



STATE OF NEW HAMPSHIRE
DEPARTMENT of RESOURCES and ECONOMIC DEVELOPMENT
DIVISION of PARKS and RECREATION
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January 25, 2017

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

RE: HOUSE BILL 302 AN ACT relative to the leasing of Hampton Beach state park.

Dear Chairman Christensen and Members of the Committee,

Please accept this testimony on behalf of the Department of Resources and Economic Development, Division of Parks & Recreation regarding House Bill 302, an act relative to the leasing of Hampton Beach State Park. The Division is opposed to this legislation for the following reasons.

The Division of Parks and Recreation relies on the revenue from the Hampton Beach State Parks to support the rest of the Park system. New Hampshire's Park System is operationally self-funded, raising revenue through camping, day use, special use permits, parking meters and retail to support the costs of operating the parks. However at the same time, RSA 216-A:3-g Fees for Park System states that: *The general court does not intend that all park facilities be self-supporting.* This means that for the Park System to function there need to be parks that generate a surplus in revenue over cost.

Of the 93 parks in the system, 41 generate revenue and of those, only 26 generate positive revenue to support the rest of the entire Parks System. By way of example the parks that generate a surplus, not including regional support costs are: White Lake \$175,000; Pawtuckaway \$394,000; Monadnock \$231,000; Wallis Sands \$156,000; Jenness \$127,000; and, Franconia Notch (excluding Cannon Mountain Ski area) \$2,100,000. By contrast, the entire North Region loses just over \$400,000 per year.

The Hampton Beach Parks provide just over \$1 million in net revenue to the Parks Fund to support the rest of the Parks System. At Hampton Beach, the South Beach RV Park generates \$592,292 of net revenue and the main metered beach contributes \$1,556,000 gross and \$683,000 net revenue through the parking meter program (cost for lifeguards, maintenance etc. are paid by the parks fund). In addition there is \$241,000 of regional support costs (such as centralized administration and maintenance for the seacoast) for these two parks. But this is not the entire story.

While the parks system is operationally self-funded, parks are heavily dependent upon general fund support through the capital budget to improve the condition of facilities used by our visitors. According to the NH Treasury Department, the State of New Hampshire is making \$997,000 this year in bond payments from the general fund to cover the state's investments in Hampton Beach, primarily seawall repairs and the recent \$14.5 million redevelopment of the park. Including those payments, the net revenue from the parks is \$37,000. While Hampton Beach parks realize the benefit of these capital investments without having to bear the cost, any premise that the State as a whole is making a lot of money off of Hampton Beach is not supported by the numbers.

The leasing of the ski area in Sunapee State Park is the most significant example of leasing in the Park System. For the winter of 2015, the lessee made \$650,000 in payments to the parks system, specifically the Cannon Mountain Capital Improvement Fund. However, the circumstances surrounding the leasing of the ski area are very different than where we are at Hampton Beach today.

At the time of the lease, the state was unable to make sufficient capital investment in the ski area and the future of its continued operation was in question. Since July 1 of 1998 more than \$21 million has been invested by the lessee in the ski area for buildings, snowmaking and lifts. This is not the case at Hampton Beach where, since 1998, the State has invested over \$23 million creating one of the best beach destinations in New England.

The Town of Hampton provides law enforcement and emergency response at the beaches, which the Division is very grateful for. They do an extraordinary job. In addition the Division has a joint operating plan with the Town that addresses issues like trash collection and use of facilities. State Parks collects parking fees at 1,452 parking spots along the beach to generate revenue and pay for trash collection, beach cleaning, lifeguards (best in New England, 142 ocean rescues this summer and 41 major medical responses), meter patrol, reuniting lost 349 children, bathroom cleaning and other maintenance. On a hot summer day we there can be over 50,000 visitors on the beach at any given time.

State Parks also pays the Town \$22,000 annually for disposal of trash. The majority of this waste is from the businesses along Ocean Boulevard that rely on the State to be responsible for the costs associated with the waste they produce. We fully understand that providing services is a financial burden on the Town budget. However, most of the financial benefit of these 50,000 beach visitors accrues to the businesses in Hampton, not the State Park. The Division is collecting fees from only 5,800 people, at most, who are parking at the 1,452 State parking spots.

In order to understand the financial benefit that investment in State Parks can provide the local tourism economy pursuant to our statutory mission, we have been working to understand the impact of the \$14.5 million redevelopment of the park on real estate values at Hampton Beach. We reviewed the assessed values of properties north and south of the Seashell before and after the redevelopment. Our Research indicates that from 2008-2011, the average assessed value for real estate sold in close proximity to the Hampton Beach improvement study area (1-555 Ocean Blvd) was \$209,000. After the Hampton

Beach improvements were made, the average assessed value for real estate sold in the improvement area increased by 54% to \$322,000 from 2012-2015. Certainly the improving economy had an impact but we also believe this information indicates that the investment the State made had a direct benefit on the tax base in the community.

While probably not as significant as the impact on the tax base, the Town of Hampton also generates revenue at 3 parking lots totaling approximately 800 spaces. For the 2016 season parking revenue for the Town was \$562,471 with an expense of approximately \$80,000 to operate those lots. State Parks receives no revenue from the visitors parking in these lots.

The Division makes a great effort to engage with the community at Hampton Beach like no other State Park. In particular, we host community meetings in the spring to present our plans for the year and in the fall to review the season and receive feedback. I attend both of these meetings. We do the best we can to follow up on the suggestions from those meetings. Examples include plowing the sidewalks in the winter for walkers, plowing parking lots, opening the bathrooms year round and leaving trash bins out, (even though we are not receiving any revenue from meters), extending the season 2 months, opening up the Seashell on New Year's Eve to the public for the fireworks, and supporting the passage of legislation to allow the State Parks license plate to be valid at the parking meters in the off season.

We also received a suggestion to open the South Beach parking lot in the evening. We followed up on this suggestion and were open this past summer until 10:30 pm on Wed/Fri/Sat during peak season. Unfortunately we saw little activity, probably because the area is too far removed from the main beach area and evening activities. And we need to take into consideration that uses of this park should not unduly impact the experience of the campers in the RV Park.

Revenue generation is very much on our mind but so is ensuring that we do not lose sight of our larger mission. We have renovated the store at the South Beach RV Park with great success. However, at the request of the business community, we closed the store in the main Seashell complex and instead granted a permit to the Blue Ocean Society for an interpretive center so kids and adults could learn more about the ocean and experience a touch tank and other exhibits, adding to what the beach has to offer. Limits of use and revenue generation are further defined by the federally funded Land and Water Conservation Fund Grant Program restrictions and deed restrictions.

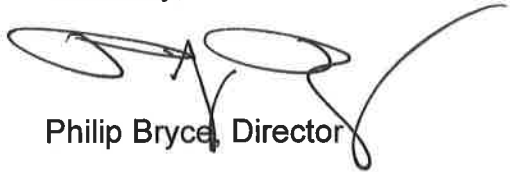
Finally, in 2012 the State Park System Advisory Council adopted Guiding Principles for Leases. The reasons to Lease (individually or in combination) set forth in these principles are:

- *Provides a greater capacity for stewardship*
- *Secures capital investment*
- *Captures third party programmatic capacity, experience and expertise*
- *Lack of programmatic use for facility*
- *Provides recreational opportunities to the public not otherwise possible*
- *Provides a net economic benefit to the State Park System*

The leasing of Hampton Beach State Park would achieve none of these reasons. With much support NH State Parks was finally able to eliminate the \$2.6 million deficit in the Parks Fund in 2012. I am very concerned that even exploring the leasing of Hampton Beach State Park would begin the unraveling of the successful financial structure of our State Parks System and therefore cannot support this bill.

Thank you for the opportunity to testify and please let me know if I can answer questions or provide any additional information.

Sincerely,

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

Philip Bryce, Director