

Transportation Committee

Meeting date: August 26, 2013

For the Metropolitan Council meeting of September 11, 2013

Subject: Authorization to Award 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 Operating Officer, 612-349-7511
Edward Byers, Deputy Chief Operations Officer, Rail, 612-349-7080
John Paul Zanaska, Asst. Director, Northstar Commuter Rail, 612-349-7083

Division/Department: Metro Transit / Northstar Commuter Rail

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to award and execute a contract with Lubrication Technologies to supply diesel fuel for the Northstar Commuter Rail Service.

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 October 31, 2013. Approximately 400,000 gallons 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 one or two weekly deliveries of 5,000 gallons will be required.

The current bus fuel contract scope cannot be modified to meet Northstar's requirements; therefore, the Council solicited sealed bids for a fuel supply contract for a two-year term, with two additional options of one-year each. 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

Three bids were received, ranging from \$1,200,240 to \$1,220,640 annually. Lubrication Technologies submitted the low bid of \$1,200,240. Actual expenditures will be determined by the Oil Price Information Service price index for the specified fuel, which will fluctuate daily over the contract term to reflect petroleum market prices. Total bids were based on a four-year supply totaling \$4,800,960.

Funding

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

Known Support / Opposition

There is no known opposition to the proposed action.