



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Jason Anderson
Meeting Date:	Tuesday, July 28, 2026
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Airport Lease Agreements: 1) WPA Hangar Short-Term Lease Agreement--Lease of City Owned Aeronautical Facilities with Southwest Aviation Inc. (Term: July 1, 2026-June 30, 2027); 2) FBO Long-Term Lease Agreement--Facility Lease and Fixed Base Operator's Agreement with Southwest Aviation, Inc. (Term: August 1, 2026-December 31, 2031)
Background Information:	<u>1) WPA Short-Term Lease Agreement</u> City staff is working toward completing lease agreements between the city and its Fixed Base Operator (FBO), Midwest Aviation. The prior lease agreement has expired, and city staff have worked to get new lease agreements into place. Midwest Aviation, as the City's FBO, is responsible for supporting aircraft, passengers, and flight crews at the Marshall Airport through services such as fueling, parking, hangar space, ground handling, and related aviation support services. Included with this item is a short-term lease agreement for the "WPA Hangar", located at 1602 W. College Drive—the furthest east building on the property, located near the highway. The lease agreement is a one-year lease with the FBO for the entire 8,000 sq ft of hangar area. The lease includes a requirement to provide space for one aircraft from another business, Great Plains Application, for a limited monthly amount. This is a short-term lease agreement for only 1 year to see how the arrangement works. Within the next year, staff will plan to meet with the FBO and Great Plains Application to discuss the arrangement. Members of the Airport Commission have been involved with discussions between the city and the FBO. Due to time constraints associated with Great Plains Application's agricultural spraying business, staff needed to move quickly to get this short-term agreement into place; therefore, the agreement has been signed by Mayor Byrnes. Staff seeks Council approval ratifying this lease. <u>2) FBO Long-Term Lease Agreement</u> City staff is working toward completing lease agreements between the City and its Fixed Base Operator (FBO), Midwest Aviation. The prior lease agreement has expired, and City staff have worked to get new lease agreements into place. Included with this Council agenda item is a long-term lease agreement for the City-owned buildings that the FBO occupies, excluding the "WPA Hangar", located at 1602 W. College Drive—the furthest east building on the property, located near the highway. The WPA Hangar was included in a short-term lease (1 year) for this year to provide opportunity to evaluate how the space could be shared by two tenants. The buildings occupied by the FBO that are included with this long-term lease agreement include: office space in the Arrival/Departure Building, lobby/common space in the Arrival/Departure Building, 1985 Hangar, 2002 Hangar, Red Baron (hangar and paint booth only), and access to the

	parking lots and the existing fuel farm that is located on the airfield and owned and operated by the FBO. Members of the Airport Commission and our Council liaison to the Airport Commission have been involved with discussions between the City and the FBO. This new lease agreement is a 5-year lease, with four additional option terms for 5-year extensions. Throughout the duration of the lease agreement negotiations, staff has worked to establish a marketable rate for our hangars and buildings, while also acknowledging the contributions to the City and the airport that are provided by our FBO. Services provided by the FBO include: staffing the A/D building during typical workday hours, ensuring that the fuel dispensing station is functional, providing after-hours staffing for services on-call, providing fueling services by truck for aircraft as necessary, providing for aircraft repair and maintenance, and coordinating aircraft storage for transient aircraft. Upon approval of the City Council, staff will seek execution of this long-term lease agreement with Midwest Aviation.
Fiscal Impact:	<u>1) WPA Short-Term Lease Agreement</u> Lease rate is \$2.30/SF/year which equates to \$18,400 per year. Prior lease agreement included \$8,472/year for this building, the space occupied in the A/D Bldg., and use of the parking lots. <u>2) FBO Long-Term Lease Agreement</u> Lease rates are included in Exhibit A of the agreement. Note the \$42,000/YR credit for FBO-provided services to the airport. In addition to these rates, it was agreed that the FBO would remit to the City \$0.15/gallon for all Jet A and 100LL fuel that is sold. Prior lease agreement totaled \$7,150/month for all buildings and spaces utilized by the FBO. The new lease agreements, combined, total \$8,453/month for all buildings and spaces utilized by the FBO. Increased revenue helps to offset the high cost to operate the facilities, and the fuel flowage fee helps the city to recover some costs from its investment into replacement of the fuel dispensing system.
Alternative/ Variations:	No alternative actions recommended.
Recommendations:	<u>1) WPA Short-Term Lease Agreement</u> that the City Council ratify the short-term lease agreement for 1602 W. College Drive between the City and its Fixed Base Operator, Midwest Aviation, as presented. <u>2) FBO Long-Term Lease Agreement</u> that the City Council approve the long-term lease agreement with our FBO, Midwest Aviation.