

CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Jason Anderson
Meeting Date:	Tuesday, July 14, 2026
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Encroachment Agreement for Land in Commerce Industrial Park Second Addition (Block Seven, Lot 2)
Background Information:	Lot 2, Block 7 of Commerce Park Second Addition is the southeastern-most lot in the development. This lot has been identified for many years as a possible future location for Marshall Municipal Utilities to locate improvements. In 2017, an option contract was signed by the City of Marshall and Marshall Municipal Utilities which granted MMU the exclusive option to purchase the property for the next 50 years at a cost of \$1.00 and other good and valuable considerations. In 2019, the option contract was amended to reflect the new designation of the lot after the development was re-platted from Commerce Industrial Park to Commerce Industrial Park Second Addition. It was at this time that the lot was identified as Lot 2, Block 7. The intent of selling this land to MMU was to enable MMU to place, in the future, water or electric utility infrastructure in this location. It has been discussed that this could be land for a new water tower or perhaps a future water treatment plant. The City also recognizes other good and valuable consideration for the purchase by MMU through MMU's significant investment in Marshall's industrial development in this area. This included funding support for stormwater treatment facilities on the MERIT property, which did not directly benefit the utility. The land has not been transferred to MMU to date because the City utilized State BDPI grant dollars for the construction of Commerce Park, and state statute prohibits specific land uses when state dollars are utilized. However, 10 years after the date of grant agreement (October 2, 2027), the restriction on land use no longer applies. In the meantime, MMU desires to utilize the City's property at Lot 2, Block 7 to store construction materials, such as gravel, topsoil, or other materials. To get access, they'd like to construct two driveways into the property. MMU's need for the site stems from their upcoming Erie Road Substation project, just south of the Wastewater Treatment Facility. This location is where MMU currently stores materials. However, during the substation project MMU would like to use this space as a laydown yard for substation project equipment and materials. Since Lot 2, Block 7 will ultimately be transferred to MMU, it is staff's opinion that we should allow MMU to utilize our land for use as a materials storage yard in the temporary, with the likely end result being that the City would transfer the land to MMU at a later date. Included in the Council packet is an agreement between the City and MMU that authorizes MMU to utilize the land. This agreement has been prepared and reviewed by our City Attorney.
Fiscal Impact:	No direct cost.
Alternative/ Variations:	
Recommendations:	that the Council authorize the execution of the MMU license encroachment agreement for land in Commerce Industrial Park Second Addition.