

**CITY OF MARSHALL  
AGENDA ITEM REPORT**

<b>Presenter:</b>	Jason Anderson
<b>Meeting Date:</b>	Tuesday, October 10, 2023
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	Project AP-003: Airport Snow Removal Equipment (SRE) Building - Federal Grant Pre-Application
<b>Background Information:</b>	<p>The City has been working with TKDA to construct a new snow removal equipment (SRE) and maintenance equipment building at the Southwest Minnesota Regional Airport since early 2021. The existing buildings do not adequately accommodate all of the airport maintenance storage and workspace needs. The new facility is planned to be constructed in Airpark East, the east building area of the airport. This facility is identified in the Airport Master Plan and this project has been identified on the airport capital improvement plan (CIP) since 2011.</p> <p>It is now time to submit a grant initiation request to FAA to notify both the State and Federal aviation offices of the City’s intent to utilize federal funds for our project. If we do not submit this grant initiation request, we will be unable to utilize federal funds for a project in calendar year 2024. The City will still need Council authorization in the future to hire TKDA to complete bidding services for the re-bid of the project and we will need future Council authorization to make grant applications for State and Federal funds.</p> <p><u>Current, proposed project timeline:</u></p> <ul style="list-style-type: none"> <li>i. Contractor forum &amp; outreach – Nov. 2023</li> <li>ii. Advertise for bids – Dec. 2023</li> <li>iii. Bid opening – Jan. 2024</li> <li>iv. Contract award –Feb. 2024</li> <li>v. Material order – Mar. 2024</li> <li>vi. Grant applications – Mar. 2024</li> <li>vii. Notice to proceed (site work) – June 2024</li> <li>viii. Notice to proceed (building) – Sept. 2024</li> <li>ix. Construction completion – July 2025</li> </ul> <p><u>Historical reference for action items relating to the project:</u></p> <p>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>10/12/2021 - Council authorized acceptance of the Proposal with TKDA for a Predesign Study in the amount of \$35,000.00.</p> <p>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).</p> <p>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.</p>

	<p>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.</p> <p>08/15/2022 - FAA Grant Agreement 3-27-0056-019-2022 received and electronically signed by Mayor and City Attorney.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>02/14/2023 - Project presented to Public Improvement/Transportation Committee for their information.</p> <p>02/28/2023 - City Council authorization to advertise for bids.</p> <p>04/03/2023 - Bids received – One bid was received from Sussner Construction, Inc. in the amount of \$4,346,000, which substantially exceeded 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.</p> <p>4/25/2023 – City Council rejected the bid received from Sussner Construction, Inc. for construction of the building. The bid received was substantially over the City’s budget for the project. Council directed staff to work with TKDA and Airport Commission to re-evaluate the project AP-003 bid package with the goal of making the project more economical.</p>
<p><b>Fiscal Impact:</b></p>	<p>A project cost estimate is included in the Council packet for reference. The estimate identifies each source of funding for the project. The current estimate identifies a local cost of \$800,000, but this is a draft estimate and a local cost of \$1,000,000 is more practical. TKDA will work to identify a greater use of federal funds where possible to help reduce the state funding request with the goal of ensuring a funding package that is acceptable to both MnDOT and FAA.</p> <p>Further, the City will need to bond locally for all project costs, including federal and state share to ensure that the project can be bid early in the year and to ensure that a contractor can begin work right away, unimpeded by funding schedules. With federal budget uncertainty, the FAA is not expecting to issues federal funds until Fall 2024. State grants are not typically awarded until spring/summer 2024. By bonding locally for all project costs, the City can be assured that funds will be available for project payments. Later, grant funds can be used to assist with bond payments.</p>
<p><b>Alternative/ Variations:</b></p>	<p>No alternative actions recommended.</p>
<p><b>Recommendations:</b></p>	<p>that the City Council authorize City staff to submit the federal grant initiation request for use of federal dollars on the Airport Snow Removal Equipment (SRE) Building Project.</p>