

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

09-0770R

RESOLUTION AUTHORIZING CITY TO REIMBURSE DEDA FOR  
OWNER'S CONTRIBUTIONS TO SKYWALK CONSTRUCTION COSTS.

CITY PROPOSAL:

RESOLVED, that the proper city officers are authorized to reimburse the Duluth economic development authority (DEDA) in the amount of \$250,000, payable from Fund 255 when received from Allete, Inc., for the owner's share of skywalk system construction costs pertaining to the Lake Superior Place Building and the Fur Storage Property Building, which costs were incurred by DEDA but the reimbursement of which is to be paid to the city.

Approved:

Approved for presentation to council:

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

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

Approved as to form:

Approved:

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Auditor

ATTY REA:cjk 12/11/2009

STATEMENT OF PURPOSE: This resolution authorizes the city to reimburse DEDA for amounts when received by the city under the skywalk agreements pertaining to the Lake Superior Place Building (previously, the "MacDonald Trust Building") and the new elevator/stair tower structure to the east of it.

As most councilors are aware, since its creation, DEDA has been the primary public funding source for skywalk construction because it was the custodian of tax increment proceeds from TIF District No. 2 (the Downtown Tax Increment District). But, because the city is the appropriate entity to own, operate and maintain public transportation facilities such as streets, sidewalks and skywalks, the skywalk system easements are granted to the city and the agreements for their maintenance and operation are with the city.

In the case of the skywalk extension from the Lake Superior Place Building (on the north side of Superior Street across from MP) to the tech village, DEDA is the entity that contracted for the construction of the skywalk extension and funded the construction contract. However, as part of the agreement with Allete (MP's parent company) that owns both the Lake Superior Place Building and the essentially vacant lot to the east (the Fur Storage Building property), Allete agreed to pay \$200,000 toward general skywalk construction costs and an additional \$50,000 to substitute brick for metal siding on the elevator-stair tower on the Fur Storage Building property. DEDA included these amounts in its project budget.

Because the skywalk agreements are with the city, the city is to receive these funds on behalf of DEDA. This resolution authorizes their transfer to DEDA.