



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Jason Anderson
Meeting Date:	Tuesday, January 13, 2026
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Project AP-070: SW MN Regional Airport Aviation Fuel Facility Relocation Project - Resolution Approving State Airport Fund MnDOT Grant Agreement No. 1062038
Background Information:	<p>MnDOT Aeronautics announced a one-time grant opportunity that is dedicated to airport fuel systems. Typically, these fuel systems can be grant-eligible through MnDOT’s annual airport capital grant solicitation, but they do not score well against other projects because they are “revenue-generating facilities” and less of a priority when compared against other airfield projects. To be eligible for this grant the airport must be owned by a municipality, must be licensed for public use, must be in the State Airport System, and the airport must be zoned or in the process of zoning. Additionally, the grant gives priority to airports based on historical fuel sales. This one-time grant opportunity for fuel systems was determined to be a good opportunity to replace aging fuel systems at the Southwest Minnesota Regional Airport.</p> <p>The current fueling system is owned and operated by the City’s Fixed Base Operator (FBO), Midwest Aviation. The current Jet A underground fuel tank is a 15,000-gallon tank that was installed in 1985 and was recertified with a 30-year warranty in 1992. The current 100LL tank is a 12,000-gallon tank installed in 1996 with a 30-year warranty. Both tanks are either past warranty or near warranty expiration. Additionally, the tanks are near the old Arrival/Departure (A/D) Building, and not in an ideal location. Airport Commission has determined that a better location would be nearer our current A/D Building. New fuel tanks are proposed to be 15,000-gallon tanks that would be “above-ground” tanks. An exhibit is included in the packet that shows the proposed location(s) for the new fueling facility.</p> <p>On 5/27/2025, the City Council authorized City staff to submit a grant application for a MnDOT Airport Fuel System Grant to install new 100 LL and Jet A fuel tanks at the Southwest Minnesota Regional Airport (MML).</p> <p>On 07/18/2025, the City was noticed by letter from MnDOT that our fuel facility relocation project was selected to receive a grant offer.</p> <p>On 11/25/2025, Council authorized City staff and TKDA to request a MnDOT Grant Agreement for the above-referenced project estimated in the amount of \$1,278,000, with a cost participation of 60% State (\$766,800) / 40% Local (\$511,200). City staff will return to City Council for approval and execution of all future MnDOT grant agreements.</p> <p>Also on 11/25/2025, Council authorized entering into a Professional Services Agreement with TKDA for the project in an amount not-to-exceed \$100,000.00 plus \$3,000.00 administration expenses, contingent on MnDOT grant funding.</p> <p>Attached is MnDOT Grant Agreement No. 1062038 and the Resolution Approving Execution of State Airport Fund for participation of said TKDA Professional Services Agreement with a cost participation of 60% State (\$61,800) / 40% Local (\$41,200). Once the city receives bids for the construction of the project, this grant agreement will be amended to include project costs at a 60-40 cost split.</p>

Fiscal Impact:	<p>This grant agreement is a 60% State, 40% local cost split of the not-to-exceed \$100,000 TKDA design contract and the \$3,000 city administrative expenses. The total project cost is estimated at \$1,278,000 with cost participation of 60% State (\$766,800) / 40% Local (\$511,200).</p> <p>The proposed 2026 City CIP includes total cost of \$1,300,000 for this project with \$520,000 bonding-levy and \$780,000 State participation.</p>
Alternative/ Variations:	No alternative actions recommended.
Recommendations:	that the Council adopt Resolution 26-005 which is the "Resolution Approving State Airport Fund Grant Agreement", which authorizes the execution of MnDOT Grant Agreement No. 1062038 for State funding of the TKDA Professional Services Agreement for this project with a cost participation of 60% State (\$61,800) / 40% Local (\$41,200).