

**T** Transportation Committee  
Meeting date: March 28, 2011  
For Metropolitan Council Meeting: April 13, 2011

**ADVISORY INFORMATION**

**Date:** March 16, 2011  
**Subject:** Authorization to Amend Contract for Diesel Fuel Supply  
**District(s), Member(s):** All  
**Policy/Legal Reference:** Council Expenditure Policy 3-3 – Procurement of Goods and Services over \$250,000  
**Staff Prepared/Presented:** Brian Lamb, General Manager 612-349-7510  
Vince Pellegrin, Chief Operating Officer, 612-349-7511  
Julie Johanson, Deputy Chief Operations-Bus, 612-349-7511  
Jan Homan, Director Bus Maintenance, 612-349-5000  
Micky Gutzmann, Acting Director Contracts & Procurement, 651-602-1741  
Don Pleau, Manager Purchasing & Contracts, 612-349-5064  
Joel Kulow, Principal Contract Administrator, 612-349-5063  
**Division/Department:** Metro Transit

**Proposed Action**

That the Metropolitan Council authorize the Regional Administrator to reject all bids received under IFB #11P002 for supplying diesel fuel to the Council and that the Metropolitan Council authorize the Regional Administrator to amend the diesel fuel supply contract with Western Petroleum to increase the maximum total from \$100,000,000 to \$107,500,000 and extend the contract term through September, 2011.

**Background**

In May 2007, the Council authorized a contract with Western Petroleum Company to supply diesel fuel for Metro Transit and Metro Mobility vehicles at unit prices bid by Western Petroleum. Subsequently, the Council authorized two contract term extensions and cost ceiling increases. These changes should provide diesel fuel for Council buses until June of 2011, depending on prices.

In February of this year, staff conducted an IFB (#11P002) for a new diesel fuel supply contract, and five companies responded with bids. Of these five, two did not meet the IFB requirements and were found to be non-responsive. The remaining three bidders did not meet the scope of work requirements and were found to be not-responsible.

Staff recommends that all bids be rejected and a new IFB be conducted. Staff is reviewing the scope of work and will revise it as appropriate to ensure that more bidders can meet the requirements without compromising the quality of the fuel supplied.

While the IFB is likely to be completed before June of this year, staff recommends that the current contract with Western Petroleum be extended through September of this year in order to ensure a supply of fuel.

Concurrent with that extension, staff recommends that the contract cost ceiling be increased by \$7,500,000 to cover fuel purchased during contract extension. Fuel prices have risen over the last several months, and the current contract ceiling could be reached before a new contract is in place.

**Rationale**

Council authorization is required to reject all bids and also to amend the current diesel fuel contract as outlined above. The unit bid prices will not change during the contract extension.

**Funding**

Funding for diesel fuel is included in the budget.

**Known Support/Opposition**

There is no known opposition to the proposed action.