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Transportation Committee

Meeting date: May 24, 2010

Metropolitan Council Meeting of June 9, 2010

**ADVISORY INFORMATION**

**Date:** May 24, 2010

**Subject:** Use of Northstar Supplemental Contingency Funds and Subordinate Funding Agreement #18  
Sixth Locomotive

**District(s), Member(s):** All

**Policy/Legal Reference:** Northstar Corridor Project Master Cooperation and Delegation Agreement

**Staff Prepared/Presented:** Brian J. Lamb, General Manager, 612-349-7510  
Mark W. Fuhrmann, Deputy Gen. Manager, 651-602-1942

Ed Byers, Director – Commuter Rail 612-349-7080  
Chris Weyer, Director-Transit Systems Design & Construction, Dev. 651-602-1932

**Division/Department:** Metro Transit

**Proposed Actions**

That the Metropolitan Council authorize the use of Northstar Project Supplemental Contingency funds in the amount of \$1,150,000 to supplement base contingency funds for the purchase of and costs associated with painting a sixth locomotive for Northstar Commuter Rail, and;

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute a subordinate funding agreement with the Minnesota Department of Transportation (MnDOT), in an amount not to exceed \$2,850,000, for reimbursement of costs incurred by the Metropolitan Council for the procurement and painting of a sixth locomotive, and;

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute a purchase agreement with the Utah Transit Authority for an MP-36 locomotive currently under lease to the Metropolitan Council in the not-to-exceed amount of \$2,798,536 for the Northstar Commuter Rail service.

**Background**

The Metropolitan Council currently owns 5 locomotives and 4 locomotives are required to run the current service. Federally mandated maintenance and inspections of locomotive are required each quarter. Depending on the specific maintenance interval (quarterly, semi-annual, annual, etc.) the period of time required to perform a maintenance service can range from two to five days. This out of service time will increase as the fleet ages and multi-year service inspections are required.

In addition to locomotives being out of service for scheduled maintenance, unscheduled maintenance will be required to correct mechanical failures and repair accident damage.

The addition of another locomotive to the Northstar fleet will limit impacts to revenue service due to maintenance or repair issues.

In late 2009, the Metropolitan Council executed a lease agreement with the Utah Transit Authority for an MP-36 locomotive. This MP-36 locomotive closely matches Northstar's existing units and was not previously used in revenue service after remanufacture. The Utah Transit Authority has agreed to sell this unit for their purchase price plus \$40,000 to cover the pro-rated costs of bond servicing and inspection services of their fleet.

The price offer from UTA is \$76,000, less than the Metropolitan Council paid for the fifth locomotive in Northstar's fleet under an option authorized in November, 2007.

### **Rationale**

MnDOT and the Council have entered into a Master Funding Agreement that provides reimbursement to the Council for certain project eligible costs through subordinate funding agreements. This purchase is an eligible project expenses for which the Council can be reimbursed. This subordinate funding agreement will provide the mechanism for the Council to seek reimbursement and provide for the commitment of project funds for the payment of these costs.

### **Funding**

This purchase is currently budgeted in Northstar's contingency budget. The Council will purchase the locomotive and be reimbursed by MnDOT through this subordinate funding agreement.

### **Known Support / Opposition**

The State of Minnesota and Northstar Corridor Development Authority have shown support of Northstar with the commitment of funds for their portion of the project. With the execution of the Full Funding Grant Agreement, the Federal government has confirmed its support of and commitment of funding their portion of the Northstar project as well.

On May 6, 2010, the Northstar Executive Change Control Board approved the use of Northstar Project Contingency funds for this purchase.

On May 18, 2010, the Sherburne County Commission approved the use of Northstar Project Contingency funds for this purchase.

The ACRRA and the HCRRA are expected to approve the use of Northstar Project Contingency funds for this purchase at their respective meetings on May 25, 2010.