

# T Transportation Committee

**Business Item**

Item: 2008-299

**Meeting date: October 27, 2007**

**For Metropolitan Council meeting: November 12, 2008**

## ADVISORY INFORMATION

**Date:** October 21, 2008  
**Subject:** Northstar Contingency Budget; Option for One Additional Commuter Rail Passenger Car with Bombardier  
**District(s), Member(s):** All  
**Policy/Legal Reference:** Northstar Corridor Project Master Cooperation and Delegation Agreement  
**Staff Prepared/Presented:** Brian Lamb, General Manager, 612-349-7510  
Mark W. Fuhrmann, Deputy General Manager, 651-602-1942  
Richard M. Rovang, Asst. General Manager – TSD, 651-602-1941  
Chris Weyer, Manager, Northstar Construction, 651-366-5825  
Chris Gran, Director, Purchasing, 612-349-5060  
**Division/Department:** Metro Transit / Northstar Project Office

## Proposed Action

That the Metropolitan Council authorize the Regional Administrator:

- To expend \$871,200 of Met Council Regional Transit Capital funds reserved in the last \$10.1 million of the Northstar contingency budget;
- To negotiate and execute an amendment to the existing funding agreement with the Minnesota Department of Transportation (MnDOT) for reimbursement of costs incurred by the Metropolitan Council in procuring commuter rail passenger cars; and
- To exercise an option for one additional passenger coach cab car with Bombardier Mass Transit Corporation, contingent upon execution of an amended funding agreement for reimbursement of costs from MnDOT, in the amount of \$2,587,985 for the Northstar Corridor Commuter Rail Project.

## Background

The Northstar project proposed a budget of \$307.3 million for the Full Funding Grant Agreement including \$17 million of contingency. Final review by the Federal Transit Administration (FTA) resulted in FTA requiring an additional \$10.1 million of contingency increasing total contingency to \$27.1 million and overall budget to \$317.4 million. FTA agreed to provide \$5.0 million which required local match of \$5.1 million. Met Council approved providing \$3.4 million in May 2007 and the three county rail authorities, Anoka, Hennepin and Sherburne, agreed to provide \$1.7 million. The Council and the rail authorities conditioned the availability of these funds with the requirement of subsequent approval by the Council and rail authorities to commit any of the \$10.1 million.

Overall Northstar construction has been progressing on schedule this year with 62% currently complete and no major contingency requirements caused by unexpected conditions. \$9.2 million of contingency has been committed primarily for rolling stock and right-of-way and \$6.4 million is forecasted to be committed. Staff believes based on known field conditions, the scope of the Northstar project can be delivered within the original \$17 million budgeted contingency. The \$10.1 million contingency is not expected to be required to deliver the

original scope of the project but may be available to exercise elements that will provide long-term benefit for the Northstar Commuter Rail service.

The Metropolitan Council agreed to act as the lead agency to procure rolling stock (locomotives and passenger cars) on behalf of the Northstar Commuter Rail Project. The Council issued a request for proposals to prospective car builders in July 2007, received one proposal, utilized a “Best Value” evaluation process and requested a “Best and Final Offer.” This resulted in negotiations with Bombardier that culminated in a fair and reasonable contract price consistent with other recent commuter rail passenger coach procurements of \$43.95 million. The contract scope includes 17 passenger cars consisting of 12 coach and 5 cab cars. Fifteen passenger cars will be required for weekday service which leaves two spare cars and a spare factor of 13%.

## **Rationale**

One additional passenger coach will increase the fleet to 18 cars and increase the spare factor to 20%. FTA recommends for most efficient rail fleet management a spare factor of 20%. This will allow more timely preventive maintenance on the fleet and more reliability.

Metro Transit has seen passenger demand increases on both bus and light rail this year. One additional commuter rail coach provides greater operational flexibility and an ability to quickly respond to demand spikes on Northstar.

The executed contract with Bombardier provides the Council the ability to exercise an option for one additional passenger coach within the first year of the contract at the base unit cost. After the first year, all cost escalation clauses apply. Staff has been advised by Bombardier that exercising the option for one car in early November will enable this 18<sup>th</sup> car to be a part of the continuous Northstar production run for delivery prior to the start of Northstar service in late 2009.

## **Funding**

The Council has included \$3.4 million of Regional Transit Capital funds in its adopted capital budget as part of the supplemental \$10.1 million Northstar contingency budget. Any commitment to expend any of these Council funds requires Council approval. This action commits to spend \$871,200 from the Council’s adopted 2008 capital budget. No new Council funds are required. Anoka, Hennepin and Sherburne County Regional Railroad Authorities will also need to approve expenditure of their respective shares of local match funding in an amount of \$435,600. Federal Transit Administration is prepared to provide its 49.5% share of funding in an amount of \$1,281,185.

As the lead agency for passenger coach procurement, the Council will need to amend its funding agreement with MnDOT to ensure reimbursement by MnDOT for all non Council funded expenditures.

## **Known Support / Opposition**

The Northstar Corridor Development Authority (NCDA) acted October 2 to recommend to the Council to exercise the contract option for one additional commuter rail passenger coach cab car. The Federal Transit Administration has also stated its support for the additional car to increase the spare factor and ready Northstar for future demand increases.