



Transportation Committee

Item: 2010-201

For the Metropolitan Council meeting of June 23, 2010

Date June 16, 2010

Prepared:

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

Proposed Action:

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 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 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.

Summary of Committee Discussion / Questions:

Ed Byers presented this item. Councilmember Steffen questioned what will be left in contingency after these items and why the need for three months time for any needed repairs. A chart showing the contingency budget balances was displayed and an explanation of specialized parts lead times was provided. Meeks stated that this (purchasing a sixth locomotive) is not the understanding that she had for what contingency dollars were to be used for. Meeks stated that purchasing another locomotive is wasteful.

Motion by Councilmember Steffen, seconded by Councilmember Aguilar. Motion passed with 4-yes and 2-no votes.

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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.