	City of Columbus	Office of City Clerk 90 West Broad Street Columbus OH 43215-9015 columbuscitycouncil.org

Legislation Text

File #: 1340-2010, **Version:** 1

Background: Ordinance 1080-2010, passed by City Council July 12, 2010, authorized the Director of the Department of Finance and Management to enter into an Underground Limestone Mining Lease with Columbus Limestone, Inc. (CLI), a subsidiary of Shelly Materials, Inc., for subsurface (underground) mining of limestone and other minerals under that City owned property, containing approximately 52 acres, located at 2500 Jackson Pike, Columbus Ohio.

Section 2 of the Ordinance outlined the basic terms of the Underground Limestone Mining Lease and required a provision in the Lease that "CLI shall make an Advance Option Payment of Two Hundred Fifty Thousand Dollars ($250,000.00) payable upon execution of the mining lease agreement for the future right to negotiate a lease, acceptable to the City, for development of an underground storage facility upon the cessation of mining activities." Prior to execution of the Lease, CLI/Shelly Materials requested that the City remove the Advance Option Fee and CLI's option for the future right to negotiate a lease for development of the underground storage facility.

Fiscal Impact: Per the original terms, the City will receive a payment of a royalty equal to six percent (6%) of sales on all materials produced by mining activities, including limestone aggregate and all other industrial mineral materials and within ninety (90) days of the execution of the agreement, the City will receive an advance royalty payment of $1,500,000.00.

Emergency Justification: Emergency action is requested to allow for the immediate execution of a mineral lease agreement by the City, in order that the City may receive the prepaid royalty income at the earliest date allowed under the terms of the agreement.

To amend Section 2 of Ordinance No. 1080-2010 that authorized the Director of Finance and Management to execute an Underground Limestone Mining Lease with Columbus Limestone, Inc.; and to declare an emergency.

WHEREAS, Ordinance No. 1080-2010, passed by City Council July 12, 2010, authorized the Director of the Department of Finance and Management to enter into an Underground Limestone Mining Lease with Columbus Limestone, Inc. with certain terms and conditions; and

WHEREAS, it is now necessary to amend Section 2 of Ordinance 1080-2010 to delete the requirement that the Lease contain a provision that "CLI shall make an Advance Option Payment of Two Hundred Fifty Thousand Dollars ($250,000.00) payable upon execution of the mining lease agreement for the future right to negotiate a lease, acceptable to the City, for development of an underground storage facility upon the cessation of mining activities."; and

WHEREAS, an emergency exists in the usual daily operation of the City of Columbus, in that it is immediately necessary to amend Ordinance No.1080-2010 to allow the Director of the Department of Finance and Management to proceed with the execution of those documents necessary to enter into a mineral lease agreement with the modified terms for the immediate preservation of the public health, peace, property, safety and welfare; now, therefore:

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1.   That Ordinance 1080-2010 be amended to delete the requirement in Section 2 that reads:

"CLI shall make an Advance Option Payment of Two Hundred Fifty Thousand Dollars ($250,000.00) payable upon execution of the mining lease agreement for the future right to negotiate a lease, acceptable to the City, for development of an underground storage facility upon the cessation of mining activities."

SECTION 2. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after passage if the Mayor neither approves nor vetoes the same.