

**CAPITAL BUDGET OVERVIEW COMMITTEE**

Legislative Office Building, Room 201

Concord, NH

Wednesday, June 6, 2018

**MEMBERS PRESENT:**

Rep. Mark McConkey, Chair

Rep. John Cloutier

Speaker Gene Chandler

Rep. Frank Byron

Rep. David Danielson

Sen. Gary Daniels

Sen. Lou D'Allesandro

(The meeting convened at 11:21 a.m.)

**(1) Acceptance of Minutes of the February 21, 2018 Meeting.**

MARK MCCONKEY, State Representative, Carroll County, District #03: I will call to order the Capital Budget Overview Committee. Open the first item for discussion. 18, number nine, Department of Natural Resources -- Natural and Cultural Resources. Is there anyone here from the Cannon Mountain, please come forward. Oh, I'm sorry. Thank you. Have a seat, gentlemen. Prior to that I'd like a motion to accept the minutes.

FRANK BYRON, State Representative, Hillsborough County, District #20: So move, Mr. Chairman.

GARY DANIELS, State Senator, Senate District #11:  
Second.

CHAIRMAN MCCONKEY: Moved and seconded.

JOHN CLOUTIER, State Representative, Sullivan County, District #10: Who made the second?

SEN. DANIELS: Senator Daniels.

REP. CLOUTIER: All right, thank you very much.

CHAIRMAN MCCONKEY: With that, gentlemen, we will move on to the first request. 18 --

SEN. DANIELS: We need to vote on it.

CHAIRMAN MCCONKEY: Sorry, I thought we did. If you're in favor of the motion to accept the minutes as posted, signify by saying aye? Those opposed? Motion passed unanimously. Thank you, gentlemen.

\*\*\* {MOTION ADOPTED}

(2) Old Business:

(3) New Business:

CHAIRMAN MCCONKEY: Now come back to you, gentlemen, seated in front of me. Introduce yourselves and give us a quick overview of your proposal. I guess, if I could, I had some confusion -- excitement, confusion over your revenue for last season. Perhaps you could touch that -- touch on that, if you could.

CHRISTOPHER MARINO, Business Administrator, Department of Natural and Cultural Resources: Yes. So thank you, Mr. Chairman. My name is Chris Marino. I'm the Business Administrator for the Department of Natural and Cultural Resources.

JOHN DEVIVO, General Manager, Cannon Mountain Aerial Tramway and Ski Area and Franconia Mountain State Park, Department of Natural and Cultural Resources: I'm John DeVivo, General Manager at Cannon Mountain Ski Area and Franconia Mountain State Park.

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MR. MARINO: So we're here today to go through our request for this year's Cannon Mountain Capital Improvement Fund, the \$900,000. Hopefully, you have the documents that were submitted in front of you. I apologize for the size of the financial table there. I did bring copies that were enlarged so you can see that information just a little bit better. If -- thank you, Mike, for passing those out.

REP. BYRON: Looks the same to me.

MR. MARINO: I assume, Mr. Chairman, this is the table you're referring to?

CHAIRMAN MCCONKEY: Yes.

MR. MARINO: All right. So we are here to through the statutory authority request capital improvement funds. What you see here in the financial table is a summary of the last going back to 2013. Obviously, this has been going on, actually, for some time prior to that; but it's a depiction of our relationship between the revenues we received from Mount Sunapee which pays for the Debt Service on the bonds that we have approved and I use on a yearly basis.

With that, unless you want to jump right into the financials, I would like to defer to my colleague J.D. to give you a summary of what exactly we are looking for and why.

CHAIRMAN MCCONKEY: That be fine.

MR. DEVIVO: So from Cannon's perspective, sir, I would ask -- talking about revenues relative to what's incoming into the Cannon Mountain Capital Improvement Fund or ski area revenue from a ski season perspective.

CHAIRMAN MCCONKEY: My -- my question when I posed that was when I read your summary of income for this past season it just talked about you started out with great weather conditions, tremendous amount of volume of people and you

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got caught in the middle of your season and things went awry; but I looked at your numbers you presented me, I guess the year previous was a banner year for you, saying that was an anomaly. When you compare that to previous years you were within a few percent higher than the normal.

MR. DEVIVO: So it sounds like you were talking about some of the notes from Cannon Mountain Advisory Commission meeting.

CHAIRMAN MCCONKEY: Yes.

MR. DEVIVO: And I can certainly address that, yes. The past winter season, which was 2017-18, fantastic start. Great first month. Best first month that we've had. As you know, we hit that cold snap from just prior to Christmas until essentially the bulk of January. Fantastic winter conditions. Not a lot of people out there skiing in New England. February was sort of the polar opposite literally where it was fairly warm, fairly wet. March came in like a lion, stayed in like a lion. We did phenomenally well in the spring. We did end up on visits and revenue within 5% of last year with the top three in both categories. And we actually ended up roughly 5% higher than our seven-year averages on visits and revenues.

Chris has got us projected to come in anywhere between, say, two hundred and four four fifty in the black even given those two challenging time periods. It comes down to a couple of payments that we may or may not make in this Fiscal Year due to some legality in the purchase of our power company and what's cooking from that perspective. So from a financial perspective Cannon is healthy. Division of Parks and Recreation is healthy. We are moving forward. And as we come to you with Capital Budget Overview and prior to that each year Cannon Mountain Advisory Commission will largely be looking at infrastructure projects. We will do revenue generation perhaps the other means over the next 5 to 10 years.

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CHAIRMAN MCCONKEY: Thank you. Thank you for that clarification. Please continue.

MR. DEVIVO: Okay. If you look at the project list itself, again, largely infrastructure based. The first one is an estimate of 485, and in this nine hundred it's important to note the Cannon Mountain Advisory Commission recommended to us as a pure do not exceed for the entire project list. We've earmarked approximately 500, 485, if you will, toward the aerial tramway mountain station which is the top. There's a glitch with the summit septic system down flow at this point. It's highly functional during the eight months from, say, late May through late October or essentially April through October. There's a challenge during the winter months, and we are working with DES to essentially fix that challenge.

We believe that there are one of three different ways to address that. Underwood Engineering has a contract with us 12,500 which is across the street right now at Governor and Executive Council. We will work with them over the next month or so to determine which course of action we'll take. And given approval today, we'll move forward with contracting based upon what their recommendations are on that one.

CHAIRMAN MCCONKEY: Representative Byron.

REP. BYRON: The question I have on that is it appears in the explanation section that you're going to engage an engineering firm who will recommend the best course of action but you got a price of 485,000 in there. Where did that number come from?

MR. DEVIVO: It literally we've heard estimates between 250 and 500 depending upon which course of action we needed to take. Whether it's hitting it with ultraviolet light up there in place or moving it through normal septic down flow similar to what we use in the summer time or if we build a

leech field that's up there. We literally had had a handful of different projects thrown at us and we won't know.

CHAIRMAN MCCONKEY: Follow-up.

REP. BYRON: So the 485 a response from your engineering firm saying that this is the outside cost? In other words, I'm trying to understand whether the 485 is a placeholder or is it --

MR. DEVIVO: 485 is a placeholder because we had requested an approved or a recommendation on 900K as a do not exceed.

MR. MARINO: That's a high estimate, I think; but we'd rather err --

MR. DEVIVO: We do want to err on the side of caution.

CHAIRMAN MCCONKEY: If I could, gentlemen, there was a conversation about DES and what their -- would you elaborate on that? Did you have an alternative, a lesser alternative cost than DES' having concerns? Could you elaborate?

MR. DEVIVO: No. We actually -- we got ahold of them last fall and we discovered that we had an issue up there. They sent a fella named Rick Treiss to us, direct conversation with him there on site. He essentially bumped us upstairs, if you will. We worked with Dawn -- and I apologize, I can't remember her last name.

CHAIRMAN MCCONKEY: Buker.

MR. DEVIVO: Buker. Well, essentially, her discussion with us evolved around winter use curtailment, and at the same time having discussion with Underwood this spring when they can get up there on site and do the research and steer us in the right direction. So we have been with them since day one.

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CHAIRMAN MCCONKEY: The Department is helpful, not a hindrance is what you're saying.

MR. DEVIVO: No, we've been with DES since day one.

CHAIRMAN MCCONKEY: Sounds good. Continue.

MR. DEVIVO: Okay. Fiber optic for us is -- it's a means of essentially trying to advance our technology to better serve our guests and avoid business interruption. Beyond copper wiring, that's the way of the past. We are trying to move forward. That we've had several different estimates and essentially is based upon which buildings we decide to patch in on the main trunk line.

Peabody Express Quad, Zoomer Triple, Eagle Cliff maintenance and repair. You know, I can keep it short. Couple of gear boxes. Some low speed couplings are required at this point. Drive screens and drive motor rebuilds essentially to continue to upgrade the lifts and move forward. We've got what we feel is a fantastic lift maintenance program. We aim to continue. It is the core of our business.

Last one is the snowmaking water line replacement on Paulie's Folly, which is essentially a main trunk line that connects to the Front Five trail network adjacent to Route 93. We like to keep that white at all times.

CHAIRMAN MCCONKEY: Further questions? Yes, Senator.

LOU D'ALLESANDRO, State Senator, Senate District #20: Thank you very much, Mr. Chairman. First of all, the 485 you'll never exceed that because of -- because it's an estimate; is that right? It's a ballpark estimate.

MR. DEVIVO: The nine hundred we will not exceed.

SEN. D'ALLESANDRO: Okay. So --

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MR. DEVIVO: The 485 originally may have come through as 500 and, hey, we need to shift some stuff around to meet the nine hundred.

SEN. D'ALLESANDRO: The nine hundred is the top, not to exceed.

MR. DEVIVO: Yes, yes.

SEN. D'ALLESANDRO: Just a comment. I drove by yesterday. I was up in Bartlett visiting a friend of mine. And, as always, I give you kudos on the job that's been done there over the years.

MR. DEVIVO: Thank you.

SEN. D'ALLESANDRO: Really remarkable situation and it's a tough mountain. It's a very tough mountain.

MR. DEVIVO: It is. Thank you.

SEN. D'ALLESANDRO: They do an outstanding job. It's a credit to New Hampshire. And the items -- the items seem in line. The question I want to pose is this, if I might, Mr. Chairman.

CHAIRMAN MCCONKEY: Please.

SEN. D'ALLESANDRO: With what's going on with Sunapee at this time, is that going to have any effect on our arrangement?

MR. MARINO: Yeah. As you know, Vail is purchasing the holding company. Mount Sunapee is one of those holdings under that LLC.

SEN. D'ALLESANDRO: Yes.

MR. MARINO: We believe it's actually going to have a positive impact. If anything, this is a large company that is investing in these mountains which can only bode better for us in terms of revenue streams increasing, giving us more capacity to take on some of this Debt Service and actually pay it down faster. So we are actually very positive, feel very positive about that.

CHAIRMAN MCCONKEY: Representative Chandler.

GENE CHANDLER, State Representative, Carroll County, District #01, and Speaker of the House of Representatives: To further answer that. The base amount of money we get is fixed in contract, whoever buys that has to live with. So there's nothing going to change the bottom, bottom line any way and, hopefully, it will go up. But they have got to live with that contract. I mean, any new purchasers.

SEN. D'ALLESANDRO: It's an interesting transaction that has taken place. Not a person who's involved in this on a daily basis. It was really quite surprising to me that it happened (snaps fingers) like that.

CHAIRMAN MCCONKEY: Sure.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman.

CHAIRMAN MCCONKEY: Further questions of the Committee? Do I have a motion?

\*\* SPEAKER CHANDLER: Move approval.

SEN. D'ALLESANDRO: Move the item.

CHAIRMAN MCCONKEY: Moved by Chandler, seconded by Senator D'Allesandro. Further discussion? If you're in favor of the motion, signify by saying aye? Those opposed nay? Motion passes.

\*\*\* **{MOTION ADOPTED}**

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SPEAKER CHANDLER: I made that motion despite some misgivings of certain members of the Cannon Mountain Commission. Not present company.

CHAIRMAN MCCONKEY: I was going to look for some follow-up from Senator D'Allesandro seeing how many friends in Bartlett you do have.

SEN. D'ALLESANDRO: I have a couple.

CHAIRMAN MCCONKEY: Item number 12, Pease Development Authority. Thank you, gentlemen. Someone here to speak on behalf of that request?

TRACY SHATTUCK, Chief Harbor Master, Division of Ports and Harbors, Pease Development Authority: Good morning. My name is Tracy Shattuck. I'm the Chief Harbor Master for the Port Authority.

CHAIRMAN MCCONKEY: Thank you, Tracy. Are there questions of the Committee on the request? I'm sorry, Senator.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Not on the request; but we seem to be doing things very piecemeal over there. I mean that -- we know that there's a problem. We know that it has to be fixed. Is there -- is there a plan to make that pier better? I mean, we have talked about this forever, haven't we?

MR. SHATTUCK: Yes, sir. We have applied for TIGER grants six consecutive times. We have an outstanding application for a grant now. We're going to make some improvements concurrent with the functional replacement project due to the new bridge construction.

SEN. D'ALLESANDRO: Right.

MR. SHATTUCK: There are definitely long-term plans in effect. They're subject to funding.

SEN. D'ALLESANDRO: Sure. Further question.

CHAIRMAN MCCONKEY: Yes, please.

SEN. D'ALLESANDRO: What are we asking for in the TIGER grant? What's our request?

MR. SHATTUCK: There's a match that we have already had appropriated or budgeted for, I should say. I believe it's 8 million; but I can get that figure for you.

SEN. D'ALLESANDRO: So our request is for an \$8 million grant?

MR. SHATTUCK: I believe that's the correct figure, but I can verify that and get it to you.

CHAIRMAN MCCONKEY: Follow-up.

SEN. D'ALLESANDRO: Fifty thousand versus 8 million to fix the project. There's no correlation. That's what I'm saying.

CHAIRMAN MCCONKEY: I understand.

SEN. D'ALLESANDRO: Thank you, Mr. Chair.

CHAIRMAN MCCONKEY: Representative Danielson.

DAVID DANIELSON, State Representative, Hillsborough County, District #07: Thank you, Mr. Chairman. My frustration is somewhat similar. It just seems like we have gone -- we are paying pennies on the harbor. Every time we have asked been \$50,000 for this or \$50,000 for that. When the bridge is finished that's when we're going to be okay to go. When the highway is done that's going to be when we're okay to go. Looks to me like the highway is done and

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the bridge is done. Can we go now? Can we start to build that and just being out there, I also mentioned earlier, just being out there for the commissioning of the -- commissioning of the Manchester.

MR. SHATTUCK: Yes.

REP. DANIELSON: And getting to see the pier. It's awful.

MR. SHATTUCK: Yes.

REP. DANIELSON: It's just awful. And we've got to do something. So could we get a plan that says this is the amount of money. It's going to take \$8 million to come up to 100% of that, get that ready. Can we get a plan that says this is how long it's going to take, this is the money we need, this is the resources that we can go after. Can we do that?

MR. SHATTUCK: We have done that. We have -- we have an engineered plan that's ready to proceed with. But this is not -- we are responsible for the fish pier in Hampton and as well as in Rye, as well as in Portsmouth. And these are for emergent situations. The funds that we're requesting here are for something that breaks and we need to fix-it and this allows us to be more nimble in our response so that we can address the safety concerns for the fishermen and the people who use those facilities. This is not long term -- long range planning. It's not what this request is about.

REP. DANIELSON: Okay. Again, my frustration is it seems like, seems like, we get \$50,000 requests almost every time we're together. And it's coming from Pease, it's coming from the Port and just seems like there should be something a little bit more cohesive so that we understand that we're making improvements and getting ahead, whether it's on the pier or these other projects.

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MR. SHATTUCK: We've replaced completely the pier in Hampton and in Rye. So we are on track to make the needed improvements. We have a fully engineered plan ready to go for the Market Street facility that is just waiting on the funding. And we have been applying for grants religiously. We hope to have -- we're very hopeful for this upcoming one, although we've been shot down so many times it's getting painful. I apologize for being a little bit ill-prepared for that question. I'm here because Geno's mother passed away yesterday, and he was unable to be here. I can get more information back to you if that's all right. But I can tell you that we are very much aware of that, and we are very much planning for that.

REP. DANIELSON: I guess I'm just echoing what the Senator said. So you got a general consensus of how this Committee feels about moving along on the Port.

MR. SHATTUCK: I appreciate that, sir. Thank you.

REP. DANIELSON: Yep, thank you.

CHAIRMAN MCCONKEY: Thank you for that and I appreciate if you could follow-up with us on that.

MR. SHATTUCK: I shall.

CHAIRMAN MCCONKEY: Thank you.

\*\* SEN. DANIELS: Move the request.

REP. BYRON: Second.

CHAIRMAN MCCONKEY: Motion been made by Senator Daniels and seconded by Representative Byron to move the request. Is there any further discussion? If you're in favor of that motion, signify by saying aye? Opposed nay?

\*\*\* {MOTION ADOPTED}

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SPEAKER CHANDLER: May -- oh, I'm sorry.

CHAIRMAN MCCONKEY: No, go right ahead.

SPEAKER CHANDLER: I just like to make -- have a -- not make a motion but maybe a thought. Would it make any sense if we asked the LBA to devise a letter from this Committee for Chairman to our Congressional delegation and pushing for these TIGER grants and getting approval for them? I don't know if it will help any, but I guess --

MR. SHATTUCK: We'll take any help we can get, sir.

SEN. D'ALLESANDRO: Right.

REP. CLOUTIER: I have no objection. That's a good idea.

REP. DANIELSON: Great idea.

SEN. D'ALLESANDRO: Second that.

CHAIRMAN MCCONKEY: We will do that.

SPEAKER CHANDLER: Mike, you can draft that or something?

MICHAEL HOFFMAN, Senior Budget Officer, Office of Legislative Budget Assistant: We can work on that.

CHAIRMAN MCCONKEY: Thank you for that. Yep. Be happy.

MR. HOFFMAN: With your input and approval.

CHAIRMAN MCCONKEY: Surely.

SPEAKER CHANDLER: And I guess a copy to the Governor and anyone to help.

CHAIRMAN MCCONKEY: Sure. Okay. Tracy, thank you.

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MR. SHATTUCK: Yes, sir.

CHAIRMAN MCCONKEY: Third item and our last item before us, the 18, number ten, Department of Transportation, toll credit request, use of toll credits. Please.

CHRISTOPHER WASZCZUK, Deputy Commissioner, Department of Transportation: Good morning. My name is Chris Waszczuk. I'm Deputy Commissioner with Department of Transportation. In essence, this is a request that the Department comes before the Committee annually to fund a federal project that's, in essence, a statewide project for the Transportation System Management Operation Center to be able to do some maintenance on their ITS devices in the field, as well as secure consultant services to help design and test, you know, some of those devices that are placed in the field, as well as to fund staff to help with some of the repairs that are necessary with some of those devices that are being placed in the field.

It's an annual project; \$350,000 that's in the 10-year plan, and we are requesting that the match component be utilized toll credits which is the 20% match requirement to the federal program. We have a balance of, I believe, \$268 million of toll credits at the end of the last Fiscal Year. So there's plenty of a balance to fund the -- this requirement of -- this request for \$70,000 of toll credits.

CHAIRMAN MCCONKEY: Thank you. Any questions from the Committee?

\*\* SEN. DANIELS: Move the request.

CHAIRMAN MCCONKEY: Seeing none, request to approve Representative -- excuse me, Senator Daniels. Seconded by?

REP. BYRON: Second.

REP. DANIELSON: Second.

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CHAIRMAN MCCONKEY: By Representative Byron. Any further discussion? If you're in favor of the motion, signify by saying aye? Those opposed nay? The motion passes unanimously.

\*\*\* {MOTION ADOPTED}

(4) Miscellaneous:

(5) Informational:

CHAIRMAN MCCONKEY: You have some informational items listed here. Number six, number seven, eight, eleven, and thirteen. The Committee request to discuss any of that or ask for further information? Seeing none. I'll entertain a motion to adjourn.

\*\* SEN. DANIELS: So move.

SEN. D'ALLESANDRO: Second.

CHAIRMAN MCCONKEY: Moved by Daniels, seconded by D'Allesandro. If you're in favor of the motion, signify by saying aye? Those opposed nay?

\*\*\* {MOTION ADOPTED}

CHAIRMAN MCCONKEY: Next meeting will be September 5<sup>th</sup>. Thank you.

(The meeting adjourned 11:43 a.m.)

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*

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