

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 1992-28

No. 337 AN ORDINANCE ESTABLISHING A TAX STABILIZATION PLAN FOR CERTAIN PROPERTY OF THE NARRAGANSETT ELECTRIC COMPANY

Approved July 23, 1992

Be it ordained by the City of Providence:

WHEREAS, The Narragansett Electric Company (hereinafter called "Narragansett") intends to make certain improvements to real property owned by Narragansett, located at its Manchester Street Generating Station, and identified in the records of the Tax Assessor of the City of Providence as of December 31, 1991, as:

<i>Plat</i>	<i>Lot(s)</i>
22	96, 145, 185
21	312
46	591

(said real property is hereinafter called the "Real Property"); and

WHEREAS, the improvements ("Improvements") to the Real Property include a three-unit combined cycle generating station and associated facilities (both real and personal, but specifically excluding the gas line to be constructed by Algonquin Gas Transmission Company and the proposed gas metering station) which Narragansett proposes to construct for the generation and transmission of electricity in the City of Providence, substantially as set forth in and approved by the Rhode Island Energy Facility Siting Board in Docket No. SB-89-1 as of June 15, 1992 (the "Approval"); and

WHEREAS, Narragansett also proposes to construct certain ancillary facilities (both real and personal), not located on the Real Property, but ancillary to the Improvements, including a water pipeline, underground transmission lines and conduit, an oil pipeline, and the well at Narragansett's Olneyville Substation, all substantially as set forth in the Approval (collectively, the "Ancillary Facilities") (the Real Property, the Improvements, and the Ancillary Facilities are hereinafter collectively called the "Project"); and

WHEREAS, the City of Providence has been presented with a request from Narragansett to stabilize for ten years the amount of taxes to be paid by any person or persons on account of the Project; and

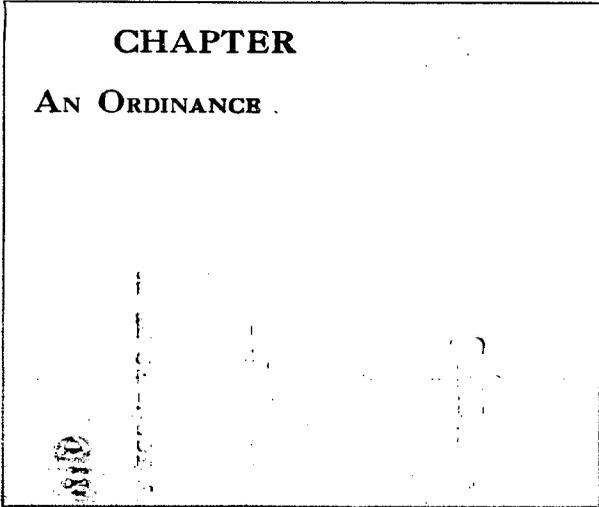
WHEREAS, to induce the City of Providence to grant the tax stabilization requested, Narragansett has agreed to pay to the City consideration in the amount of \$5,000,000, to be paid within thirty (30) days after the later to occur of : (i) the effective date of this Ordinance, or (ii) the enactment into law of 92S-1505A by the General Assembly and Governor of the State of Rhode Island in substantially the form as introduced; and

WHEREAS, Section 9 of Chapter 3 of Title 44 of the General Laws of the State of Rhode Island (hereinafter called the "Act") authorizes, subject to certain enumerated conditions, the city council of a city for a period not to exceed ten years to determine a stabilized amount of taxes to be paid on account of property used for manufacturing or commercial purposes, notwithstanding the valuation of the property or the rate of tax; and

No.

CHAPTER

AN ORDINANCE



Ordinance in

IN CITY COUNCIL

JUN 18 1992

FIRST READING

REFERRED TO COMMITTEE ON

FINANCE

Richard K. Clement CLERK

**THE COMMITTEE ON
FINANCE**

Recommends

Be Continued

Richard K. Clement
June 29, 1992
Clerk

DEPT. OF CLERK & RECORDS
PROVIDENCE, R.I.

JUN 17 1 37 PM '92



THE COMMITTEE ON

~~ORDINANCES~~ **FINANCE**

Approves Passage of
The Within Ordinance

Richard K. Clement
Chairman
Clerk

July 2, 1992

Council President Petrossiello (By Request)

WHEREAS, after a public hearing, at least ten days notice of which has been given in a newspaper having a general circulation in the City of Providence, the City Council finds and determines that :

(1) Granting the stabilization requested will inure to the benefit of the City of Providence by reason of the willingness of Narragansett to replace, reconstruct, expand, or remodel existing buildings, facilities, machinery, or equipment with modern buildings, facilities, fixtures, machinery, or equipment resulting in an increase in plant or commercial building investment by Narragansett in the City of Providence; and

(2) The Project is intended to be used by Narragansett for a manufacturing or commercial purpose, namely the generation and transmission of electricity.

NOW, THEREFORE:

SECTION 1. For so long as the Project is used for the generation and transmission of electricity as contemplated by the Approval, the stabilized taxes to be paid by any person or persons in the aggregate on account of the Project for each fiscal year during the period beginning July 1, 1993, and ending June 30, 2003 (the aforesaid period being hereinafter called the "Stabilized Period"), shall be as set forth in and subject to the terms and conditions of a *Tax Stabilization Agreement* (hereinafter called the "Agreement") in the form attached hereto as *Exhibit A*.

SECTION 2. Except as provided for by the Act and subject to the terms and provisions of the Agreement, for the duration of the Stabilized Period, the Project shall not be liable to further taxation by the City of Providence so long as the Project is used for the generation and transmission of electricity as contemplated by the Approval.

SECTION 3. The Mayor is hereby authorized to execute the Agreement on behalf of the City of Providence.

SECTION 4. This Ordinance shall become effective immediately upon the later to occur of (i) its passage by the City Council and approval by the Mayor, or (ii) the enactment into law of 92S-1505A by the General Assembly and Governor of the State of Rhode Island prior to July 15, 1992.

IN CITY COUNCIL
JUL 16 1992
FIRST READING
READ AND PASSED

Michael R. Clement CLERK

IN CITY
COUNCIL

JUL 28 1992
FINAL READING
READ AND PASSED

James Petrosinelli
PRESIDENT
Michael R. Clement
CLERK

APPROVED
OK
JUL 23 1992
David A. Cianci
MAYOR



Manchester Street Repowering Project

Two Franklin Square
Providence, Rhode Island 02903
Telephone: (401) 751-1898
Facsimile: (401) 621-8316

June 30, 1992

Councilman David G. Dillon
Chairman
City Council Committee on Finance
C/O Stephen Woerner, C.P.A.
City Council Internal Auditor
City of Providence
City Hall
Providence, RI 02903

**RE: THE NARRAGANSETT ELECTRIC COMPANY
MANCHESTER STREET REPOWERING PROJECT**

Dear Chairman Dillon:

In response to your questions raised at the Public Hearing before the Committee on Finance on June 29, 1992, concerning the Project's waterfront improvements, Point Street Landing and landscaping estimates we provide the following backup:

- Bechtel Power Corporation (BPC) as part of their bid for the Manchester Street Project has provided a firm price cost estimate for the Point Street Landing Project and for a portion of the waterfront park south of the Hurricane Barrier.

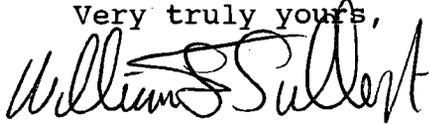
BPC's letter dated June 30, 1992 included as Attachment "A" provides a brief description of their scope of supply and costs associated with these two items. Please note that the scope and cost of Point Street Landing may change based on potential changes to the Point Street Bridge.

- A landscape contractor will be selected later in the project and will be asked to provide a firm price to complete the Collier Point Park and make perimeter improvements along Eddy Street and Allens Avenue. Included as Attachment "B" is a summary of our current cost estimate for this work. Also included as back-up to this summary are preliminary cost estimates prepared by The Robinson Green Beretta Corporation for perimeter improvements and Carol R. Johnson & Associates, Inc. for the waterfront park.

- Attachment "C" provides a summary of all the above costs.

Should you have any questions concerning the above, please contact me at 751-1898 Ext. 392.

Very truly yours,



William F. Sullivan, Jr.
Project Manager - Plant

WFS/dag

BC: JCDowning
PCLacouture
TERogers
DMCrowell
MESlade

ATTACHMENT A

Bechtel

9801 Washingtonian Boulevard
Gaithersburg, Maryland 20878-5356
(301) 417-3000

For Overnight Delivery:
15740 Shady Grove Road
Gaithersburg, Maryland 20877-1454

June 30, 1992

BN92-016

Mr. William F. Sullivan, Jr.
Project Manager - Plant
New England Power Service Company
Two Franklin Square
Providence, RI 02903

Subject: New England Power Company
Manchester Street Station Repowering Project
Bechtel Job No. 21730
File: GA260
Point Street Landing and Collier Park Pricing

Dear Mr. Sullivan:

This will confirm our lump sum price of \$6,500,000 and \$1,138,000 respectively for the waterfront improvements at Point Street Landing and Collier Park.

The scope of work at Point Street Landing includes:

- Construction of a new soldier pile/timber panel canal wall including demolition of certain portions of the existing wall
- Repair to existing sea wall (includes piling, post tensioned tiebacks, grouting and concrete placement)
- Construction of a new board walk and floating piers
- Removal of existing access bridge spanning the cooling canal

The scope of work at Collier Park includes:

- Seawall repair and pile removal
- Demolition of ramps and dolphins at oil wharf.
- Construction of new boat ramp and observation pier



Mr. Williams F. Sullivan, Jr.
June 30, 1992
Page 2

• Timber and fender system repairs to walkways and dolphins.

Sincerely,

BECHTEL POWER CORPORATION



Paul C. Mitchell
Project Manager

PCM/dt

cc: T. E. Rogers, 1
W. F. Sullivan, 3
E. J. Robinson, 3

ATTACHMENT "C"

SUMMARY

Point Street Landing	\$ 6,500,000
Waterfront Improvements	1,138,000
Landscaping	<u>3,739,000</u>
TOTAL	\$11,377,000

Item/Remarks	Quantity	Unit	Unit Cost	Subtotal	Category of Subtotal	
					Base Site	EPC
18 Stonedust Walks - paving (Pedestrian Walks)	10,000	Sq. Ft.	2.50	\$25,000.00	\$25,000	
19 Wooden Boardwalk - Decking	6,400	Sq. Ft.	40.00	\$256,000.00	\$256,000	
20 Wooden Boardwalk - Railing	460	Ln. Ft.	100.00	\$46,000.00	\$46,000	
<u>Section Subtotal</u>				<u>\$634,390.00</u>		
<u>Site Improvements</u>						
21 Benches	12	Ea.	800	\$9,600.00	\$9,600	
22 Boat Launch - Ramp & Floating Dock		LS	75,000	\$75,000.00	\$75,000	
23 Drinking Fountains	2	Ea.	2,000	\$4,000.00	\$4,000	
24 Existing (3) Piers - Railings	510	Ln. Ft.	100	\$51,000.00	\$51,000	
25 Existing (3) Piers - Repair Structure & Deck		LS	100,000	\$100,000.00		\$100,000
26 Overlook Dock Structure (New dock at point)		LS	145,000	\$145,000.00	\$75,000	\$70,000
27 Overlook View. Platform + 2 structures		LS	50,000	\$50,000.00	\$50,000	
28 Picnic Tables	6	Ea.	800	\$4,800.00	\$4,800	
29 Seawall Granite Wall Railings	350	Ln. Ft.	100	\$35,000.00	\$35,000	
30 Seawall Granite Wall Repair (vertical walls)		LS	80,000	\$80,000.00		\$80,000
31 Seawall - Repair existing Rip-Rap		LS	140,000	\$140,000.00		\$140,000
<u>Section Subtotal</u>				<u>\$694,400.00</u>		
<u>Site Utilities</u>						
32 Catch Basin - Henderson St.	4	Ea.	2500	\$10,000.00	\$10,000	
33 Catch Basin - Roads & Parking	11	Ea.	2500	\$27,500.00	\$27,500	
34 Polyethylene Underdrains - (trees & shrubs)	5,000	Ln. Ft.	14.00	\$70,000.00	\$70,000	
35 Storm Sewer Pipe - Henderson St.	200	Ln. Ft.	26.00	\$5,200.00	\$5,200	
36 Storm Sewer Pipe - Roads & Parking	600	Ln. Ft.	26.00	\$15,600.00	\$15,600	
<u>Section Subtotal</u>				<u>\$128,300.00</u>		

#520 P03

TEL NO: 617 864 7890

JUL-09-'90 MON 16:27 ID:CRJ AND ASSOS INC

Carol R. Johnson & Associates, Inc.

Cost Estimate

Project: Manchester Station - Collier Point Park
 Project Phase: Design Development
 Date: 7/7/90

Landscape Architects
 Site Planners
 1100 Massachusetts Avenue
 Cambridge, MA 02138
 (617) 868-6115
 Fax: (617) 864-7890

#520 P02

 JUL-09-'90 MON 16:26 ID:CRJ AND ASSOS INC TEL NO:617 864 7890

Item/Remarks	Quantity	Unit	Unit Cost	Subtotal	Category of Subtotal	
					Base Site	EPC
Site Demolition						
1 Demolition of Piles & Timbers		LS	100000	\$100,000.00		\$100,000
2 Removal of Surface Paving - Henderson St.	1,025	Cu. Yd	12.00	\$12,300.00	\$12,300	
3 Stockpile of Cobbles - Henderson St.	7,350	Sq. Ft.	4.00	\$29,400.00	\$29,400	
<u>Section Subtotal</u>				<u>\$141,700.00</u>		
Excavation, Filling and Grading						
4 Crushed Stone Borrow	200	Cu. Yd	25.00	\$5,000.00	\$5,000	
5 Drainage Blanket - (Sand borrow)	6,000	Cu. Yd	12.00	\$72,000.00	\$72,000	
6 General on-site Excavation	3,200	Cu. Yd	6.50	\$20,800.00	\$20,800	
7 Gravel Borrow - Henderson St.	1,025	Cu. Yd	12.00	\$12,300.00	\$12,300	
8 Gravel Borrow - (Under roadways & parking)	4,000	Cu. Yd	12.00	\$48,000.00	\$48,000	
9 Loam Borrow - (Landscape areas)	7,200	Cu. Yd	17.00	\$122,400.00	\$122,400	
<u>Section Subtotal</u>				<u>\$280,500.00</u>		
Paving						
10 Bituminous Concrete - Henderson St.	18,400	Sq. Ft.	2.00	\$36,800.00	\$36,800	
11 Bituminous Concrete - Roads & Parking	64,810	Sq. Ft.	2.00	\$129,620.00	\$129,620	
12 Concrete Curbs - Roads & Parking	3,200	Ln. Ft.	16.00	\$51,200.00	\$51,200	
13 Concrete Railing Curb on Bridge	200	Ln. Ft.	16.00	\$3,200.00	\$3,200	
14 Concrete Sidewalk - Henderson St.	4,600	Sq. Ft.	3.80	\$17,480.00	\$17,480	
15 Concrete Sidewalk - Park Area	6,800	Sq. Ft.	3.80	\$25,840.00	\$25,840	
16 Granite Curbs - Henderson St.	1,350	Ln. Ft.	25.00	\$33,750.00	\$33,750	
17 Stonedust Walks - edging (Pedestrian Walks)	1,900	Ln. Ft.	5.00	\$9,500.00	\$9,500	

Item/Remarks	Quantity	Unit	Cost Estimate		Category of Subtotal	
			Unit Cost	Subtotal	Base Site	EPC
<u>Lawns & Planting</u>						
37 Deciduous Trees - Henderson St.	30	Ea.	700	\$21,000.00	\$21,000	
38 Deciduous Trees - Henderson St.	126	Ea.	700	\$88,200.00	\$88,200	
39 Evergreen Trees	25	Ea.	400	\$10,000.00	\$10,000	
40 Grass - Hydroseed	122,800	Sq. Ft.	.2	\$24,560.00	\$24,560	
41 Grass - Sod	72,000	Sq. Ft.	.50	\$36,000.00	\$36,000	
42 Ornamental Trees - Henderson St.	6	Ea.	500	\$3,000.00	\$3,000	
43 Ornamental Trees - Park areas	15	Ea.	500	\$7,500.00	\$7,500	
44 Shrub & Ground Cover Planting		LS	35,000	\$35,000.00	\$35,000	
				<u>\$225,260.00</u>		
<u>Site Utilities-water</u>						
45 Water- Irrigation System	160,000	Sq. Ft.	.25	\$40,000.00	\$40,000	
				<u>\$40,000.00</u>		
<u>Electrical</u>						
46 Vehicular Light Fixtures - Henderson St.	9	Ea.	5,000	\$45,000.00	\$45,000	
47 Vehicular Light Fixtures - Roads & Parking	9	Ea.	5,000	\$45,000.00	\$45,000	
				<u>\$90,000.00</u>		

Grand Total \$2,234,550.00 \$1,744,550 \$490,000

Note #1

This budget assumes the following work by others:

1. Demolition of all structures
2. Retention pond and regrading of coal yard
3. Security fencing
4. Excavation of building foundations

Note #2

1. This total reflects 1990 prices & does not include costs for contingency or inflation
2. EPC numbers to be verified by B&V.

JUL-09-'90 MON 16:28 ID:CRJ AND ASSOIS INC TEL NO:617 864 7890 #520 P04

THE ROBINSON GREEN BERETTA CORPORATION

PROJECT NARRA ELECTRIC PROJECT NO. 3737 SHEET 1 OF 3
 COMPUTATION SITE ITEMS - COST ESTIMATE
 COMPUTED BY JFW CHECKED BY JRL DATE 1-30-90

PERIMETER - "STREET IMPROVEMENTS"

ITEM OF WORK	QUANTITY	UNIT	UNIT PRICE	AMOUNT
A. STREET REPAIRS				
1. REMOVE & DISPOSE EXISTING SIDEWALK 2.750 LF @ 8' WIDE	667	SY	5.80	3868.60
2. SAWCUT EXIST. PAVEMENT FOR CURB REMOVAL 1 FT WIDE	1505	LF	2.46	3702.30
3. REMOVE EXIST. GRANITE CURB. & RESET	1505	LF	12.50	18812.50
4. PAVEMENT REPLACEMENT / REGRADE OR PROVIDE ADD'L BASE MAT'L 5" PUMT. (168 S ₂)	48.3	TON	40.	1932.
5. NEW CONCRETE SIDEWALK 5" THICK W/WWF 8' WIDE USE 6" GRAVEL BASE	12040	SF	3.20	38528
6. STREET LIGHTS - COMPLETE	26	EA	3500.	91000.
7. STREET TREES	52	EA	450.	23400
SUBTOTAL				181,300.
• PLUS G.C. OVERHEAD & PROFIT 15%				27,200
• PLUS CONTINGENCY 15%				27,000
TOTAL REPAIRS			\$	235,700

THE ROBINSON GREEN BERETTA CORPORATION

PROJECT NARRA ELECTRIC PROJECT NO. 3737 SHEET 2 OF 3
 COMPUTATION SITE ITEMS - COST ESTIMATE
 COMPUTED BY JFW CHECKED BY JRK DATE 1-30-90

PERIMETER IMPROVEMENTS • NEPSCO

ITEM OF WORK	QUANTITY	UNIT	UNIT PRICE	AMOUNT
B. PERIMETER IMPROVEMENTS				
1. REMOVE & DISPOSE EXISTING CHAIN LINK FENCE	2335	LF	1.67	3899
2. REPAIR EXISTING CHAIN LINK FENCE	100	LF	12.-	1200
3. NEW CHAIN LINK FENCE 8' HIGH WITH 3 STRINGS BARBED WIRE	365	LF	15.-	547
4. NEW 3' WIDE CHAIN LINK MAN GATES @ COOLING WATER PIERS	5	EA	205.-	102
5. NEW 6' HIGH C.L. FENCE EACH SIDE OF MAN GATES - C.W. PIERS	86	LF	10.-	860
6. REMOVE & DISPOSE EXISTING CONC. WALL - 8' EXPOSED HT. SOUTHWEST CORNER OF PUMP.	90	LF	9.50	855
7. NEW WALLS - BRICK & CONC. 540 LF @ 12" THK, 8' EXPOSED HT.	240	CY	200.-	4800
8. NEW PIER & PICKET RAIL FENCINGS	835	LF	275.-	2296
9. NEW PICKET GATES (2 SETS) WITH MOTORIZED OPERATORS	60	LF	275.-	225

THE ROBINSON GREEN BERETTA CORPORATION

PROJECT NARRA ELECTRIC PROJECT NO. 3737 SHEET 3 OF 3
 COMPUTATION SITE ITEMS - COST ESTIMATE
 COMPUTED BY JFW CHECKED BY JRC DATE 1-30-90

ITEM OF WORK	QUANTITY	UNIT	UNIT PRICE	AMOUNT
10. NEW STREET LIGHTS @ MAIN ENTRANCE	2	EA	3500.	7000
11. NEW PLANTER WALL @ MAIN ENTRANCE 2.5' EXPOSED HC X 50 LF.	50	LF	100.	5000
12. LANDSCAPE ALLOWANCE FOR PERIMETER 10,000 SF	1	LS'	15°/SF	150,000
SUBTOTAL				475.9
PLUS GC OVERHEAD & PROFIT - 15%				71.3
PLUS CONTINGENCY 15%				71.3
TOTAL PERIMETER IMPROVEMENTS				618,000
STREET IMPROVEMENTS				235,700
PERIMETER IMPROVEMENTS				618,000
TOTAL			\$	853,700

EXHIBIT A
TAX STABILIZATION AGREEMENT

AGREEMENT made and entered into as of the 1st day of July, 1992 by and between the City of Providence, Rhode Island ("City") and The Narragansett Electric Company, a Rhode Island public utility ("Narragansett").

W I T N E S S E T H:

WHEREAS, the Providence City Council is authorized by § 44-3-9 of the Rhode Island General Laws to determine a stabilized amount of taxes to be paid for ten (10) years on account of property used for manufacturing or commercial purposes and located in the City;

WHEREAS, Narragansett proposes to repower its existing Manchester Street Generating Station in the City;

WHEREAS, representatives of the City and Narragansett have met and discussed proposed terms of a tax stabilization agreement for the Manchester Street Generating Station and associated facilities;

WHEREAS, Narragansett and the City desire to fix and stabilize the level of taxes for the ten (10) year period commencing July 1, 1993 on the Manchester Street Generating Station and associated facilities;

WHEREAS, Narragansett was assessed and will pay taxes of approximately \$300,000 on the Manchester Street Generating Station for the fiscal year ending June 30, 1992;

WHEREAS, this Agreement contains all the terms and conditions of such tax stabilization agreement.

NOW, THEREFORE, in consideration of the mutual agreements, understandings and obligations set forth herein, the City and Narragansett hereby agree as follows:

1. The Project.

(a) Narragansett intends to make certain improvements to real property owned by Narragansett, located at its Manchester Street Generating Station, and identified in the records of the Tax Assessor of the City as of December 31, 1991, as:

<u>Plat</u>	<u>Lot(s)</u>
22	96, 145, 185
21	312
46	591

(the "Real Property").

(b) The improvements ("Improvements") to the Real Property include a three-unit combined cycle generating station and associated facilities (both real and personal, but specifically excluding the gas line to be constructed by Algonquin Gas Transmission Company and the proposed gas metering station) which Narragansett proposes to construct for the generation and transmission of electricity in the City, substantially as set forth in and approved by the Rhode Island Energy Facility Siting Board in Docket No. SB-89-1 as of June 15, 1992 (the "Approval").

(c) Narragansett also proposes to construct certain ancillary facilities (both real and personal), not located on the Real Property, but ancillary to the Improvements, including a water pipeline, underground transmission lines and conduit, an oil pipeline, and the well at Narragansett's Olneyville Substation, all substantially as set forth in the Approval (collectively, the "Ancillary Facilities") (the Real Property, the Improvements, and the Ancillary Facilities are hereinafter collectively called the "Project").

2. Consideration. As consideration for and to induce the City to enter into this Agreement and to accept the reduced tax payments after scheduled completion of the Project, Narragansett shall pay five million dollars (\$5,000,000) to the City within thirty (30) days of the later of the approval of this Agreement by the City Council and the enactment of the legislation referred to in Section 9.

3. Intent of the Agreement. Narragansett desires to and has here agreed to pay the amounts specified in Section 4 in excess of the taxes that would have been due prior to the scheduled completion of the Project in the absence of this Agreement, in exchange for the City's agreement to accept taxes in a lesser amount after the scheduled completion of the Project. The purpose of this Agreement is to spread taxes that would otherwise have been payable only after completion of the Project over a longer period of time which encompasses years prior to completion.

4. Payments. Narragansett will pay to the City, for the periods set forth below, annual taxes for the Project on a quarterly basis as provided by law in the following amounts:

<u>TAXES ASSESSED</u> <u>DECEMBER 31</u>	<u>FOR FISCAL YEAR</u>	<u>ANNUAL</u> <u>TAX</u>
1992	July 1, 1993-June 30, 1994	\$ 5,246,000.
1993	July 1, 1994-June 30, 1995	7,246,000.
1994	July 1, 1995-June 30, 1996	7,246,000.
1995	July 1, 1996-June 30, 1997	7,246,000.
1996	July 1, 1997-June 30, 1998	7,246,000.
1997	July 1, 1998-June 30, 1999	7,246,000.
1998	July 1, 1999-June 30, 2000	7,746,000.
1999	July 1, 2000-June 30, 2001	7,746,000.
2000	July 1, 2001-June 30, 2002	7,746,000.
2001	July 1, 2002-June 30, 2003	7,746,000.

5. Total Payments. Except as specifically provided herein and in § 44-3-9 of the Rhode Island General Laws, the real and personal property constituting the Project (and substitutions therefor or replacements thereof) shall not, during the periods covered by Section 4 above, be further liable to taxation by the City so long as the Project is used for the generation and transmission of electricity as contemplated by the Approval. It is understood by the parties that payments made under Section 4 above are tax payments and Narragansett shall be entitled to the rights and privileges of a taxpayer in the City.

6. Termination of Agreement.

(a) Narragansett may terminate this Agreement by giving the City written notice of termination only under the following circumstances:

(i) if prior to commencement of commercial operation of the Project, Narragansett cancels the Project, or

(ii) if after commencement of commercial operation, Narragansett permanently shuts down or abandons the use of the Project as a generating station as the result of an act of God, civil or military authority, civil disturbance, war, fire, actions of regulatory authorities, unavailability of fuel or other catastrophe or occurrence beyond Narragansett's reasonable control.

(b) In the event of termination hereunder, Narragansett shall make the payments provided in Section 4 for

the then current fiscal year but shall have no additional obligations hereunder. Narragansett waives any claim for abatement or refund of any payments paid or due to be paid prior to the date of cancellation. The City may, after such termination, assess taxes on the property subject to this Agreement under then applicable laws and ordinances.

7. Additional Taxes or Payments.

(a) If Narragansett installs an additional generating unit (gas turbine, heat recovery steam generator, steam turbine and associated equipment) or units on the Manchester Street site or other improvements or equipment not contemplated by the Approval and unrelated thereto, Narragansett will be liable for additional taxes or payments on such unit, improvement or equipment on a regular tax basis, apart from this Agreement.

(b) During the term of this Agreement, Narragansett agrees that the assessed value of tangible personal property now owned by it in the City will not be reduced on account of property now located on the Real Property.

8. Assignment. If all or any portion of the Project is transferred prior to or during the period covered by Section 4 above, the tax stabilization granted herein shall run with the Project and benefit the transferee who shall be bound by the provisions hereof.

9. Validity and Enforceability. The validity and enforceability of this Agreement is expressly conditioned upon and subject to (i) the enactment into law prior to July 15, 1992 of 92S-1505A in substantially the form as introduced, and (ii) the approval of this Agreement by the City Council and execution by the Mayor on behalf of the City prior to July 31, 1992.

10. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supercedes all prior understandings and agreements, both written and oral, between the parties with respect to the subject matter hereof. This Agreement shall not be amended or altered except in writing signed by the parties hereto. This Agreement shall be governed by and construed under the laws of the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto by their duly

authorized officials have executed this Agreement as of the day and year first above written.

Witness:

Linda L. Richards

CITY OF PROVIDENCE

By: *Vincent A. Cianci, Jr.*
Vincent A. Cianci, Jr.
Mayor

THE NARRAGANSETT ELECTRIC
COMPANY

Daniel C. Bryant
DANIEL C. BRYANT

By: *John C. Downing*
John C. Downing
Vice President

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In the City of Providence in said County on this day of _____, 1992, before me appeared Vincent A. Cianci, Jr. to me personally known, who, being by me duly sworn, did say that he is the Mayor of the City of Providence, a municipality in the State of Rhode Island, and that this Agreement was signed by him on behalf of the City of Providence, and he acknowledged that said Agreement was the free act and deed of said City of Providence and his free act and deed in his capacity as said Mayor.

Dorothy Colm
Notary Public

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In the City of Providence in said County on this 17th day of June, 1992, before me appeared John C. Downing to me personally known, who, being by me duly sworn, did say that he is the Vice President of The Narragansett Electric Company, and that this Agreement was signed by him on behalf of The Narragansett Electric Company and he acknowledged that said Agreement was the free act and deed of Narragansett and his free act and deed in his capacity as said Vice President.

Peter V. Lacourure
PETER V. LACOURURE, Notary Public

3621N/.010
6/17/92

July 8, 1992

Manchester Street Repowering Project
Underground Transmission and Water Lines
Routing of Water Line in The City of Providence

Beginning at the Olneyville Substation

Note: Olneyville Substation is Plat #35, Lot 326

From the Olneyville Substation south onto Dike Street
then east on Dike Street to Troy Street,
then south on Troy Street to Oak Street,
then east on Oak Street to the AMTRAK Mainline,
then east under the AMTRAK Mainline to Route 6 / Route 10
then east under Route 6 / Route 10 to Marvin St,
then east on Marvin St to Messer Street,
then south on Messer to Willow Street,
then east on Willow St to the Dexter Training Grounds,
then east under the Dexter Training Grounds to Division Street,
then east on Division Street to Bridgham St,
then south and then east on Bridgham Street to Elmwood Avenue
then east across Elmwood Avenue to Broad Street
then south on Broad Street to Blackstone Street,
then east on Blackstone Street to Allens Avenue,
then north on Allens Avenue to Henderson Street,
then east on Henderson Street
then north onto the Manchester Street Station Property.

Attach mit 2
2

July 8, 1992

Manchester Street Repowering Project
Underground Transmission and Water Lines
Routing of Transmission Lines in The City of Providence

Beginning on Hartford Avenue at the Providence / Johnston Border

From the Johnston Border east on Hartford Avenue to Service Rd #1
then south and southeast on Service Road #1 to Atwood Street
then southeast on Atwood Street to Magnolia Street,
then east on Magnolia Street to Agnes Street,
then north on Agnes Street to Oak Street,
then east on Oak Street to the AMTRAK Mainline,
then east under the AMTRAK Mainline to Route 6 / Route 10
then east under Route 6 / Route 10 to Marvin St,
then east on Marvin St to Messer Street,
then south on Messer to Willow Street,
then east on Willow St to the Dexter Training Grounds,
then east under the Dexter Training Grounds to Division Street,
then east on Division Street to Bridgham St,
then south and then east on Bridgham Street to Elmwood Avenue
then east across Elmwood Avenue to Broad Street
then south on Broad Street to Myrtle Street,
then east on Myrtle Street to Dudley Street,
then east on Dudley Street to Eddy Street,
then north on Eddy Street to the Manchester Street Station.
then east onto the Manchester Street Station Property.

Attachment ³ ~~2~~

To: Members of the City Council Finance Committee
From: Bill Collins
Re: Tax Stabilization Plan for Narragansett Electric

Chairman Dillon asked me to provide a justification in writing for the tax stabilization plan we have put before you.

First you should be aware of information provided by Narragansett that suggests the City did very well in negotiating the tax agreement.

* The tax being paid on the new, 500-megawatt power plant in Burrillville is far less than the tax proposed for the 455-megawatt plant in Providence. New England Electric, the parent of Narragansett, is a co-owner of the Ocean State Power plant in Burrillville. In 1987, Burrillville approved a 20-year agreement that provides for no tax payments during construction, except on the land. By contrast, Providence will receive \$32 million during the construction years. In addition, Burrillville will receive only \$2,500,000 a year for the first four years of operation, and gradually increasing amounts thereafter, peaking at \$5 million in the 19th and 20th years. The total payments in Burrillville will be \$73 million over 20 years; in Providence, they will be \$78 million over 11 years. The \$2.5 million payment to Burrillville for this year corresponds to an assessment of \$154 million at that town's equalized tax rate. By comparison, the smaller Providence plant is being assessed at almost \$300 million for land, buildings and tangibles.

You should note, however, that the \$2.5 million payment to Burrillville equals 21 percent of that town's levy, while the

proposed payments in Providence represent less than 4 percent of the levy.

* Currently, other fossil fuel plants in the New England Electric system pay an average of \$6,850 in taxes per megawatt of power. In 1997-98, if these taxes grew by 3.6 percent a year, these plants would pay \$8,476 per megawatt. In Providence, by contrast, the \$7 million tax payment in 1997-98 equals \$15,555 per megawatt -- 84 percent more than the average in the other communities.

It should be said that we are comparing a new plant in Providence to older plants in various communities (except in Burrillville) -- none of which is a large city with our service responsibilities. And while Providence may cost more in taxes, Narragansett gains compensating benefits here: It already owns the land, cooling water is nearby, the plant is at the center of the distribution system, and there have been no objections from environmentalists to the Providence site. However, Providence does appear to be getting a very significant tax premium in return for these advantages.

* * *

Now I will take you through our calculations in arriving at the proposed treaty amounts.

First we asked Ted Littler to assess the new Narragansett plant based on summary information Narragansett provided.

Ted used two different methods for arriving at value, and the two approaches yielded numbers that are very similar.

One approach was to consult published data of the Marshall Valuation Service, which provides estimates of construction costs based on actual experience in various parts of the country. Marshall reported that the cost of constructing fossil-fuel electric plants falls in the range of \$575 to \$1,225 per kilowatt, with gas-fired on the low end of the range and coal-fired on the high end. Ted took the mid-point of \$900 per kilowatt. He multiplied \$900 by 455,000 kilowatts to get \$409,500,000. He then subtracted a standard 17 percent for architectural/engineering/licensing costs, and subtracted an additional 12 percent for physical depreciation of the plant over the life of the agreement. This approach yields a net assessed value of \$288.6 million.

Ted's second approach was to look at what Narragansett Electric actually intends to spend on the Manchester Street project. Attachment 1 is a summary of anticipated expenditures, as provided by Narragansett in April. This shows a gross expenditure of \$532 million, from which Ted subtracted \$198 million in expenditures that do not add to the value of the plant. These expenditures are for licensing, the waterfront park that is planned, the interest during construction, and pollution control equipment, which is tax-exempt under state law. This leaves \$334 million in gross value, from which Ted subtracted an additional 15 percent for physical depreciation. The resulting figure is \$282,200,000.

Based on the two approaches described above, we decided that for our negotiations we would assume taxable value to be about \$290 million.

Narragansett and the City spent a great deal of time debating how much of the assessed value should be treated as real estate, and how much as tangible. Narragansett argued that only about \$13 million of the cost (or 4.5 percent of our assessment) qualified as tangibles. However, Ted decided to assume that about 85 percent of the plant value is real estate, and 15 percent tangible. The working assumption was that real estate (excluding land) is worth \$245.3 million upon completion of the plant, and that tangibles are worth \$43.3 million -- far more than the \$13 million proposed by Narragansett.

* * *

The next issue was what Narragansett would pay in taxes if there were no tax agreement. The first obvious point is that Narragansett would pay no additional taxes in fiscal 1992-93, since construction had not begun as of Dec. 31, 1991. The next point is that Narragansett would pay nothing as of Dec. 31, 1992, since, after breaking ground this summer, Narragansett will spend the first eight months demolishing most of the existing plant. New value would gradually come on line in the years before the plant is completed sometime in 1996. The agreement provides for \$32 million in taxes to be paid during the construction years; without an agreement, we estimate that Narragansett would pay only \$17.5 million during these years. On the other hand, the proposed payments in the final years of the agreement are less than

Narragansett would otherwise pay. So the tradeoff here is more money in the near term, less money later on.

In deciding what Narragansett would pay without an agreement, we had to project what the tax rate would be over the 11-year period. Here are the actual tax rates over the last ten years plus the revaluation year of fiscal 1988:

<u>Fiscal</u>	<u>Rate</u>	<u>% Increase</u>
1983	67.61	
1984	69.61	+ 3.0 %
1985	69.61	- 0 -
1986	72.49	+ 4.1 %
1987	72.49	- 0 -
1988	75.85	+ 4.6 %
1989 (reval)	23.88	- 68.5 %
1990	23.88	- 0 -
1991	25.50	+ 6.9 %
1992	28.17	+ 10.5 %
1993 (proposed)	30.12	+ 6.9 %

Average Increase (excluding reval): + 3.6 %

Obviously, there are many factors that affect the tax rate in any period of years, and it is anyone's guess what the pattern will be for a future period of ten years. But we decided to use the 3.6 percent annual rate of the previous ten years as a guide for the 11 years covered by the treaty. It's also anyone's guess at this point how much the tax rate will fall for the reval year of 1997-98. It seems certain we will not have another housing boom and another 68.5 percent drop; Ted proposed a "guesstimate" of a 20-percent drop, which is in fact the drop we had in the previous reval year of 1976-77.

* * *

Now I'll put everthing together.

Assuming that the tax rate will rise by 3.6 percent annually, and dip by 20 percent in the reval year, the tax rates are as follows:

Fiscal	R/E Rate	Tangible Rate	
1993	30.12	72.29	As proposed
1994	31.20	74.88	
1995	32.33	77.59	
1996	33.49	80.38	
1997	34.70	83.28	
1998	35.95	86.28	
1999	28.76	69.02	Reval
2000	29.80	71.52	
2001	30.87	74.10	
2002	32.00	76.76	
2003	33.13	79.53	

The assessed values are as follows:

LAND: Assumed to hold constant at the current value of \$8,166,800 throughout the period.

BUILDINGS:

Fiscal		
1993	\$4.8 million	(assessed value of existing plant)
1994	-0-	(plant demolished)
1995	61.3 million	(25% of full value)
1996	122.7	(50%)
1997	184.0	(75%)
1998	245.3	(full value)
1999	245.3	
2000	245.3	
2001	245.3	
2002	245.3	
2003	245.3	

TANGIBLES:

Fiscal		
1993	-0-	(No tangible taxes at existing plant)
1994	-0-	
1995	-0-	
1996	14.4 million	(1/3 of full value)
1997	28.8	(2/3)
1998	43.3	(full value)
1999	43.3	
2000	43.3	
2001	43.3	
2002	43.3	
2003	43.3	

Based on the above, here is a comparison of land, building and tangible taxes paid with the agreement in place and without an agreement.

FISCAL	AGREEMENT	NO AGREEMENT	
1993	5.39 M.	390,000	
1994	5.25	255,000	
1995	7.25	2.24 M.	Construction Years
1996	7.25	5.54	
1997	7.25	9.06	
1998	7.25	12.85	
1999	7.25	10.28	Operating Years
2000	7.75	10.65	
2001	7.75	11.02	
2002	7.75	11.42	
2003	<u>7.75</u>	<u>11.84</u>	
	77.89	85.55	

The chart shows that the City could expect to receive about \$7.7 million more without an agreement than with an agreement. But the proposed agreement delivers a lot more dollars in the front years. The way you make a direct comparison of the two schedules is to use present value analysis. The basic point of this analysis is that I'd rather have \$5 million today than \$7 million tomorrow; the longer I have to wait, the less valuable the future money is to me from the perspective of today. With present value analysis, \$5 million that I get today is worth \$5 million, \$5 million I get a year from now might be worth \$4.7 million to me, and \$5 million I get five years from now might be worth \$3.9 million. In all these cases, I reduced \$5 million by 6 percent for each year beyond the present year.

Steve Woerner suggests that the appropriate discount rates are somewhere between 6 percent and 8 percent. Therefore, I'm going to restate the tax payments using these two factors:

AGREEMENT DISCOUNTED

FISCAL	6% discount	8% discount
1993	\$5.39 M	5.39 M.
1994	4.94	4.83
1995	6.41	6.14
1996	6.02	5.64
1997	5.66	5.19
1998	5.32	4.78
1999	5.01	4.40
2000	5.03	4.32
2001	4.72	3.98
2002	4.44	3.66
2003	<u>4.18</u>	<u>3.77</u>
	\$57.12 M.	\$52.10 M.

NO-AGREEMENT DISCOUNTED

FISCAL	6% discount	8% discount
1993	390,000	390,000
1994	226,000	235,000
1995	1.98 M.	1.90 M.
1996	4.60	4.31
1997	7.07	6.49
1998	9.43	8.47
1999	7.09	6.23
2000	6.91	5.94
2001	6.72	5.66
2002	6.15	5.39
2003	<u>6.38</u>	<u>5.14</u>
	\$56.95 M.	\$50.16 M.

As the above charts indicate, the City of Providence is better off with the tax agreement than without the agreement, whether a discount rate of 6 percent or 8 percent is used. The extra millions paid in the early years make the proposed tax agreement worth more than the sum of its payments.

The millions paid over the next few years are particularly valuable because we will be gradually emerging from the recession during these years. We may face more years when the tax base is shrinking and state aid is down; in such years, the big up-front payments from Narragansett will be very valuable indeed.

Attachment I

ASSESSORS OFFICE
PROVIDENCE, R.I.

NARRAGANSETT ELECTRIC CO

Apr 13 9 35 AM '92

COST:- (AS GIVEN BY ELECTRIC CO. 4/10/92)

ITEM	COST
MECHANICAL EQUIPMENT -	82,800,000
STEAM TURBINES -	39,500,000
HEAT RECOVERY BOILER -	38,600,000
GAS TURBINES -	68,700,000
BUILDING -	35,900,000
ELECTRICAL EQUIP	11,000,000
STACKS -	9,300,000
WATER TREATMENT	6,900,000
CONTROL EQUIP	3,300,000
CONDENSERS	3,000,000
ON SITE TRANSMISSION	35,000,000
ENG. LIC - ADM. COST.	70,000,000 *
WATER FRONT IMPROVEMENTS	12,000,000 *
INTEREST DURING CONST.	106,000,000 *
POLLUTION CONTROL EQUIP	10,000,000 *
TOTAL -	532,000,000
LESS - *	198,000,000 *
	334,000,000

NOTE:- * 115,000 VOLT LINE TO JOHNSTON - ALBANGUIN GAS TRANSMISSION CO WILL SUPPLY NATURAL GAS. BY WAY OF SEEKONK, MA & EAST PROVIDENCE & ACROSS THE PROVIDENCE RIVER. EST VALUE (COST) IN 1991 = \$1,000,000 (X 1.15 = 1,150,000)

ATTACHMENT A

Bechtel

9801 Washingtonian Boulevard
Gaithersburg, Maryland 20878-5356
(301) 417-3000

For Overnight Delivery:
15740 Shady Grove Road
Gaithersburg, Maryland 20877-1454

June 30, 1992

BN92-016

Mr. William F. Sullivan, Jr.
Project Manager - Plant
New England Power Service Company
Two Franklin Square
Providence, RI 02903

Subject: New England Power Company
Manchester Street Station Repowering Project
Bechtel Job No. 21730
File: GA260
Point Street Landing and Collier Park Pricing

Dear Mr. Sullivan:

This will confirm our lump sum price of \$6,500,000 and \$1,138,000 respectively for the waterfront improvements at Point Street Landing and Collier Park.

The scope of work at Point Street Landing includes:

- Construction of a new soldier pile/timber panel canal wall including demolition of certain portions of the existing wall
- Repair to existing sea wall (includes piling, post tensioned tiebacks, grouting and concrete placement)
- Construction of a new board walk and floating piers
- Removal of existing access bridge spanning the cooling canal

The scope of work at Collier Park includes:

- Seawall repair and pile removal
- Demolition of ramps and dolphins at oil wharf.
- Construction of new boat ramp and observation pier

