

T Transportation Committee
For the Metropolitan Council meeting of April 8, 2009

Item: 2009-108
Non-Consent

ADVISORY INFORMATION

Date Prepared: April 1, 2009
Subject: Northstar Locomotive Spare Parts

Proposed Action:

That the Metropolitan Council authorize the Regional Administrator:

- To negotiate and execute a subordinate funding agreement with the Minnesota Department of Transportation (MnDOT) for reimbursement of costs incurred by the Metropolitan Council in procuring locomotive spare parts.
- To negotiate and execute a contract amendment with Motive Power Incorporated (MPI) for acquisition of spare parts for the five Northstar locomotives contingent upon execution of a funding agreement for reimbursement of costs from MnDOT, in the amount of \$1,000,000.

Summary of Committee Discussion / Questions:

As an introduction to this item, Mark Fuhrmann gave an update on the status of Northstar contingency funds. Fuhrmann answered questions from Chair Meeks regarding expenses. Ed Byers then presented this item to the committee. The item passed unanimously.

T Transportation Committee

Meeting date: March 23, 2009

For Metropolitan Council meeting: April 8, 2009

ADVISORY INFORMATION

Date:	March 3, 2009
Subject:	Northstar Locomotive Spare Parts
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 Gran, Director, Purchasing, 612-349-5060
Division/Department:	Metro Transit

Proposed Action

That the Metropolitan Council authorize the Regional Administrator:

- To negotiate and execute a subordinate funding agreement with the Minnesota Department of Transportation (MnDOT) for reimbursement of costs incurred by the Metropolitan Council in procuring locomotive spare parts.
- To negotiate and execute a contract amendment with Motive Power Incorporated (MPI) for acquisition of spare parts for the five Northstar locomotives contingent upon execution of a funding agreement for reimbursement of costs from MnDOT, in the amount of \$1,000,000.

Background

The Metropolitan Council (Council) has agreed to act as the lead agency to procure rolling stock (locomotives and passenger cars) on behalf of the Northstar project. In order to provide service in late 2009, five locomotives have been delivered to the vehicle maintenance facility in Big Lake. With the start of on-track testing scheduled for June of this year, ongoing maintenance and spare parts will be required for this equipment.

Although in the project budget, spare parts were not initially included in the contract for the locomotives. MPI has subsequently provided a list with the respective prices for parts, which operations staff has reviewed. Staff has prioritized and selected from this list locomotive spare parts that amount to just below the project's budget of \$1,000,000.

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. These spare parts are eligible project expenses for which the Council can be reimbursed. The subordinate funding agreement will provide the mechanism for the Council to seek reimbursement from MnDOT and provide for the commitment of project funds for the payment of these costs.

Funding

Locomotive spare parts are currently budgeted in the Northstar Corridor Commuter Rail overall project budget. With the execution of the Northstar Full Funding Grant Agreement on December 11, 2007, federal and local

funding to reimburse the Council has been committed. The Council will pay for these parts and be reimbursed by MnDOT through this subordinate funding agreement. Use of capital project funds for spare parts defers the use of commuter rail operating funds until more parts are needed.

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 to funding their portion of the Northstar project as well.