

BUDGET REVIEW COMMITTEE

JUNE 24, 2019

A meeting of the Budget Review Committee was held Monday, June 24, 2019, at 7:25 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chairman, Chairman, presided.

Members of Committee present: Alderman-at-Large Michael B. O'Brien
Alderman Jan Schmidt
Alderman-at-Large David C. Tencza
Alderman-at-Large Shoshanna Kelly

Members not in Attendance: Alderman-at-Large Lori Wilshire, Vice Chair
Alderman-at-Large Ben Clemons

PUBLIC COMMENT - None

COMMUNICATIONS - None

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

R-19-142

Endorsers: Mayor Jim Donchess
Alderman-at-Large Lori Wilshire
Alderman Jan Schmidt
Alderman-at-Large David C. Tencza
Alderman-at-Large Mary Ann Melizzi-Golja
Alderman-at-Large Shoshanna Kelly
Alderman Tom Lopez
Alderman Patricia Klee
Alderman Richard A. Dowd
Alderman Linda Harriott-Gathright
Alderman-at-Large Michael B. O'Brien, Sr.

AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF SIX MILLION TWO HUNDRED THOUSAND DOLLARS (\$6,200,000) FOR VARIOUS IMPROVEMENTS TO THE JACKSON MILLS AND MINE FALLS HYDROELECTRIC FACILITIES

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

Are there any additional questions for Director Marchant? Director Marchant would you re-join us.

Alderman Tencza

I wish we would have asked Treasurer Fredette to stick around too.

Chairman Dowd

I can probably answer the questions as I reviewed all his stuff today.

Alderman Tencza

Ok so maybe this is a question for you then Mr. Chairman. The service on the debt per year are the revenues going to exceed the service on the debt. Are we still going to be making money.

Chairman Dowd

I'll let Director Marchant answer that.

Sarah Marchant, Director Community Development

Yes and I do have a correction, he did mention to me beforehand it is a 20 year bond, not a 10 year bond. I did say 10, it's a 20 year bond; useful life is 30 years of all these things, hopefully a lot longer. Yes, revenue will still proceed including both the original purchase of the Mine Falls Bond and this Bond for the two dams together, revenue will exceed the cost of average operating and bond costs every year.

Chairman Dowd

The first year expense on the bond is about a little over \$500,000.00 and it is a little over \$400,000.00 the years after that and the income is more than double that.

Ms. Marchant

Yes it might not be the first year will be a little low it won't be quite half a million but yes it will be considerably more and if we can get net metering or when we get out of this power purchase agreement; either way we will be negotiating for a much higher one. So we have that, again, through 2023.

Alderman Tencza

Would you agree with me then that if we don't accept the bond the City would actually be losing money going forward by I guess not having these turbines active.

Ms. Marchant

I think that's a fair statement. If they break and we don't fix them, then we also get in trouble with FERC because their operation has to do with the fish passage which we are passing fish at Mine Falls Dam for the second year in a row and it hadn't passed in 10 years. So we've made some major, major wins environmentally by us taking these over and operating them as they should. Not only will we lose money, but we will also probably get in more trouble which could cost us more money.

Chairman Dowd

When we had a problem with a turbine at the Jackson Falls Dam, it is a unique turbine, it was built specifically for that installation. When we had it repaired it was hugely expensive and took months. They can't build those anymore, the original company. So somebody is going to have to engineer a replacement generator for that site and then it will be new technology. So it could be even more efficient hopefully. But it certainly as you can well imagine, anytime you are starting from scratch and designing something and building something unique, it is expensive.

Alderwoman Kelly

Thank you that is actually close to my question so I was just wondering as we've heard the repairs were pretty costly at the very unique piece. Did we look at alternatives in terms of like relocating it or doing something different with the turbine? Because if has got 30 years we are going to come up with this again in 30 years and it will probably be more than \$4 million, right?

Ms. Marchant

We did explore a couple options. Also one of the options on the table was that they have new fish safe turbines so maybe we could eliminate the fish ladder. Those are so much more astronomically expensive that they aren't on the table. So we did look at a couple different things. To be honest I looked at what it would cost us the option of not replacing this when it goes down is to remove the dam and decide to no longer operate hydro here. That has quite a large expense, talking to consultants, closer to \$1.5 to \$2 million probably and it still has very long term responsibilities because it is part of that building and facility. So we would be responsible for maintenance and upkeep in the long run of the basic structure and all of that. So we certainly at other options because it is a lot of money but this does seem to be the best option at this time. It is something, in the future, that if the City so decided it didn't want to be in the hydro-electric business, that we could sell the dams in the future. But I think it is a good deal for the City and I think that we not only are making money but I also think that we are operating them in a way that is best for our community in that we are making sure that we are trying to much better environmentally than the previous owners did as well.

Chairman Dowd

Just for a little history when the dam was basically rebuilt and had those pneumatic gates put in and the wall rebuilt over by the Library, that was all done with private funds. It is a long story so I won't get into why but I don't think it cost us anything at the time.

Ms. Marchant

It did not and it took 100 properties out of the flood plain. So 100 businesses and local properties no longer had to have flood insurance.

Chairman Dowd

And the dam keeps the river at the level we need for the new project that we've been talking about for the last couple of months.

Alderman O'Brien

Director Marchant, earlier in the conversation Alderman Klee, who like several of us on the Board wear two hats, we are also State Representatives. It seems like this has been like you say profitable and it could even be more profitable. I mean this is money well spent on this particular project to keep them running up to par. If we can get the State to jump in and the Governor particularly to jump into this net metering mess and to get into that, it could be an economic windfall with the City am I correct?

Ms. Marchant

If we could net meter Mine Falls which again produces the most significant amount of electricity, we could double the income that we have now. If it was today's market, we would be going from the 5.6 cents that we have now to 9.7 cents so almost doubling, 4 cents more. So it is a very substantial revenue generator, yes.

Alderman O'Brien

Well you've got my vote in Concord.

Alderman Tencza

Just one final question, in your previous testimony you talked about the studies that we have to fund as well. Those are funded through the bond; do you have a sense of how much of the bond goes to those studies?

Ms. Marchant

I have a sense in that we have a pretty big range of estimates from about \$400,000.00 to \$900,000.00 in studies. These are, I could list some of them, the fish agencies have requested you know a lot of things, it would be over – I think their total requests are about \$1.3 million. We think that the reasonableness standard needs to be applied; the size of the dam, what is being impacted, the relationship to the dams around it. When you are looking with consultants that can do a lot of initial studies, maybe desk top version rather than tagging fish, there are a lot of technical differences in the studies here. So we are looking to kind of step through this slowly, do what we need to do, answer as many questions as we can and make sure we have all the data we need and then go to the next phase. As part of doing some of these studies there will be capital improvements that we will have to do as part of this.

A perfect example is the trash racks on the dam. So the trash racks are what are in front of the intake and they literally kind of look like a giant tooth brush. So they catch all the debris from going in because you want clean water going into your turbine. Those have to be raked and right now they are about 3 inches apart. The fish agencies would like them to be 1 inch apart. We would lose a lot of revenue if we went to 1 inch apart. We think we can compromise and still meet the needs of the fish and what we are doing if maybe we go to 2. So those are the kinds of things we will be negotiating, but either way we are going to have replace those trash tracks and these are massive, they probably weigh, I don't know, 10 tons. Massive pieces of metal that have to slide up and down in front of the intake so as I said you know, we will do the studies, we are going to get as much as we can but there will be improvements that have to be made as well. So we tried to calculate those improvements that we expect have to be met are part of this bond cost, we hope, we've got a good estimate in there.

Alderman Tencza

Mr. Chairman, I have a question for you actually then is it typical that we would fund those types of studies with the bond or would we more likely just fund the capital improvements that we need to through the proceeds of a bond.

Chairman Dowd

I think in this case we are not doing studies that often I don't believe, right?

Ms. Marchant

It is specifically tied to the relicensing and that is why we are bonding it. So the relicensing is every, we are going for a 40 year relicense. Because it is specifically tied to the relicensing bond counsel has said this makes sense and they are ok with it. I do think that you know we wouldn't be bonding say a Master Plan, say something like that.

Chairman Dowd

So if the Bond Counsel is fine with it; then I'm fine with it.

Alderman Tencza

So once we get the new license in 2023, we are locked in for 40 years?

Ms. Marchant

That's our goal. So that's why the fish agencies push so hard for upgrades during this process because you don't get a lot of bites at the apple.

Chairman Dowd

That's to our favor.

Alderwoman Kelly

I have 2 questions; one I don't know if you'll be able to answer but I'll ask it anyways, I want to know the technology behind fish ladders and if we are going to be improving our longevity because we may not know what the species are going to be like 10 years from now, 20 years from now.

Ms. Marchant

That's a great question. So at Mine Falls we actually have a fish lift, it's kind of like an elevator for the fish, you can watch it live for fish season. So that's some of the newer technology. In the bottom that can be modified depending on the species of fish by the attraction water flows and exactly how the entrance is. So we have modified that a bit. I think that the fish lift itself will work for many different species, it's just that we are actually working on separate downstream by pass facilities there to better accommodate fish going back downstream with newer technology.

The fish ladder is actually kind of the same by adjusting the baffles which are the pieces that divide the ladder inside the fish ladder and the entry attraction flows, and that we can actually accommodate a whole lot of different species. Is it perfect? No. But it is able to be adjusted by adjusting those kinds of things to get a much more optimal for the different fish species.

Alderwoman Kelly

So the improvements that you'll make to the fish ladder will make that possible?

Ms. Marchant

That is our goal yes. And to answer your other question earlier, at Jackson because we have the license exemption, we are looking to maximize what we can for the new turbine as far as production and efficiency without going outside of the parameters of our license exemption because we don't want to be kicked into something like we are doing at Mine Falls.

Alderman Klee

Actually oftentimes I think Alderwoman Kelly can read my mind. I did have the same question about first the fish ladder versus the fish elevator or lift. Would something like the lift work at Jackson Falls or is a fish ladder with the adjustable baffles better and what is the expense of it?

Ms. Marchant

Those are great questions. I don't know if a fish lift would be ideal for Jackson it is very different topography, you are talking about 20 feet from the top of the dam down to kind of the bottom at Jackson. Whereas at Mine Falls it is more of about 40 feet; it's called a Denali Fish Ladder. Those are very traditional, standard, safe; we do have to do some major upgrades to that. We will evaluate other options but I think that we will most likely stay with the bones we have in both and just do modifications to them.

Alderman Klee

Not on the fish ladder but recently I've learned a little bit as far as net metering is concerned is that there are certain exemptions that you can bypass the net metering rules. I don't know if that would work for municipals. I know private industry can do it as long as they don't take any kind of Federal Funding and so on. Would we qualify for that if net metering did not go through?

Ms. Marchant

To my knowledge, no.

Alderman Klee

I didn't think so but I just wanted to understand that, thank you.

Alderwoman Kelly

This is procedural not for Ms. Marchant. I have not had the experience of having the information and the public hearing at the same time. Is that something we typically do and did everyone get the right amount of heads up that this was happening. Generally we have a meeting, we hear about it, it goes through, and then we do a public hearing after.

Chairman Dowd

Actually that's the way we always do it, we have a Public Hearing and then followed by the Budget Committee. We've done that, you have time between whatever we do tonight and when it comes to the full Board. I think that what you ...

Alderwoman Kelly

Maybe that's what I'm thinking of.

Chairman Dowd

The reason is that you have someone come and explain the legislation; you have it fresh in your mind when you are dealing with it at the Committee level. Then it will come to the full Board with a full explanation and the notes from the Committee, hopefully.

MOTION CARRIED

R-19-144

Endorsers: Mayor Jim Donchess
Alderman-at-Large Lori Wilshire
Alderman Jan Schmidt
Alderman-at-Large David C. Tencza
Alderwoman Mary Ann Melizzi-Golja
Alderman-at-Large Shoshanna Kelly
Alderman June M. Caron
Alderman-at-Large Brandon Michael Laws
Alderman Patricia Klee
Alderman Richard A. Dowd
Alderman Linda Harriott-Gathright
Alderman-at-Large Michael B. O'Brien, Sr

RELATIVE TO THE ACCEPTANCE AND APPROPRIATION OF \$60,000 FROM THE NEW HAMPSHIRE CHARITABLE FOUNDATION INTO PARKS & RECREATION GRANT ACTIVITY "JEFF MORIN FUND, SHADE CANOPIES AT ROBY PARK"

- Also assigned to the Board of Public Works; Favorable Recommendation issued 5/23/2019

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Alderman O'Brien

Just to let the Board know, this was also heard by the Infrastructure Committee and unfortunately it didn't make it completely on the agenda that evening. Mr. Kooken did bring it up and we were glad to vote on it knowing of the Morin family. This is something they are paying it forward and giving back. Shade canopies at Roby Park it is a sunny field and we at Infrastructure truly thank the Morin Family of thinking of the City and coming up with this. Something that is very good.

MOTION CARRIED

R-19-149

Endorsers: Mayor Jim Donchess
Alderman Jan Schmidt
Alderman Linda Harriott-Gathright
Alderman Patricia Klee
Alderman Tom Lopez
Alderwoman Mary Ann Melizzi-Golja
Alderman-at-Large David C. Tencza

CHANGING THE PURPOSE OF UP TO TWO HUNDRED THIRTY FIVE THOUSAND DOLLARS (\$235,000) OF UNEXPENDED BOND PROCEEDS FROM THE ROAD AND TRAFFIC IMPROVEMENTS PROJECT ON AMHERST STREET BETWEEN CHARRON AVENUE AND DIESEL ROAD TO PAY COSTS FOR PAVING A PORTION OF PINE HILL ROAD AND VARIOUS STREETS IN THE NEIGHBORHOOD IF FUNDS REMAIN AVAILABLE

- Also assigned to the Board of Public Works; to appear on its 6/27/2019 agenda

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

In many instances we wait until the other committees have given us input but based on the fact that I think it originated from the Public Works, I don't expect that they are going to turn this especially since it is money they need in their project. Having read the entire legislation, I think it is something that we should pass.

Alderman O'Brien

Thank you and to reiterate what our Chairman has said, those that have gone to some of the Mayor's meetings with the Wards and listened to Ms. Byers discuss Pine Hill Road seems to be problematic, maybe Alderman Schmidt in her Ward. But it goes over Hill and over to Grandmother's house, swamps, peat bogs and whatever else. When we do our roads, we want something that is going to be good and this is going to help to fund that and give the road a good base. So it definitely sounds like something to support.

Chairman Dowd

If I understand it correctly they had earmarked money for Pine Hill Road and when they got investigating it; it is going to be more than they anticipated. So this is going to allow them to actually do the work.

Alderman Schmidt

Apparently they did some drilling to find out what the underlayment of the road was and they found a variety of underlayment. We know well anyone who travels that road, you can never tell when it is going to fall apart underneath you. So this is tremendous to have a little more money to repair and rebuild, thank you.

Chairman Dowd

I was on that road again yet today and trust me, I am solely in favor of getting it funded.

MOTION CARRIED

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

R-18-102

Endorsers: Alderman-at-Large Lori Wilshire
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Richard A. Dowd
Alderman-at-Large Brandon Michael Laws
Alderman Jan Schmidt

APPROVING THE COST ITEMS OF A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE NASHUA BOARD OF POLICE COMMISSIONERS AND UFPO LOCAL 645 PROFESSIONAL EMPLOYEES OF THE NASHUA POLICE DEPARTMENT FROM JULY 1, 2018 THROUGH JUNE 30, 2022 AND AUTHORIZING RELATED TRANSFERS

- Tabled 1/17/2019

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN - None

POSSIBLE NON-PUBLIC SESSION – None

ADJOURNMENT

**MOTION BY ALDERWOMAN KELLY TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 7:46 p.m.

Alderman-at-Large Michael B. O'Brien, Sr.
Committee Clerk