

**T Transportation Committee
Meeting date: August 22, 2011**

Metropolitan Council Meeting: September 14, 2011

ADVISORY INFORMATION

Date: August 18, 2011
Subject: Amendment of Business Item 2010-201, Northstar Locomotive Purchase
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
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Edward Byers, Director of Commuter Rail, 612-349-7080
Division/Department: Metro Transit/Northstar Commuter Rail

Proposed Actions

Amendment of Business Item 2010-201, approved on June 9, 2010, by \$112,813, authorizing the Regional Administrator to negotiate and execute a purchase agreement with the Utah Transit Authority for an MP-36 locomotive in the not-to-exceed amount of \$2,798,536 to a new not-to-exceed amount of \$2,911,349.

Background

The Metropolitan Council currently owns five locomotives, and four locomotives are required to run the current service. Federally mandated maintenance and inspections of locomotives 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 the pro-rated costs of bond servicing and inspection services of their fleet.

After Council authorization but prior to execution of a purchase agreement, staff was advised that an approval from the Federal Transit Administration for a waiver of Buy America requirements should be sought. This approval was received on March 14, 2011.

During the period of time from initial Council authorization until language for a purchase agreement was finalized and the FTA issued a Buy America waiver, the Utah Transit Authority incurred additional bond servicing costs in the amount of \$112,813.

Rationale

Policy requires Council approval to amend any non-construction procurement of \$250,000 or more where the amendment is greater than 10% or over \$100,000, whichever is less.

Funding

The original cost to purchase the locomotive is currently budgeted in Northstar's contingency budget. The additional amount of \$112,813 will be funded with Regional Transit Capital funds.

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.

On May 25, 2010, the ACRRA and the HCRRA approved the use of Northstar Project Contingency funds for this purchase at their respective meetings.