

Aitkin County Board of Commissioners
Request for County Board Action/Agenda Item Cover Sheet



To: Chairperson, Aitkin County Board of Commissioners Date: 2-4-13

Via: Patrick Wussow, County Administrator

From: John Welle

Title of Item: Royalty Fee Schedule for Pliny Township Gravel Pit

Requested Meeting Date: 2-12-13 Estimated Presentation Time: 15 minutes

Presenter: John Welle

Type of Action Requested (check all that apply)

- | | |
|--|--|
| <input type="checkbox"/> For info only, no action requested | <input type="checkbox"/> Approve under Routine Business |
| <input type="checkbox"/> For discussion only with possible future action | <input type="checkbox"/> Adopt Ordinance Revision |
| <input type="checkbox"/> Let/Award Bid or Quote (attach copy of basic bid/quote specs or summary of complex specs, each bid/quote received & bid/quote comparison) | |
| <input type="checkbox"/> Approve/adopt proposal by motion | <input checked="" type="checkbox"/> Approve/adopt proposal by resolution (attach draft resolution) |
| <input type="checkbox"/> Authorize filling vacant staff position | |
| <input type="checkbox"/> Request to schedule public hearing or sale | <input type="checkbox"/> Other (please list) _____ |
| <input type="checkbox"/> Request by member of the public to be heard | |
| <input type="checkbox"/> Item should be addressed in closed session under MN Statute _____ | |

Fiscal Impact (check all that apply)

- Is this item in the current approved budget? Yes No (attach explanation)
- What type of expenditure is this? Operating Capital Other (attach explanation)
- Revenue line account # that funds this item is: _____
- Expenditure line account # for this item is: _____

Staffing Impact (Any yes answer requires a review by Human Resources Manager before going to the board)

- Duties of a department employee(s) may be materially affected. Yes No
- Applicable job description(s) may require revision. Yes No
- Item may impact a bargaining unit agreement or county work policy. Yes No
- Item may change the department's authorized staffing level. Yes No



Supporting Attachment(s)

- Memorandum Summary of Item
- Copy of applicable county policy and/or ordinance (excerpts acceptable)
- Copy of applicable state/federal statute/regulation (excerpts acceptable)
- Copy of applicable contract and/or agreement
- Original bid spec or quote request (excluding complex construction projects)
- Bids/quotes received (excluding complex construction projects, provide comparison worksheet)
- Bid/quote comparison worksheet
- Draft County Board resolution
- Plat approval check-list and supporting documents
- Copy of previous minutes related to this issue
- Other supporting document(s) (please list) _____

AITKIN COUNTY COMMISSIONER'S MEMO

TO: Aitkin County Commissioners
Patrick Wussow, County Administrator

FROM: John Welle

DATE: February 5, 2013

Regular Agenda Item:
Royalty Fee Schedule for Pliny Township Gravel Pit

Summary:

Effective January 1, 2012, Aitkin County was granted a 20-year lease by the Minnesota Department of Natural Resources for aggregate removal on a parcel of land located in Section 3 of Pliny Township. The royalty payment in the lease is \$1.25 per cubic yard for common gravel material and \$6.30 per cubic yard for uncrushed rock. During 2012, Aitkin County processed the first material at this pit location. To gain access to the site prior to processing of the material, approximately \$60,000 was spent by our maintenance forces to construct an access road on the public land surrounding the leased pit area.

As part of the lease agreement, we are required to allow private contractors into this pit for state highway work only. To accomplish this, a separate agreement will be executed between the contractor and Aitkin County. This agreement will establish working restrictions as listed in our lease with the DNR, and will also include an increased royalty fee to cover our pit start-up costs, on-going maintenance costs, and administration costs.

The following resolution is requested to establish the royalty cost for these potential agreements.

Resolution:

WHEREAS, Aitkin County and the Minnesota Department of Natural Resources have entered into Lease Number 144-002-0951 for the removal of aggregate materials located on a 37-acre tract of land located in the southeast quarter of Section 3, township 44 north, range 23 west, and

WHEREAS, private contractors that want to remove aggregate material from the lease area for use on state highway projects are required to enter into an Aggregate Removal and Processing Agreement between themselves and Aitkin County, and

WHEREAS, such agreements will include increased royalty fees to the contractor to allow Aitkin County as the Lessee to recover pit start-up costs, pit maintenance costs, and administrative costs related to management of the aggregate removal operations.

NOW, THEREFORE, BE IT RESOLVED, that the royalty fee per cubic yard included in all Aggregate Removal and Processing Agreements for this pit location shall 1.3 times the royalty fee per cubic yard owed by Aitkin County to the Department of Natural Resources.

BE IT FURTHER RESOLVED, that other sales of processed material may be approved at the discretion of the Aitkin County Engineer at a cost of 1.3 times the combined royalty and processing cost of the material.