

Council Agenda Item 26-035-O



MEETING DATE: July 27, 2026

SUBJECT/TITLE: AN ORDINANCE REPLACING ORDINANCE NO. 10473, FILE NO. 16-061-O, AND GRANTING MINNESOTA POWER , A DIVISION OF ALLETE, INC., A FRANCHISE TO CONSTRUCT AND MAINTAIN AN ELECTRIC DISTRIBUTION SYSTEM WITHIN THE CITY

SUBMITTED BY: Attorney's Office

RECOMMENDATION: Pass

BOARD/COMMISSION/COMMITTEE RECOMMENDATION:

PREVIOUS COUNCIL ACTION: 16-061-O, Passed

BACKGROUND: This ordinance replaces the 2016 franchise ordinance and agreement with Minnesota Power to operate the electric distribution system in the City of Duluth. This ordinance sets out the terms of the franchise agreement and shows the franchise fee history. This ordinance creates a three-year franchise agreement with Minnesota Power, rather than the ten-year agreements previously negotiated. The agreement also separates the setting of the Franchise Fee from the Franchise Agreement, which gives the City and City Council greater ease and flexibility to adjust the Franchise Fee as circumstances dictate. A separate Franchise Fee ordinance will need to be passed to set out the Franchise Fee for 2027 and the remainder of the Franchise Agreement. The agreement keeps the terms of the current Franchise Agreement through the remainder of 2026, with the new terms taking effect January 1, 2027.

BUDGET/FISCAL IMPACT: None in 2026, as the terms of the current agreement remain in effect until January 1, 2027. A separate Franchise Fee Ordinance will need to be passed and will be brought before council in fall 2026.

OPTIONS: Pass/Fail

NECESSARY ACTION: City Council should pass this ordinance allowing the agreement with Minnesota Power to maintain an electric distribution system throughout the city.

ATTACHMENTS: Document A

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