then for capital expenditures.

MR. MARINO: If we're talking strictly from the lease payments from Sunapee, that's correct. Currently.

SEN. BOUTIN: And that was the original -- I'm sorry, Mr. Chair.

CHAIRMAN CHANDLER: That's all right.

SEN. BOUTIN: Was that the original intent of the law that passed? What was it in '96, '98?

MR. DEVIVO: '98.

MR. MARINO: Right. That's correct. And the reason why we're looking at the projection of 150,000 two years is last year we

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had an unexpected workers' compensation expense that took away the advantage we had expected to have to fund this, which was came in around that \$300,000. So this is just an action to catchup for a shortfall we had in the last biennium or the last Fiscal Year. But that -- that aside, the Sunapee lease payments should cover adequately this and any -- and the additional 625K that we project going forward.

SEN. BOUTIN: I'm a little puzzled. Mr. Chairman, if I might?

CHAIRMAN CHANDLER: I can understand.

SEN. BOUTIN: You just said a few minutes ago you have a deficit.

MR. MARINO: We currently do have a deficit. That's correct.

SEN. BOUTIN: So if nothing changed, this didn't go through, you didn't get HB2, you would continue in a deficit.

MR. MARINO: We would continue that deficit at approximately what it stands at today. Yes.

SEN. BOUTIN: Which means you'd have to stop a couple expenditures until you catchup.

MR. MARINO: If we were to stop capital expenditures we would catchup.

SEN. BOUTIN: When would you catchup?

MR. MARINO: I would project by 2019 to 2020 we would eventually be caught up. Whereas if we were to --

SEN. BOUTIN: Meaning that the bonds would be completely paid off.

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MR. MARINO: Meaning -- no, meaning that the lease payments would be able to adequately cover the Debt Service without any deficit on a yearly basis going forward.

SEN. BOUTIN: Can I have ask one more?

MR. MARINO: It will still take many years to pay the bonds off.

SEN. BOUTIN: Do you -- do you do a financial report every year, Fiscal Year, that's available to see how the funds are being used?

MR. MARINO: There is a report that should be produced that gives some information about the capital fund. I don't happen to have it with me here.

SEN. BOUTIN: Has that report already been accounted or anything like that?

MR. MARINO: I don't think it's technically audited beyond internal auditing and also Department of Administrative Services would help us with that to make sure that the figures are correct.

SEN. BOUTIN: One last question, Mr. Chairman. Has there ever been an LBA audit of Cannon Mountain operation?

MR. DEVIVO: There has.

MR. MARINO: Yes.

MR. DEVIVO: We are in the middle of it right now.

MR. MARINO: We just completed one. I just submitted responses this week for that audit.

SEN. BOUTIN: One last question?

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CHAIRMAN CHANDLER: Sure.

SEN. BOUTIN: May I ask Mr. Kane a question?

CHAIRMAN CHANDLER: Yes.

SEN. BOUTIN: Mr. Kane, do you anticipate when that report will be done?

MR. KANE: I don't know. This is usually the last phase is the auditee will respond. Our auditors will take a look at it. Then they have to put the document together and that's something I don't know when they plan to go to Fiscal. Unless they've talked to the Department on their answers, I have no idea. The next Fiscal Committee is end of June. I know nothing on what audits are going to be ready.

CHAIRMAN CHANDLER: Thank you. Commissioner.

JEFFREY ROSE, Commissioner, Department of Resources and Economic Development: Sorry to be late. I was over at Governor and Council, but I'm happy to try to provide a little bit more context. It is our -- in working with the LBA, it is our hope that we'll be able to hit that June Fiscal Committee for the Cannon audit. And I'm sorry if there were any other questions that we weren't able to provide responses to. But we do -- one of our top priorities is to try to eliminate that deficit, which is why we have the language that we brought forward within HB2. That has passed in the House, passed in the Senate. We are optimistic that hopefully it will be retained. But that is one of our top priorities. And the lease premise of Sunapee has been extraordinarily successful; not just for Sunapee, but for Cannon Mountain and our overall Parks System.

The way that that has worked is that payment that we receive, and you can see it listed here \$642,000 for last Fiscal Year 15 is what we are anticipating. So that will pay off that bonding that's been the Cannon Mountain Capital Improvement Fund. Those upgrades that we've been able to utilize within the Cannon Mountain Capital Improvement Fund have allowed us to

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improve our services at Cannon. The excess revenues at Cannon have been going into our overall State Parks Fund which has allowed us to take our Parks Fund, which was at an operational deficit, to a point now where we actually have what I refer to as an appropriate level of a Rainy Day Fund in order for us to be able to address some of our back maintenance issues within the overall Parks System. So the process is working, actually, exceptionally well. And it is our priority right now to eliminate that deficit so that we can continue to make the upgrades necessary.

CHAIRMAN CHANDLER: House Bill 2 hasn't passed the Senate yet.

MR. ROSE: No, I'm sorry. I apologize. In the Committee. I apologize, Representative. It's through the Finance Committee but not before the full Senate. Yes.

SEN. D'ALLESANDRO: We'll do House Bill 2 this afternoon. It's in its final drafting stage so it's still operational.

SEN. BOUTIN: When in the afternoon?

SEN. D'ALLESANDRO: I would assume late.

SEN. BOUTIN: Thank you, Mr. Chairman. Thank you, Commissioner, for coming today. I appreciate it. And your staff. I have a three-prong question, and then I'm going to shut up but I'm not a banker. I'm not a financial analyst, but I'm smart enough to know that when I see something like this that's got a whole lot of numbers with parentheses around them, I did take a little accounting, I know what that means. Those are negative numbers. So this sheet that you've supplied us in my estimation raises a lot of flags.

The second part of my inquiry is reading the minutes from April 10th -- 10, and it says Chairman McLeod asked the question regarding whether the intended use of Cannon's Fiscal Year 15 surplus has been discussed. Now I don't know whether in this statement anywhere it reflects surplus, if there is surplus. Do

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you have a surplus? Is it reflected in here? And, secondly, do you have a reserve fund for emergencies? Those are things that I don't know. And then, thirdly, it strikes me is that looks like we're walking right up to the edge of the cliff, getting as close as we can to it. Because in here it says that a DRED employee proposed that Cannon Mountain spend a million dollars a year. So it just leaves me with a lot of concerns about the fiscal health of Cannon and whether or not in the next biennium we are going to see a request for General Fund money to support that facility, which takes away from the other things that we need to fund in General revenues in the State Budget.

So for those reasons, I would have a very difficult time voting to support this today. I would vote to or I would hope what we would do is table it. Wait until we -- Mr. Chairman, I would ask --

CHAIRMAN CHANDLER: That a motion?

SEN. BOUTIN: -- we get a copy of that LBA audit for this Committee.

CHAIRMAN CHANDLER: Right.

SEN. BOUTIN: And then once we've had an opportunity to digest that and get some responses to what questions today, perhaps at our next Capital Budget Improvement Committee we could take this item up again.

CHAIRMAN CHANDLER: That a motion?

SEN. BOUTIN: Well, I don't want to make a motion yet, unless everybody has asked their questions. If they have, I will make a motion.

REP. EATON: One minor question. The last place anybody here should be doing is micromanaging your operation. But 150 grand for an excavator for four months a year is a pretty healthy chunk of change. Have you guys looked at lease purchase with interest rates being so low, pay as you go, spread it out, pay

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as you use, instead of a buck and a half out when you're in a deficit?

MR. ROSE: Would you mind -- we could answer that question in one moment. But if you don't mind, maybe we could try to respond to the question that Senator Boutin.

REP. EATON: Might be helpful.

MR. ROSE: Okay. Excellent. Thank you. I know Director Bryce I think had -- he wanted to chime in regarding Senator Boutin's question if that's acceptable to the Chair.

CHAIRMAN CHANDLER: Okay.

PHIL BRYCE, Director, Division of Parks, Department of Resources and Economic Development: Mr. Chairman, may I respond?

CHAIRMAN CHANDLER: I think it's information he was requesting. I don't know. If you have it, I guess you can answer his question.

MR. BRYCE: I can answer, I think, substantial pieces of his question. Phil Bryce, Director of the Division of Parks at DRED.

Mr. Chairman, Committee Members, thank you for taking this up. First, I think the first key point is in the past the Agency went forward with a request for Capital Budget based on the \$6 million limit and not looking at the balance in the fund. And so you asked why did you go negative? It's because they were looking at this -- at the 6 million in total bonding that was permitted to being the limit, not keeping it -- not keeping it above zero. So that's kind of why we got in it. And the last budget cycle we determined we ought to start -- we ought to change that approach and start looking at getting this paid off.

Regarding the amount this year, any surpluses that Cannon makes based on HB2 in the current biennium will go to

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the -- will go to the Parks Fund so they don't end up on that sheet. They end up going into the Parks Fund as to ensure that we have, as the Commissioner mentioned, we have a solid balance in the Parks Fund going forward.

Regarding the million dollars that you mentioned, that million dollars is not a million dollar request for General Funds. That request was relative to if the Legislature allowed us to spend capital money, spend Cannon's surpluses to continue to bond up to the 6 million, which we are allowed to bond, we would -- we would -- we would do that and we would look at possible -- look at maybe as much as a million dollars of bonding going forward. And that's generally in talking to J.D. what our -- that's a -- that's generally an amount that many ski areas look at and looking at our needs going forward.

So nothing to do with General Funds. It would require the support of the Legislature to use surpluses to bond those amounts. And we believe that those surpluses would support that level of bonding; but, obviously, we would need your approval to go forward and to allow us to, like other ski areas, to continue to invest in Cannon. Thank you.

SEN. BOUTIN: Mr. Chairman, if I may? Thank you. Director Bryce, I'm sorry if I implied that the million dollars was coming out of the General Fund. That's not what I was implying.

MR. BRYCE: Right.

SEN. BOUTIN: What I was saying was, we're in a deficit now. You're proposing to spend a million dollars annually on top of what you already spend. And I understand you have a \$6 million cap allowed by law, although financial prudence might say we don't go to that cap, right to the edge of the cliff. What I said was, and let me clarify it again, what I said was if you continue in a deficit there's only one place you're going to come to and you're going to be knocking on the Legislature's door and say we need some General revenue funds. That's -- maybe that's not true, but I don't know where else you're going to get it. So and -- what was the first point you made?

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MR. BRYCE: Regarding the 6 million cap being the driver rather than a deficit, rather than the amount of the payments.

SEN. BOUTIN: Why don't you answer the question, do you have a reserve fund for this operation?

MR. BRYCE: No, we do not have a reserve fund because in HB2 any reserves go to the Parks Fund, any potential reserves. So we do not have a reserve fund for Cannon operating. Both the ski -- both -- there's a Parks Fund which actually includes the Ski Account and the Parks Account. They're both considered, quote, unquote, Parks Fund. So everything at the end of the Fiscal Year based on HB2 that's a surplus from Cannon rolls back into the parks fund. So we don't keep a separate reserve fund for Cannon.

CHAIRMAN CHANDLER: Motion? Oh.

SEN. BOUTIN: I just want to make a statement and then I'll make a motion, Mr. Chairman, if everybody is done asking.

Director Bryce, I as a member of the Senate Capital Budget, as you know and Commissioner knows, I voted to support and pass the Capital Budget that adds, I think, somewhere in the vicinity of a million and a half or more new dollars to Parks. That being said, I find it inconsistent for me to support this HB2 language which does just the opposite. So we put money in one pot for you for Parks and then you guys are going to take it out out of this one -- out of the pot and use it for something else. So, you know, that doesn't make any sense to me.

But I will make the motion and I make the motion in the spirit of not because I want to delay or that I'm not in favor or anything like that. I just don't think we have enough information to move ahead today on this particular item.

CHAIRMAN CHANDLER: What's your motion?

** SEN. BOUTIN: My motion is that we table this.

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CHAIRMAN CHANDLER: Okay. Senator Boutin moves we table it.

REP. MCCONKEY: Second.

CHAIRMAN CHANDLER: Seconded by Representative McConkey.

SEN. BOUTIN: And part of that I want, Mr. Chairman --

CHAIRMAN CHANDLER: We are not supposed to discuss.

SEN. BOUTIN: -- you specifically request a copy of the LBA audit.

CHAIRMAN CHANDLER: Why don't we bring that after we vote on it one way or the other, then we can bring up what we want to do.

SEN. BOUTIN: All right.

CHAIRMAN CHANDLER: So we have a motion made and seconded to table the item. Are you ready for the question? All those in favor say aye? Any opposed? Motion carries.

***** {MOTION ADOPTED}**

CHAIRMAN CHANDLER: Now you have --

SEN. BOUTIN: Mr. Chairman, I formally ask the Chair to request copies for all members of the LBA audit before our next meeting.

CHAIRMAN CHANDLER: Duly requested. What was the other thing you wanted? You asked -- you requested something else from the Department and I don't know what it was. Do you know what it was?

MR. ROSE: We'll get him a copy of our Parks Fund. I think that was something that you were interested in, Senator, as well.

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CHAIRMAN CHANDLER: And you had a state -- you had a financial statement.

SEN. BOUTIN: Yes, financial statement.

CHAIRMAN CHANDLER: Whatever you have on that.

MR. MARINO: Financial report of the Capital Mountain Improvement, sure.

CHAIRMAN CHANDLER: All right. Thank you very much.

SEN. BOUTIN: Wait a minute, Mr. Chair. I don't want just a financial statement on your Capital Improvement Project. I want a financial statement of your entire operation because that's part and parcel to. It's all wrapped in together. You're running a deficit because for some reason and I don't know why.

MR. DEVIVO: May I answer that?

CHAIRMAN CHANDLER: Yes. Yes, briefly, but we are kind of past time.

MR. DEVIVO: I just want it clear. Cannon Mountain is not running a deficit.

CHAIRMAN CHANDLER: Right.

MR. DEVIVO: Cannon Mountain Capitol Improvement Fund, which is the money coming in from Sunapee and being bonded out has a small deficit at this point. Our goal is to pay that off, zero that out, continue to be very productive, which we have been in the last eight years. So half of what Phil is sitting on has come from Cannon Mountain. Just want that very clear. Cannon Mountain at the end of this Fiscal Year will have put nearly \$2 million into that Park Fund. Just so we are clear, Cannon Mountain is not running a deficit.

CHAIRMAN CHANDLER: No, I don't think any exist in the operation, that's fine.

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MR. DEVIVO: Okay.

CHAIRMAN CHANDLER: I'll just make a statement that I think, you know, based on what we were given and to look at that in the relatively short amount of time that the members had, and then we get an update today which is still somewhat different than what we had, and I appreciate the fact that the Park Fund is now doing better; but we finally, it looks like we bailed the Park Fund out of a deficit, but now we are going to take money or stop a deficit in one place. I think it just -- we just need to be careful, so. And we'll do that and we'll bring it up again and move on.

MR. DEVIVO: Yeah, we just really want to zero it out, maintain capital access, and continue to put into the Park Fund, which this plan does.

CHAIRMAN CHANDLER: Hopefully, that will be on the June thing and we'll go through that. Okay. Thank you.

Next item is 15-029, Pease Development Authority, request authorization to expend not more than 40,000 from the Harbor Dredging and Pier Maintenance Fund, the Harbor Dredging Maintenance Fund. Famous Pier Maintenance Fund. Infamous. Good morning.

GENO MARCONI, Director, Division of Ports and Harbors, Pease Development Authority: Good afternoon, Mr. Chairman, Members of the Committee.

CHAIRMAN CHANDLER: My apologies.

MR. MARCONI: For the record, I'm Geno Marconi. I'm the Director of the Division of Ports and Harbors. And this request goes back to an incident that occurred at the Port Terminal back in January where the truck scale failed. Part of our contractual agreement with our tenants is the use of the truck scale for them to conduct their business to weigh their trucks. We responded and bought an above ground scale and temporarily

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installed it; but the Department of Weights and Measures only allows a temporary installation for six months.

A scale company gave us a quote to permanently install it, but they left out site work and they are getting some quotes from other contractors now for gravel, fill in the pit, do the paving and the site work. That's why the quote is incomplete as it's been presented today. So we are asking for not more than \$40,000. I don't expect we are going to get anywhere near that, but that's what the request is for to permanently install the truck scale and do the site work.

CHAIRMAN CHANDLER: Representative Byron, you have a question?

REP. BYRON: Yes. In the quote you have from Northeast Scale, they go through with their -- with all of their material here. They're looking for 23,000 or 24,000 roughly.

MR. MARCONI: Correct.

REP. BYRON: The 40,000 is basically additional monies for contingency. Is that what you're looking at?

MR. MARCONI: If you look at the quote, Representative, we need to provide a crane service to disassemble the existing scale and then reset it. Also crushed stone is needed to fill in and do the -- fill in the existing scale pit. Again, another scale and then there's paving that needs to be done. If you look on the second page of their quote, the customer's responsibility: paving, the crane, crushed stone, permits, material, and those types of things, the disposal of the old concrete from the scale. So I gave them -- I went back to the scale company and I asked them to re-quote it, including soup to nuts. Give me a finished product and that's what they're doing, but they're getting other quotes from subcontractors in order to finish this out. And the reason -- if I may, Mr. Chairman?

CHAIRMAN CHANDLER: Sure.

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MR. MARCONI: The reason we are coming today with this is because the salt season is over with so we are not weighing trucks. Yet, we're looking at getting a salt ship probably sometime by the end of July, because a lot of the municipalities want to start stocking their sheds. So we have a short window to do this, and I don't know when the Capital Budget Overview Committee will be meeting again.

CHAIRMAN CHANDLER: Senator Stiles. I'm sorry, do you have further question?

REP. BYRON: Yes.

CHAIRMAN CHANDLER: Further question.

REP. BYRON: So what you're saying is that the additional money for the paving, the crane, crushed stone, disposal of the old scale, everything you're going to do within the \$16,000?

MR. MARCONI: Yes.

REP. BYRON: If you deduct 24,000 roughly.

MR. MARCONI: Yes, yes. We kind of estimated. We know what the crane is going to cost us. We know what -- you can buy crushed stone delivered per cubic yard. The unknown is is busting up the old concrete and disposing of it and what the cost of paving is going to be.

REP. BYRON: Okay. Thank you.

CHAIRMAN CHANDLER: Senator Stiles.

** SEN. STILES: I move 15-029.

REP. EATON: Second.

SEN. BOUTIN: Second.

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CHAIRMAN CHANDLER: We have a motion by Senator Stiles, seconded by Representative Eaton. Are there any questions on this item? I'm sorry, did you second it?

SEN. BOUTIN: No, Representative Eaton did.

CHAIRMAN CHANDLER: Senator Daniels.

SEN. DANIELS: Thank you. The quote that you got from Northeast Scale, did we award a bid for them to do something to begin with?

MR. MARCONI: They have been servicing the scale for a number of years and we went directly to them because they had access to one. The one that they provided to us came out of Kansas City, Missouri, and they delivered it and we had it installed within 11 days of the failure of the scale. So it was an emergency response to the need. We didn't have time to go out and bid. If I just may follow-up, Mr. Chair?

CHAIRMAN CHANDLER: Sure.

MR. MARCONI: Our contract with the tenant is in the event -- in the event of a default by the Division of Ports and Harbors, we have 30 days to correct a default in our contract. So we needed to make sure that we fixed this scale so these companies could be back up and running within their 30 days. We did it in 11 days. The company actually came back to us and tried to present us with a bill saying that it cost them X amount of dollars to go weigh their trucks off-site. And our response was, well, you need to read section 7.1 of your contract that says we've got 30 days to correct it, and we did. So that's why -- that's why we did -- we responded in the fashion that we did.

SEN. DANIELS: Follow-up?

CHAIRMAN CHANDLER: Further question.

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SEN. DANIELS: My concern is why do I keep hearing about projects that are done only to come back and need more money to finish? What are we doing to make sure that when we request something that we are getting the whole amount of the project rather than broken up like this?

MR. MARCONI: This particular project was an emergency response to a situation that happened. We did -- we had an inspection of the scale the first of January like we always do. Scale company came back and said scale's getting tired, Geno. And I said I understood that. I just need to get through the next 60 to 90 days when our salt season is over with, and then we'll come up with a plan to replace it over the summer months.

On the 28th of January – BANG! The scale fell in it. And I had no choice but to respond to this and come in and ask this Committee to assist us in paying for emergency response to this situation, and that's what I did.

SEN. DANIELS: So just final.

CHAIRMAN CHANDLER: Final question.

SEN. DANIELS: So they never considered that there needed to be a permanent solution?

MR. MARCONI: We did consider there needed to be a permanent solution; but, again, going back to the terms of our contract, we couldn't have completed that within 30 days and we would have been in default on our part of our contract. And we have a fiduciary responsibility to hold up our end of the contract.

SEN. DANIELS: Thank you.

CHAIRMAN CHANDLER: Any other questions? Seeing none, we have a motion to approve. All those in favor? Opposed? Motion carries.

*** {MOTION ADOPTED}

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CHAIRMAN CHANDLER: Thank you very much.

MR. MARCONI: Thank you, sir.

CHAIRMAN CHANDLER: Let's see here. Toll credits. 15-015, 15-016, 15-019? Anyone wish to hear --

** SEN. BOUTIN: So move.

CHAIRMAN CHANDLER: Senator Boutin moves the three items, seconded by Senator Stiles.

SEN. STILES: I have a question.

CHAIRMAN CHANDLER: I'm sorry, you second it?

SEN. STILES: Sure.

CHAIRMAN CHANDLER: Is there any objection lumping them together? Are we all set with that? Okay. We have a question here.

SEN. STILES: I just have a question. Just wondering what -- prior to these requests, what is the total credit balance?

WILLIAM CASS, Assistant Commissioner, Department of Transportation: Bill Cass, the Department of Transportation. The current toll credit balance as of May 22nd is around 290,000 -- \$290 million.

SEN. STILES: Thank you.

CHAIRMAN CHANDLER: Any other questions on any of these items? Seeing none. We have a motion to approve all three and was seconded. All those in favor say aye? Opposed? The motion carries.

*** {MOTION ADOPTED}

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CHAIRMAN CHANDLER: CAP 15-030, New Hampshire Employment Security.

** SEN. BOUTIN: So move.

SEN. STILES: Second.

CHAIRMAN CHANDLER: Senator Boutin moves, Senator Stiles seconds approval of the Item 15-030. Are there any questions or discussions? Seeing none. All those in favor say aye? Opposed? The motion carries.

*** {MOTION ADOPTED}

CHAIRMAN CHANDLER: 15-031, New Hampshire Employment Security, paving contract.

** REP. EATON: So move.

SEN. BOUTIN: Second.

CHAIRMAN CHANDLER: Representation Eaton moves and seconded by Senator Boutin. Are there any questions or discussions? Seeing none, all those in favor? Opposed? The motion carries.

*** {MOTION ADOPTED}

CHAIRMAN CHANDLER: Let's see. Number 15-027, Department of Education, and 15-028, approval of Salem CTE Action Plan and Dover Career and Technical Education Action Plan.

** SEN. STILES: So move.

CHAIRMAN CHANDLER: We'll do them both together without objection.

SEN. STILES: So move.

CHAIRMAN CHANDLER: Senator Stiles moved.

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REP. CLOUTIER: I'll second.

CHAIRMAN CHANDLER: Seconded by Representative Cloutier. Any discussion or questions on either one? Seeing none. All those in favor? Opposed? The motion carries.

***** {MOTION ADOPTED}**

CHAIRMAN CHANDLER: Item 15-022, Pease Development Authority.

****** SEN. STILES: I would move 15-022.

CHAIRMAN CHANDLER: Senator Stiles moves.

REP. EATON: Second.

CHAIRMAN CHANDLER: Seconded by Representative Eaton to approve 15-022. Are there any questions or discussions on this item?

SEN. STILES: I have.

CHAIRMAN CHANDLER: You have a question?

SEN. STILES: Yes. I'd just like to say what a fantastic job they have done down at the Hampton Pier. They took a situation where it was all caving in and made it look like part of the professional building. Very professional operation and I'd just like to say thank you.

CHAIRMAN CHANDLER: Okay. I'm sure they appreciate that. We have a motion and seconded to approve the item. No more questions. All those in favor say aye? Opposed? The motion carries.

***** {MOTION ADOPTED}**

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CHAIRMAN CHANDLER: Anything else come up today? Seeing none. We'll recess until the call of the Chair if that's okay. Okay. Thank you very much.

(Recessed till the call of the Chair at 12:42 p.m.)

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CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

Cecelia A. Trask
Cecelia A. Trask, LSR, RMR, CRR
State of New Hampshire
License No. 47

