

Senate Finance Committee

Deb Martone 271-4980

SB 55-FN-A, making an appropriation for the Cannon Mountain tramway.

Hearing Date: February 7, 2023

Time Opened: 1:04 p.m.

Time Closed: 1:44 p.m.

Members of the Committee Present: Senators Gray, Innis, Bradley, Birdsell, Pearl, D'Allesandro and Rosenwald

Bill Analysis: This bill appropriates \$25 million for the Cannon Mountain tramway from the fiscal year 2023 surplus.

Sponsors:

Sen. Gendreau

Sen. Bradley

Sen. Lang

Sen. Watters

Sen. Avard

Sen. Altschiller

Sen. Carson

Rep. Rochefort

Rep. Tierney

Who supports the bill: Senators Gendreau, Lang, Watters, Altschiller and Carson; Natural and Cultural Resources Commissioner Sarah Stewart; Brian Wilson; Charyl Reardon; Jayne O'Connor; Former Senator Nancy Stiles; Matt Leahy; John Nyhan; Executive Councilor Joe Kenney; Rebecca Hebert; Tim Barnhorst; Julie DiTursi; Cory McPhee.

Who opposes the bill: Julie Smith; Curtis Howland; Jeremy Clark; Jesse Medeiros.

Who is neutral on the bill: Gary Way

Summary of testimony presented in support:

Senator Gendreau, Prime Sponsor:

- SB 55-FN-A is requesting an appropriation of \$25 million for the Cannon Mountain Tramway.
- The maiden voyage of the first tramway in North America occurred on June 28, 1938 at Cannon Mountain in Franconia Notch. It greatly impacted the ski & tourism industries with 163,000 passengers that first year.
- The tramway is celebrating its 85th anniversary this year.
- Alexander Bright, a member of the US Olympic Ski Team, originated the idea in 1933 to promote skiing and tourism in the White Mountains.
- The current tramway is over 40 years old. Its system is in need of large upgrade. Parts are becoming harder to find. A replacement has become a necessity.
- The Tram is an iconic destination.

Joseph Kenney, District 1 Executive Councilor:

- Councilor Kenney represents the North Country.
- Two years ago the Governor and Council held a meeting at the Franconia Notch State Park with the express reason to discuss the Cannon Mountain Tramway.
- The Tram is coming to the end of its 40-year life cycle. The equipment, parts and supplies to support the tram are likely becoming obsolete. Many of the present equipment pieces need to be replaced.
- The Tram is a moneymaker, bringing in over \$2 million in revenue for our state parks system in FY 2022.
- The Tram is a complimentary piece to the Franconia Notch State Park as this park is constantly being recognized as one of the best in the country.
- What makes Franconia Notch State Park and the Tram a great experience is not only its majestic views, but the state park employees who are proud to serve and full of morale and enthusiasm when visitors come to witness our great state.
- It is time to create a Tram III at Cannon Mountain so that future generations can have the same experience that their parents, grandparents and great grandparents have enjoyed.
- It is our responsibility to preserve this iconic structure as much as we have preserved the memory of the Old Man of the Mountains.
- Senator Innis inquired if the \$2 million is in revenue or is it profit after expenses each year. Councilor Kenney stated it is revenue. He also added there is an opportunity to look at federal money that might support something like this. Such a decision will have to be supported by the Governor and Legislature.
- Senator D'Allesandro indicated the appropriation being requested is for the maintenance and operation of the tramway. It doesn't sound like replacement. Perhaps it is repair? Is the operation good but needs upgrades? Does it need major maintenance? Councilor Kenney agreed key parts need to be replaced. A full replacement would probably cost in excess of \$25 million. He believes the appropriation is for upgrades.

Commissioner Sarah Stewart and Brian Wilson, Department of Natural and Cultural Resources:

- Both the original Tram and Tram II were legislative initiatives.
- The original Tram was built with the help of 200 Civilian Conservation Corps workers, beginning the construction of Franconia Notch State Park. It opened in 1938 and operated for 42 years.
- Tram II was licensed in February 1980 and has been in operation for 43 years.
- During the winter the Tram provides supplemental access to Cannon's 4,080 foot summit.
- Since its installation, the current Tram has transported over 8 million park visitors.
- After over 40 years in year-round operations, the Tram's primary systems such as the cars themselves, the hangar arms, the carriage trolleys, the electromechanical componentry, the motor and braking systems all need to be replaced. Each of these systems has an estimated lifespan of 3-5 years.
- In 2020, the Department presented to the Capital Budget Oversight Committee its forthcoming need to address the future of the Tram. They solicited studies to

explore various options, including the construction of a new tram versus a gondola system. In February 2022 it held a public information session and solicited public feedback concerning the options. There was overwhelming public support for replacement of the Tram versus installing a gondola.

- Timing of this project is especially critical as the manufacturer of the current Tram has notified the Department that key replacement parts will no longer be available.
- The Department is concerned that without funding and a plan in place for replacement, the Tram will not be in service in the near future.
- In consultation with the Department of Administrative Services, Division of Public Works, an estimate of \$25 million is required to address the identified needs.
- People from all over the world travel to Franconia Notch State Park to ride the Tram to get sweeping views of the Notch.
- The overall success of Franconia Notch State Park directly supports the greater New Hampshire state park system.
- Losing a key feature of the Franconia Notch State Park experience will have a negative impact on the overall enterprise system.
- An investment in Tram III helps maintain the diverse attractions that draw millions of visitors to Franconia Notch State Park.
- Senator Bradley inquired if a gondola system replaced the Tram, would he be correct in assuming due to the winds coming over the ridge, that the gondola would not be able to run as many days as the Tram does. Director Wilson agreed. Senator Bradley asked if a gondola would require major alterations to both the Summit Building and the Base Station Building that a tram would not require. Director Wilson replied it would. Senator Bradley commented that would be an additional cost. Senator Bradley wondered if a gondola were chosen would it generate the kind of revenue or be the kind of attraction people would use to get to the summit of Cannon Mountain as opposed to the Tram. Director Wilson indicated it would not. What makes the Tram unique is it's the only one in the state, and the only one of two in the Northeast. Senator Bradley surmised with a gondola the summer/fall revenue would be severely diminished, resulting in less revenue from Franconia Notch State Park to other state parks. Commissioner Stewart stated it is the belief of the Department that having the only tram in the state is a major attraction to Franconia Notch State Park. If they were to only have a gondola, they would be forced to lower the height of the ride significantly, potentially below the tree line, which would detract from the experience and reduce interest. Senator Bradley referred to replacement parts being unavailable at a point in time in the near future. That would potentially render the Tram inoperable. Director Wilson agreed. Per Senator Bradley, any upgrades to try to keep the Tram running as long as possible might be "throwing good money after bad." Again, Director Wilson agreed.
- Senator Birdsell inquired about the length of the Tram's capability once the repairs are complete and the Tram is in working order. Director Wilson explained the Tram's lifespan is approximately 40 years before it becomes

antiquated. The maintenance costs with a new system would be far less than current maintenance costs.

- The proposed appropriation does not include the towers and the cabling, as well as the mechanisms that receive at the base and at the summit. The Department is attempting to ensure they have many useful years left on those structures before having to replace them. Commissioner Stewart explained the current Tram has 4 towers. They are testing the security of the towers to ensure no investment is required for this Tram III request. Should they go to a gondola system, they would need to remove those towers, but add 18 towers, which would be a big investment as well.
- Senator Rosenwald referenced written testimony offered by the Governor indicating he had been working with the Department for two years. She wondered if the Department had estimates on the tram versus the gondola for construction costs and revenue projections over the lifespan of Tram III or Gondola I. Commissioner Stewart was unfamiliar with the Governor's letter. However, they have investigated the difference but don't have specific numbers available today. Director Wilson stressed it would be difficult to determine the impact of such a drastic change on the costs or revenue over time.
- What bothers Senator D'Allesandro is the replacement parts issue and the timeframe for availability. Director Wilson reiterated there is a 3-5 year lifespan with the existing parts; it is not the parts they are hoping to obtain. If any of the systems is compromised in the near future it would potentially jeopardize the operation of the Tram. Senator D'Allesandro indicated the Governor appears to favor the gondola as a viable alternative. Commissioner Stewart stated they have worked to gather preliminary information about the differences between the two options. It was clear to the Department the public desired a tram. It is what SB 55-FN-A calls for and the Department worked hard on the proposed appropriation.
- Senator Gray asked where the \$25 million appropriation was coming from, as the bill indicates it is out of this year's budget. Commissioner Stewart stated they haven't been shy in making financial decision makers aware of the situation. Senator Gray indicated the committee doesn't know where the appropriation will come from either.
- Senator Bradley made an information request of the Department to supply committee members with a "one-pager" on the \$2 million summer/fall revenue; how it helps the overall state park system; how it would be impacted if the Department was unable to generate the kind of business with a gondola.

Charyl Reardon, President, White Mountains Attractions Association:

- The Cannon Mountain Tram has been a flagship attraction for New Hampshire's tourism industry for nearly a century.
- Fondly named "Ketchup and Mustard," the tram is an iconic summer/fall experience. It is well known and treasured by visitors here and afar.
- The Tram is unique in that it is not a typical gondola or scenic chair ride. Riders are afforded 360 degree views of the White Mountains and Franconia Notch.

- The Tram has helped fuel our economy providing millions of dollars in tourism spending that has made the North Country's economy hum.
- Attractions like the Tram are so important to the state's success. For every dollar invested in the Tram the state earns an even bigger return on investment because the Tram contributes to local job creation and retention; it attracts and encourages tourism; it supports funding for other infrastructure projects within the state parks system.
- Replacing the Tram would mean protecting our natural and cultural history and ensuring the longevity of Franconia Notch to inspire future generations.
- Senator Bradley asked Ms. Reardon to speculate on the overall impact to tourism if the Tram were not there, or replaced with a gondola. Ms. Reardon agreed it would affect the tourism in the region in the summer/fall months. It is a huge draw for visitors, and they actually spend more time staying in area lodging and eating in local restaurants.

Jayne O'Connor, Retired President, White Mountains Attractions Association:

- The Tram is successfully marketed to couples, families, senior bus tours and international travelers.
- New Hampshire competes with the Adirondacks, Niagara Falls, the Berkshires, Cape Cod, and even the museums of Boston.
- In 1938 the Tram fit right in with the Mount Washington Auto Road and the Cog Railway.
- All of the attractions need to improve, add and upgrade to attract more visitors.
- We live in a world of upgrades, competition and great expectations. It was important to replace the Tram from 1938 with a bigger and better one in 1980. It's important that the new replacement is also an upgrade. No successful business ever downgrades its main attraction. Upgrading brings in more customers.
- There are gondolas all over ski country, but an aerial tramway is special. It's like comparing a seesaw to a carousel. A tramway is eye-catching, a show-stopper, and is its own marketing tool.

John Nyhan, President, Hampton Area Chamber of Commerce:

- Cannon Mountain and the Tram are a "jewel" in the state of New Hampshire. They bring an asset to the entire state.

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Date Hearing Report completed: February 8, 2023