

FOR BOARD ACTION

Agenda Item # 5

Meeting Date:

6/26/07

SUBJECT: Ash Agreement Amendment

PREPARED BY: Joseph S. Hensel, Director of Field Services

ITEM DESCRIPTION:

RPU has an ash disposal agreement with Enviro-Logic, Inc. which provides for beneficial use of ash for cement manufacturing. The cement plant is currently not taking any of RPU's ash, and although we are exploring other uses and disposal options, the only alternative at this time is land filling. We have evaluated and approved two landfills for ash disposal, the continued use of the Kalmar Ash monofill operated by Olmsted County Public Works and the SKB industrial landfill located near Rosemount, Minnesota. Our intention is to use both of these landfill facilities in the future.

An amendment of existing agreement is necessary to allow services from Enviro-Logic for the disposal of ash at the SKB landfill and to provide for other disposal options if and when they are determined to be environmentally sound, feasible, low risk and cost-effective.

The following agreement amendment has been reviewed by the City Attorney.

UTILITY BOARD ACTION REQUESTED:

Management requests Board approval of the ash agreement amendment and execution by Mayor and City Clerk.


General Manager


Date

ROCHESTER PUBLIC UTILITIES

AMENDMENT TO ASH REMOVAL AND DISPOSAL AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 2007, by and between the City of Rochester, Minnesota, a Minnesota municipal corporation (hereinafter "City"), and Enviro-Logic, Inc., a Minnesota corporation located at 19900 214th Avenue, Big Lake, Minnesota (hereinafter "Enviro-Logic").

WHEREAS, on August 28, 2003, the City and Enviro-Logic entered into an agreement concerning the removal and disposal of ash produced by the City at its electricity generating facilities and the agreement was amended January 2007; and

WHEREAS, the parties wish to amend that AGREEMENT as indicated below to the mutual benefit of both parties.

NOW, THEREFORE, the parties agree as follows:

A. Section 1 of the AGREEMENT is amended to read as follows:

1. **PRICE – Beneficial Use Option:** City agrees to pay Enviro-Logic a price of \$25.00 per ton for the removal of dry ash and \$27.00 per ton for the removal of wet ash from the Silver Lake Plant to be transported to Lehigh Cement for beneficial use. In addition to the above unit prices there will be a \$2.00 per ton adder for ash hauled on the weekends. The adder will be applied to all ash loaded at the Silver Lake Plant from Friday 6:00 p.m. through Monday 6:00 a.m. This price shall include transportation, handling, storage and all related costs and fees.
2. **PRICE – Landfill Option:** City agrees to pay Enviro-Logic a price of \$29.00 per ton for the removal of wet ash from the Silver Lake Plant to be transported to SKB Landfill for disposal. In addition to the above unit prices there will be a \$5.00 per ton adder for ash hauled on Saturdays. The adder will be applied to all ash loaded at the Silver Lake Plant from Friday 3:00 p.m. through Saturday 1:00 p.m. This price shall include transportation, handling, storage and all related costs and fees.
3. **PRICE – Other Options:** City agrees to pay Enviro-Logic a negotiated and mutually agreed upon price per ton for the removal of ash from the Silver Lake Plant to be transported to an RPU-approved landfill or facility. The agreed upon price shall include transportation, handling, storage and all related costs and fees.
4. **FUEL ESCALATOR:** For each \$.10 the price of diesel exceeds \$2.50 per gallon, a one-percent increase will be applied to the above rates. The price of diesel will be drawn from the website www.eia.doe.gov/pub/oil and the Midwest PADD 2

price section. The previous month's average will be used for the current month. Enviro-Logic reserves the right of first refusal should the City receive an economically more attractive offer.

5. **MINIMUM LOAD CHARGE**: Applied to all truck loads with a net cargo weight of less than 23 tons will be a 23 ton minimum load charge.
6. **RIGHT OF FIRST REFUSAL**: Enviro-Logic reserves the right of first refusal should the City receive an economically more attractive offer.

BE IT FURTHER AGREED that, except for the above amendments, the remainder of the AGREEMENT between the parties remains in effect and is binding upon the parties.

CITY OF ROCHESTER, MINNESOTA

ENVIRO-LOGIC, INC.

BY _____
ITS MAYOR

BY _____
ITS PRESIDENT

ATTEST: _____
ITS CITY CLERK

ROCHESTER PUBLIC UTILITIES

BY _____
ITS GENERAL MANAGER

APPROVED AS TO FORM AND EXECUTION:

BY _____
ROCHESTER CITY ATTORNEY



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an amendment to the existing ash disposal agreement approved on August 28, 2003 and as amended on January 11, 2007 and request that the Mayor and City Clerk execute the agreement amendment for ash disposal services by Enviro-Logic to provide for the beneficial use and/or disposal of coal ash from the Silver Lake Plant.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 26th day of June, 2007.

President

Secretary