

**CITY OF MARSHALL
AGENDA ITEM REPORT**

Presenter:	Jason Anderson
Meeting Date:	Tuesday, April 25, 2023
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Project AP-003: Airport Snow Removal Equipment (SRE) Building - Consider Rejection of Bids
Background Information:	<p>The City of Marshall Public Works desires to construct a new Snow Removal Equipment (SRE) and Maintenance Equipment Storage Building at the Southwest Minnesota Regional Airport. The existing building does not adequately accommodate all airport maintenance equipment storage needs. The new facility is planned to be constructed on the East Building Area of the airport, as shown on the recently completed Airport Master Plan. The Project has been identified on the Airport CIP since FFY2011.</p> <p>The following is the most recent timeline received from TKDA, the City’s consultant: February 21st – TKDA to provide Ad for Bids, Estimate, and Plans and Specifications (99%) to the city for the council packet. February 28th – City Council approves advertising for bids March 1st – Post Plans and Specifications (100%) to QuestCDN April 3rd – Bid Opening April 11th – City Council conditionally accepts bid, and approves application for funding April 14th – Grant application to FAA and MnDOT Aeronautics August 1st – Award Construction Contract (120 days after bid opening) September – November 2023 – site improvements April 2024 – September 2024 – building construction (not to begin before April 1, 2024) October 2024 – final completion and occupancy</p> <p><u>Historical reference for action items relating to the project:</u> 03/23/2021 - Council authorized the first transfer of Airport Federal Entitlement Funds and authorized execution and filing of FAA Form 5100-110 for the transfer of \$150,000 of MML Airport 2021 Federal Entitlement Funds to Dodge Center, MN (TOB).</p> <p><i>Background: Based on the timeline above, the City’s consultant, TKDA, proposed that two entitlement transfers be performed, one in 2021 (Dodge Center, MN-TOB), and one in 2022 (Waseca, MN-ACQ), to ensure that those entitlements do not expire. These entitlement transfers will provide the City and TKDA with enough time to prepare the necessary pre-project planning documents to secure state aeronautics funding while also helping the City to secure enough FAA entitlement funds to facilitate the construction of this improvement in 2023.</i></p> <p>Based on 03/23/2021 Council authorization of the first transfer of Airport Federal Entitlement Funds to Dodge Center, MN, the proposed timeline was presented as follows: Phase 1 - 2021: Preliminary Design Study and Funding Plan Phase 2 - 2022: Design and Site Preparation Phase 3 - 2023: Construction</p>

10/12/2021 - Council authorized acceptance of the Proposal with TKDA for a Predesign Study in the amount of \$35,000.00.

03/08/2022 - Council authorized the second transfer of Airport Federal Entitlement Funds and authorized execution and filing of FAA Form 5100-110 for the transfer of \$150,000 of MML Airport 2022 Federal Entitlement Funds to Waseca, MN (ACQ). (See 03/23/2021 regarding first transfer.)

04/26/2022 - Council authorized TKDA submittal of an FAA Grant Application in the amount of \$135,598.00. Total design cost in the request for grant funding was \$297,000.00. This total included \$7,000 in local project costs and \$35,000 reimbursement for the TKDA pre-design study.

05/10/2022 - City Council authorized acceptance of the Proposal with TKDA for Design Phase Services in the amount of \$255,000 with services under this proposal, contingent on receipt of the federal and State grant agreements.

08/15/2022 - FAA Grant Agreement 3-27-0056-019-2022 received and electronically signed by Mayor and City Attorney.

09/13/2022 - City Council acknowledgement of FAA Grant Agreement 3-27-0056-019-2022 for Funding of Site and Building Design in the amount of \$135,598.00.

09/27/2022 - Consider Resolution of Authorization to Execute MnDOT Grant Agreement No. 1051776 for funding of Site and Building Design in the amount of \$109,968.00.

10/20/2022 - Submission of 2023 Federal Grant Initiation Request to ensure eligible utilization of all Airport entitlements and indicating the project is planned to utilize both the airports AIP and AIG funding available in 2023. At the time of submission of Initiation Request, it was noted that the building design was just beginning, and the funding eligibility and prorates would be revisited prior to the grant application.

02/07/2023 – Most recent TKDA presentation of project to the Airport Commission. Commission member Ron Halgerson has served as the Airport Commission representative to the project to help review project plans and offer outside input to the project.

02/14/2023 - Project presented to Public Improvement/Transportation Committee for their information.

02/28/2023 - City Council authorization to advertise for bids.

04/03/2023 - Bids received – One bid was received from Sussner Construction, Inc. in the amount of \$4,346,000, which substantially exceeds the construction cost estimate of \$3,118,023 for construction costs. Total estimated project budget, including construction administration and special testing costs, was \$3,353,023. At the Airport Commission meeting on 04/04/2023, Airport Commission discussed and recommended a re-evaluation of the project scope, bidding requirements and potential cost control measures for the City's review/consideration.

If the Council elects to reject the bid received, it is recommended that City staff work with TKDA and the Airport Commission to re-evaluate the bid package to ensure that the project is economical. Staff would propose to seek City Council authorization to bid a re-evaluated project in late 2023 or early 2024.

Fiscal Impact:	<p>Current project cost estimate is \$3,353,023, including construction administration and special inspections fees. Local cost participation with this estimate is roughly \$1,059,000.</p> <p>Additional costs over the project estimate will fall largely upon the City of Marshall. A project that is \$1M over budget may result in local costs that are \$1M greater than originally anticipated. Our federal funding allotment is capped due to programmatic limitations placed upon the project by FAA funding policy. State funding is capped at \$1M annually by MnDOT Aeronautics policy. Additional State funding to help offset local costs is possible, but not guaranteed.</p> <p>Further, a recommendation to reject bids will require the City to seek a transfer partner for expiring Federal AIP funds. City staff would work with TKDA to find a suitable airport to transfer \$150,000 in Federal AIP funds to ensure that we do not allow the funds to expire.</p>
Alternative/ Variations:	No alternative actions recommended.
Recommendations:	that the City Council to reject the bid received April 3, 2023 and authorize City staff to work with TKDA and the Airport Commission to re-evaluate the project AP-003 bid package to ensure the project is more economical.