

T Transportation Committee

Meeting date: April 23, 2007

| ADVISORY INFORMATION | |
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| Date: | April 16, 2007 |
| Subject: | Authorization to Award Contract for Diesel Fuel |
| 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 Lamb, Metro Transit General Manager 612-349-7510 Vince Pellegrin, Chief Operating Officer 612-341-5612 Julie Johanson, Assistant General Mgr – Admin 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/Motion

That the Metropolitan Council authorize the Regional Administrator to execute a contract with Western Petroleum Company to supply diesel fuel in accordance with Council specifications and Western Petroleum Company bid prices from July 1, 2007 through June 30, 2009, with options to extend the contract term up to an additional twenty-four months.

Issue

The Council’s contract to supply diesel fuel for Metro Transit and Metro Mobility service expires June 30, 2007.

Overview and Funding

In 2006, Metro Transit and Metro Mobility service consumed 8.6 million gallons of diesel fuel at a cost of \$19.7 million. The Council currently contracts for ultra-low sulfur diesel fuel with five-percent biodiesel (B5) content. Metro Transit is considering using ultra-low sulfur fuel with a ten-percent (B10) content starting July 1, 2007. The new contract will allow Metro Transit and Metro Mobility to change the biodiesel content of the diesel fuel supplied by the contractor at any time during the term of the contract. The Council will be able to chose between B2, B5, B10, B15 and B20.

The Council solicited sealed bids for a new diesel fuel contract. Two bids were received. Western Petroleum Company submitted the low bid. A comparison of the low bid price to the current contract price indicates the bid price is less by about three cents per gallon. Actual expenditures will be determined by the Oil Price Information Service Biodiesel price index, which will fluctuate daily over the contract term to reflect petroleum diesel and soybean oil market prices.

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