

Transportation Committee

For the Metropolitan Council meeting of November 29, 2017

Subject: Contract for Fuel Supply for the NorthStar Commuter Rail Service.

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute contract 17P182 with Beaudry Oil & Propane to supply diesel fuel for the Northstar Commuter Rail Service in an amount not to exceed \$4,594,675.

Summary of Committee Discussion/Questions

Jeremy Spilde, Manager, Commuter Rail Maintenance presented this item.

Mr. Reynoso asked if we are purchasing fuel at a fixed price or does it fluctuate. Spilde responded that it's based off the OPIS price and the company bids on top of that; same structure as the bus fuel contract.

Motion by Letofsky, seconded by Reynoso and passed. CONSENT to Council.

Transportation Committee

Meeting date: November 13, 2017

For the Metropolitan Council meeting of November 29, 2017

Subject: Contract for Fuel Supply for the Northstar Commuter Rail Service

District(s), Member(s): ALL

Policy/Legal Reference: Council Expenditure Policy

Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510

Vince Pellegrin, Chief Operations Officer, 612-349-7511

John Humphrey, Deputy Chief Operations Officer, 612-341-5601

Anthony Hebert, Director Commuter Rail, 612-349-7598

Jeremy Spilde, Manager Commuter Rail Maintenance, 612-349-7092

Division/Department: Metro Transit / Northstar Commuter Rail

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute contract 17P182 with Beaudry Oil & Propane to supply diesel fuel for the Northstar Commuter Rail Service in an amount not to exceed \$4,594,675.

Background

Northstar Commuter Rail has operated train service since 2009 and the six Northstar locomotives require a continuous supply of diesel fuel. The current Northstar contract expires January 2, 2018. Approximately 475,000 of fuel will be required annually. Since the Northstar facility in Big Lake is not equipped with a fuel storage tank the supplier will deliver and dispense fuel directly from the transport truck into each Locomotive. It is expected that three weekly deliveries of approximately 5,000 gallons will be required.

The Council solicited sealed bids for a fuel supply contract for a two-year term with three one-year options to extend. Bids were solicited for a fixed per-gallon price, which, when added to the daily Oil Price Information Service price index, will be the Council's total per-gallon cost. This pricing structure is aligned with other diesel fuel contracts in place with the Council.

Rationale

Four bids were received, ranging from \$4,535,300 to 4,701,550. Three of the four bids were rejected as non-responsive bids. The Procurement Department finds Beaudry Oil and Propane to be the lowest responsive and responsible bidder at \$4,594,675 for a five-year supply of diesel fuel.

Thrive Lens Analysis

Equity among bidders; fiduciary responsibility; and a transparent bidding process all fit within the Thrive Lens.

Funding

Funding for fuel has been allocated in Northstar's operating budget.

Known Support / Opposition

There is no known opposition to the proposed action.

Northstar Diesel Fuel Contract

Business Item No.2017-250



Jeremy Spilde

Maintenance Manager, Northstar Commuter Rail

November 13, 2017

Proposed Action

- Council authorize the Regional Administrator to execute contract 17P182 not to exceed \$4,594,675
- Beaudry Oil & Propane
 - 36 years experience within the petroleum handling business
 - Local Family owned Company in Elk River, MN
 - Metro Transit Finance found them to be financially responsible for a contract of this size

Background

- Northstar has been in service since November 16, 2009
- 6 Motive Power MP3600 Locomotives that require refueling of diesel fuel 3X per week to provide uninterrupted service to our riders.
- Northstar's current fuel contract with Mansfield Oil expires January 2, 2018

Contract Bidding Process

- Council solicited sealed bids for Northstar's fuel supply contract
- Total of four bids were received
 - Range \$4,535,300 - \$4,701,550
- Non-responsive bids were rejected
 - 3 rejected for missing the Bid Security Forms
- Beaudry Oil & Propane deemed lowest responsive & responsible bidder
 - \$4,594,675
 - Five year Contract

Funding

- Allocated within Northstar's operating budget

Pre-Questions

- Why can't Northstar be part of the Bus fuel contract.
 - A 1. Northstar's Locomotives are not equipped or capable of operating with bio-diesel fuel.
 - A 2. Northstar's VMF is not equipped with a bulk diesel fuel tank. Daily deliveries are required 3 times a week. Fuel must be directly deposited into each Locomotive.

QUESTIONS?

