

**CANNON MOUNTAIN ADVISORY COMMISSION**  
*Minutes from November 3, 2017 meeting @ FNSP Headquarters*

**CMAC Members Present:**

Chair Rich McLeod, Vice Chair Karen Irwin, Representative Erin Hennessey, Representative John Mullen, State Treasurer William Dwyer, Charles Chandler, Kevin Johnson, John Tholl

**CMAC Members absent:**

Senator Jeff Woodburn, Senator William Gannon

**Non-members present:**

NH DNCR Commissioner Jeffrey Rose, Cannon/FNSP General Manager John DeVivo

**1. Call to order / introductions / review and approval of March 31<sup>st</sup> meeting minutes**

Chairman McLeod called the meeting to order at 10:09 AM. Introductions around the table per usual. Representative Hennessey moved the acceptance of the March 31<sup>st</sup> meeting minutes, seconded by Representative Mullen. Treasurer Dwyer suggested two changes to the final paragraph on page 5:

“... surplus theoretically could’ve been used...”

“... keep the borrowing fund pegged...”

The motion to accept the minutes with the suggested changes passed unanimously.

**2. Review of CMAC statute (interpretation by CMAC Chairman McLeod)**

McLeod reiterated his interpretation of the statute in question (RSA 12-A:29-b Cannon Mountain Advisory Commission) that it applies solely to the commission’s role in recommending capital projects at Cannon Mountain specifically relative to the use of the Cannon Mountain Capital Improvement Fund (revenue from the Mount Sunapee ski operations lease).

**3. Cannon Mountain FY17 close-out and FYTD (18) status after summer season (DeVivo report)**

• Cannon Ops Rev FY17	\$7.2M	32.4% over FY16
• Cannon Retail Rev FY17	\$1.15M	3.7% over FY16
• Cannon Total Rev FY17	\$8.35M	27.5% over FY16
• Cannon Ops Exp FY17	\$6.3M	7.8% over FY16
• Cannon Retail Exp FY17	\$1.25M	13.7% over FY16
• Cannon Total Exp FY17	\$7.55M	8.8% over FY16
• Cannon Net Total FY17	\$800K	247% over FY16 (lost \$470K in FY16)

A question was raised regarding the apparent \$100K loss in the retail division during FY17 (revenue of \$1.15M and exp of \$1.25M); DeVivo concurred that the numbers looked off and offered to look into it and report back.

**Summer season 17 (FY18 began July 1st)** (DeVivo report)

- May & June were very rainy / low business volume
  - Elec project completion in late May cost us the Tram over Mem Wknd
  - July / Aug / Sep fairly strong, but no records set, couldn't quite catch FY17 summer
  - Oct was quite strong, very brisk over Columbus Wknd and the following wknd
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- Cannon Ops Rev FYTD           \$1.39M           EVEN with FY17
  - Cannon Retail Rev FYTD       \$270K           22% under FY17
  - Cannon Total Rev FYTD       \$1.66M           4% under FY17
  - Cannon Ops Exp FYTD         \$1.63M           18% over FY17
  - Cannon Retail Exp FYTD       \$230K           39% under FY17
  - Cannon Total Exp FYTD       \$1.86M           6% over FY17
  - Cannon Net Total YTD         (\$200K)         \$180K under FY17 (down \$20K FY17 FYTD)

DeVivo reported that Cannon is typically looking to balance its summer operations at net zero when headed into the winter season, and that the negative \$200K balance may be easily offset with a few strong(er than average) winter weekends.

NOTE: The Boston Ski Show was very strong for Cannon this year, and the ski area pulled in nearly \$100K in season pass and 3-Pack (ticket) revenue during the 4 days of the show, which was at least \$20K more than last year's revenue during the same stretch.

**4. Review of the remaining (planned) FY17 CMCIF project requests** (DeVivo report)

- \$80K Painting on Aerial Tramway superstructure
  - Figure was based upon older quotes in the \$50K range
  - Took 2-3 years to actually find bidders; we found a bridge painting contractor
  - Bid came in at \$1.8 Million; project shelved for later reassessment
  - \$50K shifted to Patrol Hut project
  - \$30K shifted to Tramway bullwheel project
- \$108K toward Valley Station restrooms and boiler replacements (energy efficiency)
  - Boiler replacement project completed @ \$82K
  - Remaining \$26K shifted to Patrol Hut project / restrooms project shelved until Summer '18
- \$78K toward Tramway motor room roof repairs completed

Very quick recap on the other 2 recently completed major projects:

- \$4 Million (non-CMCIF) Mittersill Improvement Project / funded @ 98.75% through FSC efforts
  - \$650K new compressor           Dec 2014 completion
  - \$450K new dam at Echo Lake       Sep 2015 completion
  - \$650K new high-efficiency guns   Dec 2016 completion (half in 2015)
  - \$800K in trail work / safety netting Dec 2016 completion (half in 2015)
  - \$800K snowmaking system       Dec 2016 completion (half in 2015)

- \$650K new T-Bar Jan 2017 completion
- \$5.1 Million (non-CMCIF) Ameresco Project
  - \$1M new power line Jun 2017 completion
  - \$400K lighting / weatherization Nov/Dec 2017 completion (lighting @ PHQ)
  - \$2.7M snmk'g / energy efficiency Nov 2016 completion
  - \$1M new booster pumphouse Dec 2016 completion
  - Both were “life changing” projects for Cannon
    - Mittersill project has revitalized the area (after Cannon’s \$3M investment)
    - New focus on competition, development, and a boon to the local economy
    - NCAA Championships added to already sky-high PR over the project
    - Energy efficiency project has rocketed Cannon to the forefront of NH snowmaking
    - Maximized water flow at all temps, minimized air use at all temps (50% more / 50% less)
    - The annual payoff on the bond is \$369K
    - Cannon savings (attributable to the project) was approx. \$408K in first year

Johnson remarked that he’d originally been skeptical of the “Ameresco Project” (and DeVivo noted that Irwin had, as well), but commended Cannon’s success with the results thus far. DeVivo and Rose both noted that Cannon’s snowmaking and management teams are committed to meeting these savings annually in order to net the project cost at zero and protecting that \$369K payment in the operating budget.

#### 5. Update on FY18 CMCIF project plan @ \$750K (DeVivo report)

- \$150K Bullwheel bearing replacement @ Aerial Tramway
  - Covers all 8 sets of bearings (top and bottom) even if sent to St. Jerome, QC
  - Contracted at \$156K as a not-to-exceed (overage covered with shifted funds)
  - Top project in fall 2017 / Bottom project in spring 2018
- \$30K Bullwheel bearing replacement @ Eagle Cliff Triple
  - Project completed @ \$29K
- \$250K Snowmaking pipe replacement
  - Skylight, TossUp, and Short Fuse replacement and Fleitman Trail spur line to Mittersill
  - \$163K contracted on pipe project; lower than expected
  - \$90K then allocated to efficiencies and upgrades to JOY air compressors
    - Overage covered with shifted funds
    - “Staging” these compressors will save more money on air cap and boost efficiency
- \$150K Wintersteiger Mercury Tuning Machine / System
  - Machine came in at \$148K and is installed
  - \$7K to revamp, re-route, rewire, and reconfigure the shop (overage covered with shifted funds)
- \$100K Patrol Hut atop Cannon Mountain – November 2018 completion
  - Budget boosted to \$190K to cover expected high bids and foundation
  - Project came in at \$165K (exterior / roof / siding)

- Foundation to be bid out, expected at \$25K
- Cannon crews will complete interior / gifted funds expected to cover that
- \$50K Replace Power Feed to Booster Pumphouse
  - Project reexamined and shelved in favor of other more urgent needs
    - \$5K Aerial Tramway winter flooring (rubber)
    - \$7K Repair Shop electrical reconfiguration
    - \$5K Fire Suppression System (water) tank upgrade @ Peabody
    - \$5K Slope stabilization / retaining wall at Mittersill Warming Hut
    - \$34K auxiliary generators for Aerial Tramway
    - Overage covered by shifted funds
- \$20K Notchview Lodge re-carpet
  - Div of Purch & Prop has it / December 2017 completion expected
- \$20-25K Roofing repair project @ Ernie's Haus *(will require DD&M emergency funds, non-CMCIF)*

NOTE: Moving forward with the temporary roof @ Ernie's Haus utilizing operating funds, and will seek FEMA reimbursement through DNCR / NH Parks & Recreation recoupment efforts.

**6. Review of Cannon Mountain Capital Improvement Fund (CMCIF) status** (DeVivo report)

- \$2.4M available for bonding, may be asking to bond between \$750K and \$1.3M in spring 2018
- Start of FY09 neg balance \$495K... Start of FY18 neg balance \$399K
- Trending downward while still making annual capital improvements to Cannon
- Averaging \$337K neg balance... while averaging \$628K in debt svc and \$585K in Sunapee payments **(5-yr avg)**
- Cannon's net total has avg'd \$348K over the same 5-yr timeframe (4 yrs pos, 1 yr neg)
- DNCR Commissioner's discretion, but Cannon's annual net surplus could offset the neg balance
- State Treasurer has referred to this as "good debt" to protect, preserve, and improve the asset

**7. Possible FY19 CMCIF project plan requests / estimates (projects such as)** (DeVivo report)

- |  |                               |
|--|-------------------------------|
| ● \$558K overhaul on Zoomer Triple Chairlift                 | Lift Maintenance              |
| ● \$200K Marooka / Panther tracked dump truck                | Heavy Equipment / Fleet       |
| ● \$175K roofing and siding replacement on Ernie's Haus      | Buildings / Infrastructure    |
| ● \$150K pipe & infrastructure / snowmaking                  | Snowmaking / Infrastructure   |
| ● \$150K Tramway (top and bottom) restrooms & infrastructure | Buildings / Infrastructure    |
| ● \$100K various infrastructure projects TBD                 | Elec / Water / Infrastructure |

Chandler inquired about the need for an overhaul on the Zoomer Triple, and asked whether the lift is safe to operate this season. DeVivo offered that Cannon is considering a replacement of the haul rope, chairs and grips, and sheave assembly bushings, and an overhaul on the gearbox, and that this is not a safety issue. The lift has passed the annual inspection by the State's Aerial Tramway Safety Board Inspector, as have all of Cannon's lifts, and that there's no safety concern whatsoever.

**8. Old business**

None offered or addressed.

**9. New business**

None offered or addressed.

**10. Set date for spring CMAC meeting**

Chairman McLeod set the spring meeting date, time, and location for Friday, March 30, 2018 at 10 AM at the Cannon/FNSP Headquarters building.

**11. Adjournment**

At approximately 11:40 AM, Chairman McLeod requested a motion to adjourn. Chandler motioned, Representative Hennessey seconded, and the motion passed unanimously.

DeVivo noted to the group that the Spring meeting is typically a voting meeting (on the proposed capital plan), and asked that all members make every effort to attend.