

**CANNON MOUNTAIN ADVISORY COMMISSION
MEETING MINUTES
MONDAY, JANUARY 5, 2015**

Attendees:

Members: Rich McLeod (chair), Dennis Murphy (vice chair), Senator Jeb Bradley (via phone), Representative Sue Gottling, Representative Edmond Gionet, State Treasurer Bill Dwyer, Karen Irwin, Kathy Taylor, Kevin Johnson

Also: DRED Commissioner Jeffrey Rose, Cannon/FNSP GM John DeVivo (scribe)

Absent: Senator Jeff Woodburn (member)

- I. Call to order @ 10:02 AM // McLeod
- II. Approval of minutes of the April, 2014 meeting @ 10:05 AM / McLeod
 - Scribe was unsure of who motioned and seconded to approve...
 - Approval was unanimous
- III. Cannon FY14 Closeout (summary) // DeVivo
 - Net revenue was \$7.553M
 - Net expense was \$7.226M
 - Net total was \$327K

 - Expected net total was at least \$650K as of April, 2014
 - Biggest key negative factor was Workers' Comp @ \$625K
 - i. Workers' Comp hits over several years in any given fiscal year
- IV. Cannon FY15 YTD and 2014/15 Winter Season Update / DeVivo
 - Jul – Dec net revenue \$3.175M is 1.23% below FY14
 - Jul – Dec net expense \$2.664M is 6.66% below FY14
 - Jul – Dec net total \$511K is 42% ahead of FY14

 - DeVivo cautioned that these are only half-year figures, and just 6 weeks into ski season

 - Ski season to date (Nov 29 – Jan 4)...
 - i. Skier visits are 3% above 2013/14 season
 - ii. Revenue is 3% below 2013/14 season (heavy discounting last week after the warm-up / rain event)
 - iii. Great start to the season, very slow Christmas week, nice recovery last week, back on track
 - iv. C-O-L-D next 10 days, excellent snowmaking temps for us
 - v. Updated figures (w/e Jan 11)...
 1. Good weekend, picked up 5% on both visits & revenue
 2. Visits now up 8% for the season vs last year
 3. Revenue now up 2% for the season vs last year

V. Update on Capital Projects from 2014 // DeVivo

Snowmaking –

* Pumphouse renovation @ \$160K est.	\$200K / COMPLETED
* Replace 400 hp pump with 600 hp pump @ \$90K est.	\$140K / COMPLETED
* Replace main system air line for Front Five Trails @ \$70K est. Not needed / altered setup to defer need	
* Tower guns for TossUp Park and Timezone @ \$68K SnowLogic land guns (same capacity)	\$68K / COMPLETED
* New pipe and hydrants on Timezone @ \$40K	\$44K / COMPLETED
* Replacement water line on TossUp @ \$23K	\$24K / COMPLETED
* Lower Hardscrabble / Redball pipe work @ \$15K Deferred	
* Excavator rental for all snowmaking projects	\$20K / COMPLETED
* Middle Ravine pipe move	\$4K / COMPLETED

Water / Elec systems –

* Elec supply upgrade to Cannonball Quad @ \$160K	\$145K / JUNE 2015
* Ernie's Haus elec switch gear / oil switch @ \$50K	\$52K / JUNE 2015
* Peabody / Notchview water storage tank resurface @ \$25K	\$26K / JUNE 2015
* Well installation / pipe repair for PHQ side @ \$15K	\$11K / COMPLETED
* MotoGenSet rewiring / repair (new project)	\$15K / June 2015

VI. Update on Mittersill Improvement Project w/FSC // DeVivo

DeVivo reminded the CMAC membership that this project is being funded through the efforts of Franconia Ski Club, with the exception of one (1) \$25-\$30K portion of the dam project (to offset necessary shoreline work that NH DES had wanted done through Cannon/DRED over the last 10-20 years).

* New compressor / elec / cooling	\$625K / COMPLETED
* Baron's Run / Skyline / Ridge Run clearing	\$250K / COMPLETED
* Planning / design of dam / Echo Lake project	\$50K / ONGOING
* Snowmaking system for Baron's / Taft / Ridge Run / Skyline and new connecting trail	\$1.25M / PENDING
* Taft Slope and new connector trail clearing & prep	\$450K / PENDING
* Surface lift	\$900K / PENDING
* Dam construction / Echo Lake	\$350K / PENDING

VII. Proposed / Potential Capital Projects for 2015 // DeVivo

DeVivo posed multiple scenarios for potential consideration / recommendation by the CMAC membership at the April, 2015 meeting:

- \$500K to purchase the following equipment:
 - i. Groomer off of a 4-year lease (snowmaking)
 - ii. Excavator (snowmaking / trail maintenance)
 - iii. AEBI Slope Mower (snowmaking / trail maintenance)
 - iv. MUSKEG replacement (snowmaking / trail maintenance)

VII(a). Proposed / Potential Capital Projects for 2015 // DeVivo (cont'd)

- OR...
- \$500K to make dramatic improvements @ Booster Pumpouse
 - i. Two new 400hp pumps
 - ii. New control systems / electrical
 - iii. New plumbing / piping
 - iv. New building / structure
- OR...
- Combination of such projects and altered plan / TBD before April
 - i. Example of such:
 1. Use performance contracting to fund booster pumphouse
 - a. Especially if costs exceed \$500K
 2. Use CMCIF funding to purchase equipment
 - a. All with expected life of 10-20 years

VIII. Other Capital Projects & Funding // DeVivo

DeVivo reminded the CMAC membership that there is still (roughly) \$300K on the books for bonding toward Mittersill improvements left over from the 2010/11 Mittersill Double Chair / Improvements project. When bonded, that \$300K will be 50% generally funded and 50% CMCIF in accordance with the original project that went through CMAC, DRED, CBOC, and G&C approvals. Prior to its lapse at FY15 end, the money must be encumbered, and will be used toward the following projects at Mittersill:

- * Warming Hut / Restroom Facility @ \$150K
- * Parking Lot Improvements / Drainage @ \$60K
- * Patrol Hut at top @ \$30K
- * Wayfinding & Safety Signage @ \$30K
- * Echo Lake Dam project allocation @ \$30K

IX. Cannon Mountain Capital Improvement Fund Summary // DeVivo

- Chris Marino and Cindy Iacovella are both new to DRED
- Still sorting through the current status of the CMCIF between Treasury, Chris, Cindy, and Phil Bryce (Dir - NH Parks & Rec)
- DeVivo pledged to have most current status by April meeting date
- FY14 intent was to take first \$500K in surplus and pay into NH Parks
- Remainder to go toward paying off CMCIF deficit
- Same intention this year (FY15)
 - i. Built into HB-2 that way by statute
- CMAC recommended the opposite two years ago...
 - i. First \$500K in surplus toward paying off CMCIF deficit
 - ii. Remainder of surplus to go toward NH Parks

- Cannon finished FY14 @ net \$327K... all went to NH Parks
- No payment into CMCIF deficit
- If that \$327K had gone toward CMCIF deficit, it would've reduced it from \$372K down to just \$45K
- Bryce recommends adopting CMAC recommendation for FY16 & FY17
 - i. First \$500K in surplus (or amount necessary) toward CMCIF
- DeVivo wholeheartedly agrees
- Commissioner Rose wholeheartedly agrees
- Such an arrangement would pay down the CMCIF deficit within just one or two fiscal years, given Cannon's average annual surplus (since FY08) of approximately \$550K

- DeVivo plans to request \$500K - \$750K annually in CMCIF
 - i. With the intent of paying any CMCIF deficit through surplus
 - ii. And putting the remainder of Cannon's surplus into NH Parks
 - iii. Or... splitting said remainder between Cannon and NH Parks

X. Old Business // McLeod - Johnson

Chairman McLeod asked Kevin Johnson for an update on the activity of the subcommittee that was discussing other options for capital improvements at Cannon Mountain (beyond ski operations). Johnson discussed a need to get a broader sense of how Cannon affects the local economy, and the need for a diversification of its services and year-round offerings to a broader audience. Discussion ensued as to Cannon's role as either "AN" economic driver in the Franconia region (DeVivo's opinion)... or "THE" economic driver in the Franconia region (Johnson's opinion). Both agree that further study is warranted, and that year-round capital opportunities and improvements are important. DeVivo mentioned that added capital funding may be available in the future as the CMCIF is paid off more easily via Cannon surplus.

XI. New Business // Senator Bradley

Senator Bradley (via phone) asked DeVivo for clarification regarding how Cannon's skier visits are reported, based upon an inquiry by (a constituent). DeVivo mentioned that he is seeking more information from SkiNH on whether its current reporting mechanism and Cannon's are in line, and will forward answers to Senator Bradley.

XII. Next Meeting Date / Adjournment

Chairman McLeod requested proposed dates for the next meeting, and the consensus was that Friday April 3rd should work well.

FRIDAY, APRIL 3RD AT 10 AM... NEXT CMAC MEETING

Chairman McLeod requested a motion to adjourn. The motion was made by Kathy Taylor and seconded by Karen Irwin. The motion was passed unanimously.

