

CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Jason Anderson
Meeting Date:	Tuesday, August 25, 2026
Category:	AWARD OF BIDS
Type:	ACTION
Subject:	Project AP-070: SW MN Regional Airport Aviation Fuel Facility Relocation Project - Award of Bids
Background Information:	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. 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 the same size as the current tanks, but they will be above ground tanks. An exhibit is included in the packet that shows the proposed location(s) for the new fueling facility. 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). 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. 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). 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. On 01/13/2026, Council authorized execution of 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.

	On 06/09/2026, Council authorized staff to advertise for bids with bids to be received 07/16/2026. Bids were received on July 16, 2026. Two bids were received as shown on the attached bid tabulation. The low bid was from Minnesota Petroleum Service of Columbia Heights, Minnesota, in the amount of \$1,806,829.40. Attached is an award recommendation letter from TKDA.
Fiscal Impact:	The project cost estimate at time of bid was \$1,300,000. The proposed 2026 City CIP includes a total cost of \$1,300,000 for this project with approximately \$520,000 bonding-levy and \$780,000 State participation. Provided that the State participates in project costs at 60% cost share, the local portion of project costs—including all engineering fees—is now expected to be \$800,000. The City has local funding for airport projects from the 2026 CIP in the amount of \$840,738. With the snowblower coming in well under budget and the PAPI light replacement project not being funded by MnDOT, the City does have the necessary funding to complete this project. The local cost for the purchase of the snow blower and the construction of the fueling system is \$818,000 and the total funding available for airport projects is \$840,738.
Alternative/ Variations:	No alternative actions recommended.
Recommendations:	that the Council award the project to Minnesota Petroleum Service of Columbia Heights, Minnesota, in the amount of \$1,806,829.40 for Project AP-070: SW MN Regional Airport Aviation Fuel Facility Relocation Project, per the recommendation from TKDA, contingent upon receipt of MnDOT grant funding.