



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Jason Anderson
Meeting Date:	Tuesday, November 25, 2025
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Project AP-070: SW MN Regional Airport Aviation Fuel Facility Relocation Project - 1) Authorization to request MnDOT Grant Agreement; 2) Consider TKDA Professional Services Agreement for Project Design
Background Information:	<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>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>As Council is aware, the City was noticed by letter dated 07/18/2025 from MnDOT that our fuel facility relocation project was selected to receive a grant offer. To proceed, the City must submit a grant request letter to MnDOT by November 28, 2025. Our project cost is estimated at \$1,278,000. City staff is requesting Council authorization to proceed with a grant request letter to MnDOT, 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>Attached is a Professional Services Agreement with TKDA for engineering design services for the project in an amount not-to-exceed \$100,000.00. With City Council authorization in place, City staff will submit again to MnDOT for a grant to help cover costs.</p>

Fiscal Impact:	<p>Project cost estimated at \$1,278,000 with cost participation of 60% State (\$766,800) / 40% Local (\$511,200).</p> <p>Professional Services Agreement with TKDA for engineering design services for the project in an amount not-to-exceed \$100,000.00.</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:	<p>Recommendation No. 1: that the Council authorize City staff and TKDA to request for a MnDOT Grant Agreement for the above-referenced project estimated in the amount of \$1,278,000, thereby putting a project together and working toward obtaining bids.</p> <p>Recommendation No. 2: that the Council authorizes entering into a Professional Services Agreement with TKDA for the project in an amount not-to-exceed \$100,000.00, contingent on MnDOT grant funding.</p>