

PUBLIC WORKS AND UTILITIES COMMITTEE

09-0102R

RESOLUTION AUTHORIZING THIRD AMENDMENT TO MANAGEMENT,  
OPERATION AND MAINTENANCE AGREEMENT WITH ALLETE, INC.,  
FOR DULUTH STEAM DISTRICT NO. 2.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into a third amendment to that certain management, operation and maintenance agreement bearing City Contract No. 14679, a copy of which amendment is on file in the office of the city clerk as Public Document No. \_\_\_\_\_, with Allete, Inc., for the management, operation and maintenance of Duluth Steam District No. 2, extending the term thereof.

Approved:

Approved for presentation to council:

\_\_\_\_\_  
Department Director

\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

Approved:

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Auditor

PW&U/ATTY    REA:blj    1/30/2009

STATEMENT OF PURPOSE: This resolution authorizes a third amendment to the Management, operation and maintenance agreement between the city and Allete (Minnesota Power) for the management and operation of the city's interest in boilers and other steam production equipment that are part of Duluth Steam District No. 2 (West Duluth).

Since the development of Lake Superior Paper Industries and the concomitant creation and development of Duluth Steam District No. 2, the city has had an agreement with Minnesota Power, now under Allete, to manage, operate and maintain the district facilities. That agreement was scheduled to terminate at the end of 2008, when it was originally contemplated that the sale of the city's interest in the district to Allete would be completed and was later extended by the second amendment to March 1.

However, as the closing has been further delayed by the process of getting regulatory approvals, it is necessary to extend the management agreement for a term coextensive with the extended closing date. This agreement accomplishes this objective.