

LETTER OF INTENT TO CONTRACT

Between
Sauk County, Wisconsin
And
Wisconsin Department of Transportation
Regarding
Road Salt Storage Facility

Pursuant to statutory authority under Wis. Stat. §§ 84.01(13), 84.07, 84.09, and 85.15, the Wisconsin Department of Transportation (“Tenant” or “WisDOT”) and Sauk County (“Landlord” or “County”) intend to enter a Lease Agreement providing for the planning, funding, construction, accessing, and use of a road salt storage facility (“facility”). The basic terms of the Lease Agreement the parties intend to execute may be described as follows:

1. The facility will be located in Reedsburg, Wisconsin near the intersection of Hwy 23 and K Street. Construction of the facility is estimated to take place in CY 2023.
2. The facility will have a capacity allocation of approximately 9,000 tons. The facility will be constructed on land owned by the County. WisDOT in partnership with Sauk County, will own the facility. WisDOT will use 2000 tons of the capacity allocation, and the County will use the balance.
3. WisDOT and Sauk County will fund the cost of building the facility as per Cost share agreement. WisDOT and the County will repair and maintain the facility and share in associated costs according to WisDOT’s Highway Maintenance Manual Section 02-20-35, attached hereto as **Exhibit A**. The County will provide the land necessary on which the facility will be constructed and pay for all utility costs of the facility during the life of the Lease Agreement and any renewal. The County will obtain all necessary permits prior to WisDOT commencing the bidding process for the construction of the facility. In addition, the County has/will prepare the building site and complete all the asphalt paving inside and around the shed as necessary.

This preliminary and non-exhaustive Letter of Intent is not binding on the parties. The Lease Agreement the parties intend to execute will govern and more thoroughly describe the parties’ responsibilities and obligations.

IN WITNESS WHEREOF, the parties hereto have executed this Letter of Intent on the dates shown below.

Landlord:

Sauk County Commissioner

By: Patrick Gavinski

Dated this ____ day of December, 2022

Tenant:

Wisconsin Department of Transportation
Regional Operations Manager

By: John Steiner

Dated this ____ day of December, 2022

Wisconsin Department of Transportation
Statewide Maintenance Engineer

By: James Hughes

Dated this ____ day of December, 2022

ESTIMATED FINANCIAL STATEMENT
Salt Shed Facility Location: **Sauk County, Reedsburg Salt Shed**

Date: September 19, 2022
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DESCRIPTION OF WORK: This work consists of a 9,000 ton Box Salt Shed

		Funding - State Estimate	Funding - County Estimate	Total Estimate
ENGINEERING				
Design	Engineering (In House)		\$ -	\$ -
	Engineering (Consultant Costs)	\$ -	\$ 93,750	\$ 93,750
Construction				\$ -
	Engineering (In House)	\$ -	\$ -	
	Engineering (Consultant Costs)	\$ -	\$ 89,375	\$ 89,375
	TOTALS	\$ -	\$ 183,125	\$ 183,125
CONSTRUCTION				
	Site Preparation	\$ -	\$ 34,757	\$ 34,757
	Local Building Permits (If Necessary)	\$ -	\$ -	\$ -
	Salt Shed (including utility installation) (9,000 ton)	\$ -	\$ 978,547	\$ 978,547
	Loader Shed (if needed and including utility installation)	\$ -	\$ -	\$ -
	TOTALS	\$ -	\$ 1,013,304	\$ 1,013,304
REAL ESTATE				
	Acres Used/Needed (say 4.0 acres)	\$ -	\$ -	\$ -
	USH 151 Platteville			
UTILITY COSTS				
	Electrical \$250/month x 12 x 25 years (Salt Shed)	\$ -	\$ 75,000	\$ 75,000
	Electrical \$125/month x 12 x 25 years (Loader Shed if applicable)	\$ -	\$ -	\$ -
	Water (6 months x 2 x 25 years)	\$ -	\$ -	\$ -
	Sewer (6 months x 2 x 25 years)	\$ -	\$ -	\$ -
	Gas/Oil (monthly x12 months x 25 years)	\$ -	\$ -	\$ -
	TOTALS	\$ -	\$ 75,000	\$ 75,000
	TOTAL PROJECT COSTS	\$ -	\$ 1,271,429	\$ 1,271,429
	Percentage of Costs	22.00%	78.00%	
	Tons of Storage	1,980	7,020	

**Highway Maintenance Manual****Bureau of Highway Maintenance****Chapter 02 Administration****January 2022****Section 20 Eligible Costs****Subject 35 Sodium Chloride Storage****1.0 Authority**

All sodium chloride storage sheds located on county property, financed by the department, shall upon installation become and remain the property of the county. (The department shall agree with the county annually to reserve its square footage of any shed for storage of state salt.) The county will insure and maintain these facilities. The county shall be responsible for communicating with the vendor concerns about warranty items related to the facilities.

The department shall pay a portion of the costs of maintenance, repairs, regulatory fees, and depreciation of storage facilities for sodium chloride. The payment calculation is dependent upon who funded the construction of the facility. The 2022 reimbursement will be paid in January based on the 2020 costs.

2.0 Definition of Cost

1. For all sodium chloride storage facilities located on county property, the maintenance and repair costs shall be shared using the ratio of department sodium chloride purchased (in tons) to the total of all sodium chloride purchased by the department and county based on the average of the prior calendar years, 2020 and 2019.
2. The department shall share in the depreciation costs for facilities when the department's sodium chloride purchases for the year exceed the department-financed capacity in the county. The share is determined by multiplying depreciation costs by the ratio of department purchases (in tons) exceeding department-financed capacity to total purchases less department financed capacity.

3.0 Replacement of State Financed Winter Maintenance Equipment

Once the state financed equipment is taken out of service, if the county chooses to purchase replacement equipment, the acquisition and O & M costs of the replacement equipment will be initially paid for by the county and then reimbursed by the state through the normal equipment rate formula.

In those instances where a unit of State financed equipment is past the end of its originally projected service life, the department will recognize the substantive refurbishment of the existing unit of state financed equipment by the county as an equipment replacement. A substantive refurbishment means major repairs and maintenance. It is further defined as repairs costing in excess of the equipment's remaining residual value or typically 15% of the original purchase price of the equipment.

The county will finance the substantive refurbishment and will recover its investment by charging the state or another county a mutually agreed upon rate for the use of this equipment. This non-standard equipment rate will be determined jointly by the department and the county and is subject to normal equipment rate review by the Machinery Management Committee.