

Cannon Mountain Advisory Commission

Spring Meeting minutes (draft version) from May 8, 2023

Expected CMAC attendees:

Terry Penner (Chair), Frank MacConnell (Vice Chair), Senator Carrie Gendreau, Senator Shannon Chandley, Thad Presby, Richard McLeod, Jon Tholl

Expected other attendees:

NH State Parks Director Brian Wilson, Cannon-FNSP GM John DeVivo (as scribe), Cannon-FNSP Admin Chief Dave Webster, and Peter Kailey (member of the public), and DNCR Commissioner Stewart attended via phone.

Expected absentees:

The two House members of the CMAC have not yet been appointed, and State Treasurer Monica Mezzapelle was unable to attend.

Introductions / quick summary for new members

Chairman Penner went around the room with introductions.

Approval of previous meeting minutes

Presby moved approval, seconded by Vice Chair MacConnell, motion passed with 5 affirmatives and two abstentions (Senators Gendreau and Chandley), and DeVivo will send final approved version.

CMAC purview (statute) review

Quick review was given by DeVivo / Wilson relative to the informative nature of the meetings and the purview of the CMAC; revolves around the recommendation on the expenditure of Cannon Mountain Capital Improvement Fund dollars, but the group is well-informed by design.

Overview of past ski season

DeVivo gave the following bullet-pointed review:

- Entabeni rollout was rocky but came around quickly
- Tix, passes, reporting, scanned lift access, ski school, rental, repair, retail
- RFID card sales was the #2 revenue source behind tix-passes

- First ten weeks were difficult... snowmaking at warm temps constantly
- That showed in our revenue and in our offerings on lift and trail count
- Ski area shone brightly from an operations perspective
- Scored high marks with sell-outs on many weekends to offer great experience
- Could've handled another 200 per day and do not plan to impose sell-outs next year

- Breakdown with Pump #102 (35% of water cap), handled 2x, going to G&C in June / July
- Zoomer Triple gearbox rebuild (Jan 22), handled in 5 weeks, not 12-14 weeks
- Grips replaced on Cannonball Quad, timing was delayed 2 months by shipping

- Mittersill Double will be targeted this summer for full assessment and upgrades
- Overall revenue was down about \$100K (versus last year)
- Overall expense was up more than \$1M (versus last year)
- All of that \$1M overage is on the heat / water / electricity line
- Electricity rates tripled, that alone was an extra \$825K
- Return of UK-based student groups at very high volume, very welcome business segment
- Well-behaved and very well-received groups
- There were many days on which they represented at least 50% of our midweek crowds
- We operated on 127 days... lost 15 days of operation due to weather / winds / power outage
- Visits were off about 15% on scanned versus old method car counts
- Snowfall total was off about 11%... but doesn't account for rain and warmth
- Overall financials should settle out at net zero (or close) come June 30th
- Yeoman work has been done by Dave and Chris (Marino) in Concord to reconcile
- Many transfers done, and also went to Fiscal Comm 2x to draw from our existing balance
- Staffing challenges have had a massive impact upon our ops, revenue, and expense
- Half a ski school staff meant that we had to cut half of our programs
- Half a lift ops staff had us running at roughly 60-70% lift capacity
- One third of a snowmaking staff put us behind on the calendar and Mother Nature backed us up by a month AND caused us to make snow for 2,000 hours rather than the usual 1400-1500
- Persevered and received some snow late and made snow later and hosted both the Eastern HS Championships and the U18 Nationals to RAVE REVIEWS... and we stayed open until April 16th very easily... one of just 4 ski areas in NH remaining open that late
- We'll spend the entirety of our spring-summer-fall season working creatively to boost our pay scales and benefits packages and morale in order to improve our staffing levels; we need to hire more people and we need to boost the morale and performance of our retained people

Preview of impending summer season

DeVivo gave the following bullet-pointed preview:

- Tram 85 this summer! We'll host a celebration on Fri, July 7th
- Hopefully on that date we'll be making an announcement re: Tram system replacement
- Franconia 250 (Old Home Day) parade on Sat, July 8th
- Aerial Tramway expected to open on time May 26th
- Completing the track cable relocation this week
- Next up is the engineering study of the towers and concrete
- Should be very interesting with RFID card usage... revised scenario
- We'll bump our per-car loading up to 60 (was 40 in 2021, was 50 in 2022)
- Flume Gorge expected to open this Friday, the 12th
- Likely to be a partial opening; still working on ice-out and deck placement
- May need to do some repairs to railings on the back F&B deck ASAP
- We use Res-A for tickets and Entabeni for retail

- We'll stick with our 300 pph entries, works extremely well
- Echo Lake Beach expected to open Friday, May 26th (weekends), no concerns
- Adding to the size of the store to allow for easier boat rental / smoother retail ops
- We'll bump the ticket sales cap to 500, had been 350, but we let it flow easily
- There are days on which we'll sell 1,000 tickets as people come and go
- Lafayette Place Campground continues to roll along
- Top 3 CG within the system in most categories despite having just 98 sites
- Leads the pack (top 25%) in retail, firewood, sales percentage
- Also located right in the middle of a hiking mecca of the north country
- Hiker Interaction Team and Hiker Shuttle rolling along
- Cost of the program is \$90K and we make \$45K... so Brian will work on that with Fiscal Comm
- The legislature / Gov's Office had been resistant to charging new fees
- Brian will work on this with Fiscal Comm, has been recently successful with Hampton meters

Review of ongoing / current / recent capital projects

DeVivo gave the following bullet-pointed preview:

- Track cable relocation finishing up this week
- Summit septic upgrade project still ongoing discussion & great progress
 - Should be getting started this summer-fall
- CBQ & PBQ grip replacements were completed in Jan
- PB Boiler project & 3-line snowmaking project was completed last fall

Proposed capital project list

DeVivo gave details on the following bullet-pointed project list:

- Estimated \$858K available for borrowing in FY24, the request is \$800K –
- \$550K for pipe & hydrant replacements on Lower Cannon, Gremlin, Upper Ravine
- \$81K for gearbox rebuild @ CBQ (top-drive, so incl transport, etc.)
 - Also funding \$18K up front for 50% of parts order to Kissling of Switzerland
- \$54K for Trask-Decrow on Pump 102 shaft & bowl assembly replacement
- \$50K for CBQ motor rebuild (after assessment)
- \$30K to upgrade the 2 Joy compressors for efficiency in using stages and be more cost-effective
- \$25K to replace the Peabody Quad bullwheel bearings
- \$10K for Mittersill Double assessments and upgrades

DeVivo and Wilson also referenced Cannon's ongoing 1-3-5-10 year capital / infrastructure planning document and offered to resurrect it for circulation. Senator Chandley asked for such documentation to be kept well informed. MacConnell produced the document from 2019 as an example. Wilson and DeVivo will either track down the previous version or use the 2019 version to rebuild the matrix and get it circulated.

Senator Chandley asked that she and others be allowed to tour the property and sit in on an informational session with DeVivo and Wilson, and a discussion was had relative to dates. DeVivo will poll the group and try to pull this together in June / July for all who wish to take part.

Request for vote to recommend proposed capital project list

Chairman Penner requested a motion to recommend the proposed capital project list as detailed by DeVivo as a not-to-exceed at \$800K. Senator Gendreau made the motion and Vice Chair MacConnell and Jon Tholl seconded. The motion to recommend passed with 6 affirmatives and one abstention (Senator Chandley).

BREAK

A request was made (and granted) to take a 5-10 minute break before moving onto Old / New Business. The meeting broke at 11:20 AM and resumed at 11:30 AM.

Old business

Wilson detailed his understanding on the current status of SB55, the bill supporting the replacement of the Aerial Tramway system at Cannon at \$25 Million, and offered to share the email addresses of the members of the Senate Finance Committee. Senators Chandley and Gendreau concurred with Wilson on the importance of seeing this bill (and project) through the Legislature. Senator Chandley made it clear that the Senate has already voted in favor of the bill to fund the Aerial Tramway system replacement, and that it is still with the Senate Finance Committee to specifically discuss the funding. It is later slated to go to the House upon approval by the Senate.

New business

MacConnell asked Wilson to continue looking into the Vail Resorts accounting of the Epic Pass (season pass) funding to be certain that Mount Sunapee is receiving its fair share, and thusly that Cannon is receiving proper revenues via the lease agreement.

Set date for Fall 2023 meeting

Chairman Penner set the fall meeting date for Monday, November 13th.

Adjournment

Chairman Penner adjourned the meeting at 12:12 PM.