



RESOLUTION

RELATIVE TO AN EXPENDITURE FROM THE WATERWAYS AND WATER BODIES EXPENDABLE TRUST FUND IN AN AMOUNT NOT TO EXCEED \$50,000 FOR INSPECTION AND ECONOMIC EVALUATION SERVICES RELATED TO THE MINE FALLS DAM

CITY OF NASHUA

In the Year Two Thousand and Fifteen

RESOLVED by the Board of Aldermen of the City of Nashua to authorize an expenditure from the Waterways and Water Bodies Expendable Trust Fund in an amount not to exceed \$50,000 for inspection services and economic evaluation services related to the Mine Falls Dam.

LEGISLATIVE YEAR 2015

RESOLUTION: R-15-118

PURPOSE: Relative to an expenditure from the Waterways and Water Bodies Expendable Trust Fund in an amount not to exceed \$50,000 for inspection and economic evaluation services related to the Mine Falls Dam

SPONSOR(S): Mayor Donnalee Lozeau

**COMMITTEE
ASSIGNMENT:**

FISCAL NOTE: Reduces the amount in the fund by an amount not to exceed \$50,000. Current fund balance is \$50,032.

ANALYSIS

This resolution requests the use of up to \$50,000 of the balance in the Waterways and Water Bodies Expendable Trust Fund to retain professional services to: 1) conduct an inspection of the Mine Falls Dam structure and related supporting facilities, and 2) provide an economic evaluation of the purchase and operations of the facility. It is likely that two professional services firms will be retained to provide these services.

This information is critical for the City to evaluate the potential acquisition of Mine Falls Dam, which the City has the option to purchase at a significant discount on the market value of the facility before December 1, 2015.

In the 1980's, the City entered into a contract with Mine Falls Limited Partners (MFLP) to allow MFLP to construct and own the dam facility. In exchange, MFLP pays the City a percentage of its total generating income each year. Unique to this contact, the City has opportunities to purchase the facility in pre-specified timeframes, at predetermined prices. In late 2015, the City has the most attractive opportunity to purchase the property for approximately \$3,350,000, or 50% of the facility's original construction costs.

The potential to control both hydro facilities could allow the city to leverage economies of scale and realize a revenue-maximizing long term deal. To assist the City in evaluating its option to purchase the Mine Falls Dam the City needs to hire expertise in energy markets and hydropower

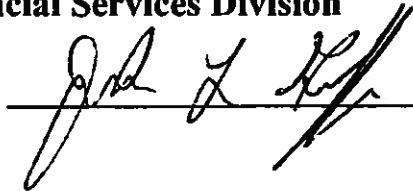
facilities to complete a thorough inspection of the Mine Falls Dam structure and supporting facilities, and provide an economic evaluation of the purchase and operations of the facility.

The team evaluating the operation of the dams recommends using an amount not to exceed \$50,000 from the Waterways and Water Bodies Expendable Trust Fund to fund the studies. The goal would be to provide the results in the late spring of 2015, to ensure sufficient time to make a decision to purchase the facility within the contractually allotted timeframe. Furthermore, if the decision is made to purchase the facility, the City will need to work to structure long-term power purchasing agreements and the long-term management and license arrangements for the operations of the facilities before the end of the 2015 calendar year.

R-12-085, which passed on April 23, 2013, established the City's Waterways and Water Bodies expendable trust fund to preserve, protect and promote those environmental and recreational resources. Explicitly, the fund can also be used to identify and prioritize issues, analyze alternate actions, and develop plans. The board of aldermen is the agent to expend.

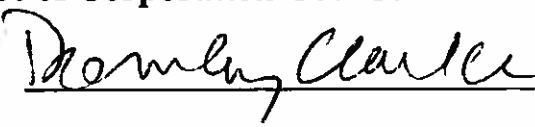
Approved as to account structure, numbers, and amount:

Financial Services Division

By: 

Approved as to form:

Office of Corporation Counsel

By: 

Date: March 4, 2015