

T Transportation Committee

Meeting date: February 8, 2010

Metropolitan Council Meeting: February 24, 2010

ADVISORY INFORMATION

Date:	January 29, 2010
Subject:	Authorization to Amend Contract for Diesel Fuel Supply
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy 3-3 Expenditures – Procurement of Goods and Services over \$250,000
Staff Prepared / Presented:	Brian J. Lamb, General Manager 612-349-7510 Vince Pellegrin, Chief Operating Officer, Bus & Rail 612-349-7511 Julie Johanson, Deputy Chief Operating Officer –Bus 612-349-7514 Jan Homan, Director of Vehicle Maintenance 612-349-5000 Paul Colton, Manager of Metro Mobility 651-602-1668 Chris Gran, Director of Purchasing 612-349-5060
Division / Department:	Metro Transit / Metropolitan Transportation Services

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to amend the diesel fuel supply contract with Western Petroleum Company to increase the maximum total compensation from \$71 million to \$100 million and extend the term through June 2011.

Background

In May 2007, the Council authorized a contract with Western Petroleum Company (2007-137) to supply diesel fuel for Metro Transit and Metro Mobility vehicles at the unit prices bid by Western Petroleum. The contract term was two years effective July 1, 2007, with options to extend the term for a third year and a fourth year. A maximum total compensation of \$46,080,000 was established for the two years ending June 30, 2009.

Actual fuel costs under this contract are tied to diesel and soybean oil market prices; the Council pays the daily market price (OPIS price index) plus the per-gallon bid price.

In December 2008, the Council authorized increasing the maximum compensation to \$71 million (2008-351) because of high diesel fuel prices, and the contract term was extended for a third year, through June 30, 2010. The unit bid prices were not changed.

Rationale

Council authorization is required to increase the maximum compensation with actual contract expenditures at approximately \$62 million through December 2009 and in order to extend the contract for a fourth and final year, through June 30, 2011. Based on actual expenditures for the first 30 months of the contract, expenditures are estimated at \$100 million over a four-year contract term through June 30, 2011. The unit bid prices are not changed.

Funding

Funding is provided for in the Metro Transit and Metro Mobility annual operating budgets.

Known Support / Opposition

There is no known opposition.