



EXECUTIVE SUMMARY

To: James Scholl, City Manager

From: David Sermak, Central Purchasing Agent

Date: April 24, 2018

Re: Awarding Successful Fuel Bid to McKenzie Petroleum (ITB 18-014)

Cc: Greg Veliz, Assistant City Manager
Mark Finigan, Director, Finance
Doug Bradshaw, Director, Marine Services
Rod Delostrinos, Director, Key West DOT
John Fallon, Manager, Fleet Services

Action Statement:

This resolution serves to approve the lowest overall fuel supply bid provided by McKenzie Petroleum of Tavernier, FL to City of Key West ITB 18-014 City Fuel Supply. Authorizing the City Manager to enter into a five-year agreement with McKenzie Petroleum of Tavernier, FL, subject to the review and approval of the City Attorney.

Background:

The City of Key West purchases bulk diesel and gasoline to provide for all City vehicles, equipment, marine vessels and retail fuel sales at the Key West Historic Seaport. With the purchase of bulk fuel at a wholesale level, and as a tax-exempt entity, it is advantageous for The City of Key West to continue to purchase bulk fuel versus purchasing from commercial outlets.

On May 7, 2013, the Key West City Commission approved a five (5) year contract with McKenzie Petroleum (Res 13-115). The current ITB was broadcast on March 14, 2018 with a bid opening date of April 11, 2018.

City staff compiled bid specifications to include diverse types of fuel for the needs of all City departments. There were four (4) responsible and responsive bidders of which McKenzie Petroleum was consistently the low bidder on all fuel types.

As fuel prices fluctuate, the basis of the bid was the price over the DTN FastRacks average daily price for terminal #6 Miami area (Port Everglades). The spread between the rack rate and the delivered rate was the metric used to quantify the lowest responsive, responsible bidder.

Research was conducted on Florida State Contract 405-000-10-1 Bulk Fuel Supply. It was determined that although the delivery charge was competitive, the additional charges for freight and pump-off allowed by the State made the contract non-competitive.

Justification:

Based on research and historical pricing, staff is confident that the response to ITB 18-014 from McKenzie Petroleum is competitive.

Recommendation:

With an established history of reliable, consistent and “there when we need them” relationship, staff recommends awarding a five-year agreement to McKenzie Petroleum of Tavernier, FL.