

**T** Transportation Committee  
For Metropolitan Council meeting of February 24, 2010

**Date Prepared:** February 16, 2010

**Subject:** Authorization to Amend Contract for Diesel Fuel Supply

**Proposed Action:**

That the Metropolitan Council authorize the Regional Administrator to amend the diesel fuel supply contract with Western Petroleum Company to increase the maximum total compensation from \$71 million to \$100 million and extend the term through June 2011.

**Summary of Committee Discussion / Questions:**

Committee members raised questions related to the diesel fuel contract, including the per-gallon contract price and the fuel budget.

**T** Transportation Committee  
Meeting date: February 8, 2010  
Metropolitan Council Meeting: February 24, 2010

**ADVISORY INFORMATION**

**Date:** January 29, 2010  
**Subject:** Authorization to Amend Contract for Diesel Fuel Supply  
**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 J. Lamb, General Manager 612-349-7510  
Vince Pellegrin, Chief Operating Officer, Bus & Rail 612-349-7511  
Julie Johanson, Deputy Chief Operating Officer –Bus 612-349-7514  
Jan Homan, Director of Vehicle Maintenance 612-349-5000  
Paul Colton, Manager of Metro Mobility 651-602-1668  
Chris Gran, Director of Purchasing 612-349-5060  
**Division/Department:** Metro Transit/Metropolitan Transportation Services

**Proposed Action**

That the Metropolitan Council authorize the Regional Administrator to amend the diesel fuel supply contract with Western Petroleum Company to increase the maximum total compensation from \$71 million to \$100 million and extend the term through June 2011.

**Background**

In May 2007, the Council authorized a contract with Western Petroleum Company (2007-137) to supply diesel fuel for Metro Transit and Metro Mobility vehicles at the unit prices bid by Western Petroleum. The contract term was two years effective July 1, 2007, with options to extend the term for a third year and a fourth year. A maximum total compensation of \$46,080,000 was established for the two years ending June 30, 2009.

Actual fuel costs under this contract are tied to diesel and soybean oil market prices; the Council pays the daily market price (OPIS price index) plus the per-gallon bid price.

In December 2008, the Council authorized increasing the maximum compensation to \$71 million (2008-351) because of high diesel fuel prices, and the contract term was extended for a third year, through June 30, 2010. The unit bid prices were not changed.

**Rationale**

Council authorization is required to increase the maximum compensation with actual contract expenditures at approximately \$62 million through December 2009 and in order to extend the contract for a fourth and final year, through June 30, 2011. Based on actual expenditures for the first 30 months of the contract, expenditures are estimated at \$100 million over a four-year contract term through June 30, 2011. The unit bid prices are not changed.

**Funding**

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

**Known Support / Opposition**

There is no known opposition.