

Mount Washington Commission
Fee Subcommittee 1/8/21
Meeting Information

The Division of Parks and Recreation and the Mount Washington Commission are exploring charging fees to enter the Sherman Adams Building/Tip Top House in Mount Washington State Park. The fee would be for building entrance only and not for entrance onto the park site because of the rights held by third parties for access to the summit. This proposal is explored concurrently with the renegotiation of the lease between the State of New Hampshire and the Mount Washington Observatory.

Topics covered here are

1. Reasons for proposal
2. Goals and Elements of Fees
3. Parks Lease Revenue
4. State Park Financial Performance
5. Projected Attendance and Fee Revenue
6. Justification for Fees

The reasons for the fee proposal are as follows:

1. To offset the loss of direct financial support from the Cog Railway to the Mount Washington Observatory to provide adequate support for the operation of the museum.
2. To offset the loss of financial support from the Cog Railway that passes through to the State Park through the lease agreement between the State and the Observatory.
3. To provide additional financial resources to support the operation and maintenance of the park and investments in infrastructure.

Mores specific goals and other elements of fee collection are as follows:

1. The financial position of the state park would improve.
2. The financial position of the Museum operations would improve along with resources to update displays and museum experience.
3. The fees would not discourage access to the Sherman Adams building and Museum. Visitors would realize the value of their fee.
4. The current agreement between the Observatory and State does not allow the State to charge fees. This agreement would need to be amended to eliminate that restriction.
5. Fees would be collected at the time the reservations are made to enter the building. Reservations are required to ensure occupancy limitations are not exceeded. These reservations would be done directly with NH State Parks, as was done last season, or in coordination with the Cog Railway and Auto Road.
6. Provisions for basic needs would be available for those who are visiting the summit but do not have reservations to enter the building.

7. The entrance to the Sherman Adams building would be designed to support the logistics of visitor access under the reservations system.
8. The request for fees would be submitted to the Legislative Fiscal Committee for approval concurrently with the submission of an updated fee package for State Parks. The fee package was last updated in 2012 and is currently under review by park staff and the State Parks System Advisory Council.

Parks Lease Revenue:

Given that one of the major reasons for the move towards charging fees to enter the State Park buildings on the summit is to address the loss of revenue to the Mt Washington Observatory and the State, it might be helpful to understand the terms in the lease relating to the financial relationship between the State and the Mount Washington Observatory. The intent is not for the subcommittee to negotiate the terms of the lease but to provide additional context for the discussion. This covers only the financial relationship with the State and not agreements with other third parties to support Observatory operations.

1. Description of Premises / Term, Payment, and Renewal. Base Rental of \$60,000 per year.
2. Accounting Methods and Additional Payments. With respect to the Mount Washington Museum Admission Fees:
 - a. The Lessee retains the first \$120,000.
 - b. Any amounts in excess of \$120,000 shall be divided equally between the State and Lessee. States share deposited in the Mt. Washington Fund and Lessee's share to be used for museum display maintenance and replacement.
 - c. All other Fees and Sales: Lessee pays 5% commission on gross fees, sales or other charges for retail, edu-trips, tours, etc. research contracts except with US and State or political subdivisions. Not subject to commission: fundraising, corporate sponsorship, grant income.

Historic payments to the State are shown under Parks Lease Revenue. Note that the average payments from museum fees to the State for 2018-2020 dropped \$19,405 from the previous three-year period. This would correspond to a similar impact on the Observatory Museum Fund.

State Park Financial Performance

Under the Parks Financials is a summary of 10 years of revenue and expenses. Over that 10-year period, the net is a loss of \$130,000. Over the same 10-year period \$1,027,994 of capital budget expenditures were made. Going forward operating expenses will be reduced by over \$200,000 for the bond payments for the purchase of the Dartmouth Tract. However, the pending sewage treatment and water system upgrades total between \$3.5 and 4.5 million.

Projected Attendance and Fee Revenue

In analyzing the amount of revenue that could be raised by charging an entrance, historic attendance cannot be used because going forward the numbers of visitors in the building at one time needs to be held to the 300-person limit set by the Fire Marshall. There are several ways to look at projected attendance: average per day, maximum per day and the capacity of the Cog and Auto Road parking lot.

Under the Attendance Tab (1) in the Mount Washington Calcs spreadsheet the average attendance per day is 210,000 during the year. If attendance is spread out to meet the average, and that attendance occurs over a 7-hour period (attendance is heavier in the middle of the day), then the number of visitors would not exceed the building capacity. If most visitors attend over a 5-hour period on an average day, 71% of the visitors could be allowed in the building.

Attendance can be as much as 5,000 per day (2). If there are over 1,000 on the summit, only 30% could be allowed in the building at a time.

If the Cog capacity, parking lot size, and estimate of hikers per hour are used (3) instead of the average, the hourly demand estimate of numbers of people on the summit is almost 1,000 at one time

With restriction on the numbers of people in the building through a reservation system, some demand for access could be spread out during the week and during the day. However, there is likely to be a drop in the overall numbers of people going through the building compared to previous years to hold to building capacity. If fees are charged, some visitors may stay longer and other visitors may choose not to enter the building.

The best estimate is that the total numbers of visitors accessing the Sherman Adams Building would be reduced by 1/3. Therefore the total number of potential fee-paying visitors would be 207,900 per year. The current base entrance for State Parks is \$4 (not including reservation fee). This represents \$831,600 per year. This revenue would be offset by a loss of revenue from the Observatory from the Museum fees that were passed through to the State.

Justification for Fees

1. Charging fees is consistent with the statutory direction provided in **S 216-A:3-g Fees for Park System.** –
...to provide the department with the ability to maximize revenues and to adjust fees according to market conditions and trends as is the common practice in private industry.
 - I. Fees for the use of park areas shall be designed to recover a reasonable portion of budget expenses consistent with the purposes of RSA 216-A:1 and 216-A:3. The general court does not intend that all park facilities be self-supporting.*
 - II. Fees for the use of campgrounds and ski lifts shall be comparable with the fees for use of similar privately owned facilities. The operation of all enterprise functions within the park system, including ski lifts, food service, retail facilities, campgrounds, and other concession activities, shall be as profitable as possible, within the purposes of the park system.*

2. The Park is in need of substantial investment in infrastructure. There are limited capital budget dollars available. Investing in Mount Washington State Park means that those dollars are not available to support investments in the rest of the park system (such as much needed campground expansion and bathroom upgrades). All other parks in the park system support the Parks Fund, which in turn pays for administration costs (over \$2 million per year). Mount Washington does not.
3. Charging all entrants to the building instead of just those visiting the museum will provide a more stable source of revenue to the Observatory to operate the Museum as part of the overall parks experience.

It is important to remember that the charging of fees is a separate issue from requiring reservations to limit the numbers of people in the building. For example, hikers may oppose fees because they would like to have open access to the building whenever they get there. However, they may not object to paying a fee to support the operation of the park.

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