



## Legislation Text

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**File #:** 18-0688R, **Version:** 1

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RESOLUTION AUTHORIZING AGREEMENT WITH ST. MARY'S DULUTH CLINIC HEALTH SYSTEMS D/B/A ESSENTIA HEALTH EAST FOR PROVISION OF ENERGY TO THE ESSENTIA CAMPUS INCLUDING THE VISION NORTHLAND PROJECT.

**CITY PROPOSAL:**

RESOLVED, that the proper city officials are hereby authorized to enter into an agreement, a copy of which is attached hereto as exhibit A, with St. Mary's Duluth Clinic Health System, d/b/a Essential Health East, a Minnesota nonprofit corporation ("Essentia") pursuant to which the City's Duluth Energy Systems facilities will provide energy in the form of hot water and steam as needed to Essentia's existing medical facilities on its Medical Campus and to its planned Vision Northland Project facilities for a 20 year period.

**STATEMENT OF PURPOSE:** The purpose of this resolution is to authorize an agreement with Essentia pursuant to which they agree to use the City's Duluth Energy Systems to provide thermal energy necessary to its existing medical facilities and to its proposed new development, the Vision Northland Project, for a term of 20 years.

Under the Agreement the DES system will connect its steam and hot water mains to the various Essential facilities as is needed and serve as the primary source of those energy products to Essentia. In addition, if and when newer facilities are added to Essentia's inventory, those facilities will be added to those served by DES if doing so would be economical for both parties.

An additional benefit to the DES arises out of the requirements imposed on Essentia to have redundancy available in the event that DES is temporarily unable to supply it with energy. In that situation the agreement provides for Essentia's excess capacity from its back-up system to be available to DES customers during any such periods.

The agreement assures Essentia that it will receive favorable pricing of its energy usage but energy will not be supplied at prices more favorable than those available to other comparable DES customers.