

T Transportation Committee

Meeting date: December 8, 2008

For Metropolitan Council meeting: December 10, 2008

ADVISORY INFORMATION	
Date:	December 1, 2008
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 Chris Gran, Director of Purchasing, 612-349-5060
Division/Department:	Metro Transit

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 to \$71 million.

Background

In May 2007, the Council authorized a contract with Western Petroleum Company (Item 2007-137) to supply diesel fuel for Metro Transit and Metro Mobility vehicles at the per-unit prices bid by Western Petroleum. The contract was effective July 1, 2007 for a two-year term, and with options to extend the contract term up to an additional 24 months.

Rationale

At the time the contract was executed, a maximum compensation of \$46,080,000 was established for the two-year base period. This estimate assumed 9 million gallons annual consumption at an average price of \$2.56 a gallon, the average price at that time. Because of high diesel fuel prices (\$3.61 a gallon YTD through October 2008) since the contract was entered into, actual contract expenses are nearly at the contract maximum and the maximum need to be increased. An increase to \$71 million is estimated to cover expenditures through June 2009. The per unit bid prices will not change.

Funding

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

Known Support / Opposition

There is no known opposition to this proposed action.