

EXECUTIVE SUMMARY



To: Jim Scholl, City Manager
From: Norman Whitaker, Director / KWDoT
Date: May 27, 2015
Subject: Interim Fueling Station Location

Action Statement:

This resolution is a request for approval and authorization to use an interim location and source for refueling Key West Transit buses/vehicles and other city vehicles requiring diesel fuel for an amount not to exceed \$150,000.00, while Key West Transits fifteen thousand (15,000) gallon fuel tank is emptied at the end of July 2015 and relocated to the new transit facility located on Stock Island in August 2015. The Key West Transit fuel tank and fueling station may be unusable for up to twelve (12) weeks providing no delays are experienced.

Project History:

In May of 2013 the City of Key West entered into project agreement number RFP 001-13 with DN Higgins to provide demolition and design build the new transit facility located on Stock Island. Included in the agreement were provisions for the removal of the diesel fuel tank from its current location at 627 Palm Ave., Key West, Fl. and relocating to 5701 College Road Key West, Fl.

Currently:

Our diesel fuel is currently budgeted for \$3.75 per gallon. But the actual cost is based on the rack price plus shipping charges. Our average cost for diesel fuel is holding steady between \$2.60 and \$3.00 per gallon, but is subject to increase fluctuations created by an unstable oil market. In Key West, pump prices are over \$3.00 per gallon.

In the month of April the following departments used the following in diesel:

KWPD	160.10 gallons
KWFD	718.60 gallons
Transit	9472.60 gallons
Public Works	772.00 gallons
Recreation	186.30 gallons
OMI	549.50 gallons
SWTE	74.40 gallons

Total Gallons of Diesel dispensed for the month of April was 11,933.50, although transit is the largest consumer, there are other departments that also use diesel and will be affected by this move. Key West Transit is paying approximately \$30,000 per month. During interim fueling requirements, the City's diesel fuel cost each month may approach between \$35,000 and \$40,000 depending on pump prices. This could last up to three months or a little longer if we run into any delays.

In the City of Key West, there are two independent service stations which are accessible to our transit and city fleet of vehicles and can accommodate the amount of diesel fuel required to maintain and continue current services while reducing the possibilities of service interruptions due to fuel shortages especially during hurricane season.

They are:

- Owens Oil Company located at 2106 North Roosevelt Blvd.
- Dion's located at 3228 Flagler Ave.

The Transit Director has communicated with each company requesting a month to month billing and cost proposal from each company. Their proposals are included for review.

Advantages / Disadvantages:

Advantages include but are not limited to:

- Continued regular uninterrupted transit, city, and/or emergency services.
- Sufficient diesel fuel supplies during hurricane season.

Disadvantages include but are not limited to:

- Interrupted transit, city, and/or emergency services.
- Insufficient diesel fuel supplies during hurricane season.

Fiscal Impact:

As a result of possible cost purchase differences between our current supplier - McKenzie Petroleum and service station pump prices, an adjustment to the budget may be needed.

Recommendation:

Key West Transit staff recommends approval to accept Owens Oil Company as the primary interim diesel refueling station for City of Key West to begin as early as July 15, 2015 providing their proposal is accepted and approved by the Finance Department, City Management, and the City Attorney.

Key West Transit further recommends the approval to accept Dion's as the secondary interim diesel refueling station for City of Key West as early as July 15, 2015 providing their proposal is accepted and approved by the Finance Department, City Management, and the City Attorney.