Business Item
Item: 2011-337
Consent

T Transportation Committee

Meeting Date: November 28, 2011

Metropolitan Council Meeting: December 14, 2011

ADVISORY INFORMATION	
Date:	November 19, 2011
Subject:	Authorization to Amend Contract for Gasoline Supply
District(s), Member(s):	All Council Members
Policy/Legal Reference:	Council Policy 3-3 Expenditures – Procurement of Goods and Services over $250,000
Staff Prepared/Presented:	Arlene McCarthy, Director MTS (651-602-1754) Micky Gutzmann, Director of Purchasing (651-602-1741) Gerri Sutton, Assistant Director MTS (651-602-1672) Paul Colton, Senior Manager Metro Mobility (651-602-1668)
Division/Department:	Metropolitan Transportation Services / Metro Mobility

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to enter into an amendment on Contract 08P020A with Lubricant Technologies (formerly Egan Oil Company) to increase the maximum contract amount by $2,310,000 for an amended total of $5,110,000.

Background

The Metropolitan Council entered into a two-year agreement with Egan Oil in April 2008 which was competitively bid. The agreement allowed for two 12 month extensions. These extensions were authorized by the Regional Administrator commencing on April 23, 2010, and April 23, 2011. The term of the current agreement will terminate on April 22, 2012. Lubricant Technologies purchased Egan Oil in August 2010. A new contract (08PO020A) was written, recognizing the change in vendor. The four year value of the two agreements including this requested amendment is $8,185,000.

Expenditures for fuel are determined by the Oil Price Information Service (OPIS) price index for gasoline with a 10% ethanol blend. This price fluctuates daily over the contract term to reflect petroleum market prices.

Metro Mobility currently operates 217 gasoline vehicles fueled under this agreement out of 309 total vehicles in the core fleet. In 2010, Metro Mobility operated an annual average of 152 gasoline vehicles. Since the inception of the gasoline contract in 2008, the Metro Mobility gasoline fleet has increased by 63%. With the replacement of diesel vehicles with gasoline vehicles, Metro Mobility has reduced its diesel usage. Through October 2011, Metro Mobility reduced its diesel deliveries by 120,114 gallons when compared to the same period in 2010.

Rationale

The increase in gasoline usage is due to both growing ridership and the changing composition of the Metro Mobility fleet; specifically:

1. Thirty-nine new gasoline vehicles were placed into service in 2011, two months earlier than originally estimated. These vehicles replaced diesel buses
2. The number of revenue miles operated from January through October in 2010 as compared to 2011 has increased by 514,270 miles (6%) due to increased ridership demand and increased revenue hours. It is anticipated that this trend will continue for the remaining term of the fuel agreement.

3. The base estimate for the number of gallons of fuel needed for the final 21 months of the agreement was approximately 200,000 gallons less than what is needed. This represents an average of an additional 5,650 gallons of fuel per month between the two core Metro Mobility providers.

Funding

Funding is available in the Metro Mobility 2011 operating budget. The 2012 annual operating budget may need to be amended in 2012 to address increased fuel and service hours.

Known Support / Opposition

No known opposition.