

Transportation Committee

For the Metropolitan Council meeting of May 23, 2018

Subject: Diesel Fuel Contract 17P248 with Mansfield Oil Company

Proposed Action

That the Council approve the Diesel Fuel Contract with Mansfield Oil Company.

Summary of Committee Discussion/Questions

Metro Transit Bus Maintenance Assistant Director Mike Joyce and Metro Transit Fleet Service Supervisor Steve Kaari presented this item. Dorfman asked to what extent diesel fuel prices have fluctuated over time and if Metro Transit is locking into a price. Joyce answered that prices do fluctuate, and that is the reason behind a contract, to attempt to bring stability. Kaari added that the price of diesel has fluctuated greatly, it can double over the course of a few years or remain the same. Kaari stated that the first two years are locked in, but the second two years are optional and if prices moved up, more money might be required.

Dorfman asked for clarification that it is unlikely we would spend more than we needed to, and Kaari responded in the affirmative. Metro Transit General Manager Brian Lamb added that there are two ways that Metro Transit tries to manage the controlled spend: the first is to lock in a contracted base price, and the second is to buy futures based on today's price and sell in eighteen months.

Motion by Schreiber, seconded by Munt. Motion carried, **consent to Council.**

Transportation Committee

Meeting date: May 14, 2018

For the Metropolitan Council meeting of May 23, 2018

Subject: Diesel Fuel Contract 17P248 with Mansfield Oil Company

District(s), Member(s): All

Policy/Legal Reference: Contract #17P248

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

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

Brian Funk, Deputy Chief Operations Officer – Bus, 612-349-7514

Matt Dake, Director, Bus Maintenance, 612-349-5000

Mike Joyce, Assistant Director, Bus Maintenance, 612-349-5008

Rick White, Manager, Bus Maintenance Fleet Service, 612-349-5005

Division/Department: Metro Transit Bus Maintenance

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to exercise contract 17P248 with Mansfield Oil to supply bus diesel fuel to the Metropolitan Council/Metro Transit for a two-year period with options to extend for years three and four. A contract extension requires agreement between Metro Transit and Mansfield Oil. The contract will be in an amount not to exceed \$64,960,204.00.

Background

On March 6, 2018, staff conducted an Invitation for Bid (IFB) for a new diesel fuel supply contract. Seven companies submitted bids and two were found unresponsive. Mansfield Oil Co. submitted the lowest priced bid and was found to be a responsible bidder capable of supplying the Council with a sufficient supply of diesel fuel.

Rationale

Council authorization is required to execute a contract for over \$500,000.00.

Thrive Lens Analysis

A diesel fuel contract advances Thrive through the lens of promoting regional prosperity for everyone, by continuing to serve residents who depend on transit.

Funding

Funding for diesel fuel is included in the operations budget.

Known Support / Opposition

There is no known opposition to the proposed action.