

RESOLUTION NO. 07-421

**A RESOLUTION OF THE CITY COMMISSION OF THE
CITY OF KEY WEST, FLORIDA, AWARDING THE BID OF
MCKENZIE PETROLEUM FOR A FUEL CONTRACT;
PROVIDING FOR AN EFFECTIVE DATE**

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST,
FLORIDA, AS FOLLOWS:

Section 1: That the bid of McKenzie Petroleum for 93% Octane Supreme Unleaded Fuel, 87% Octane Unleaded Fuel, No. 2 Ultra Low Sulphur Diesel Fuel, Dyed Ultra Low Sulphur 15 ppm Diesel Fuel, Dyed Low Sulphur 500 ppm Diesel Fuel, and B20 Bio-Diesel Fuel at the prices quoted in the bid, is hereby awarded.

Section 2: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this 20th day of November, 2007.

Authenticated by the presiding officer and Clerk of the Commission on November 21, 2007.

Filed with the Clerk November 21, 2007.



MORGAN MCPHERSON, MAYOR

ATTEST:



CHERYL SMITH, CITY CLERK



Executive Summary

To: Jim Scholl, City Manager

From: David Fernandez, Utilities Director
Raymond Archer, Port Director
Mark Tait, Marina Manager
Doug Bradshaw, Port Project manager

Date: November 6, 2007

Re: RFP #13-007: Fuel Supply Bid Award

PROJECT ISSUE

Several City of Key West Departments purchase fuel (gasoline and diesel) to operate equipment and vehicles or for sale to residents or customers of City owned properties such as the Key West Bight. The Key West Bight (KWB), Key West Bight Ferry Terminal (KWBFT), and Key West Department of Transportation (KWDoT) are the largest users of fuel products. The City is currently using the following fuels:

- 93% Octane Supreme Unleaded Fuel
- 87% Octane Unleaded Fuel
- No.2 Ultra Low Sulphur Diesel
- Dyed Ultra Low Sulphur 15ppm Diesel
- Dyed Low Sulphur 500ppm Diesel

The City is also considering using B20 Bio-Diesel Fuel and requested pricing in the bid.

In October 2004, the City awarded a three (3) year contract for fuel supply to McKenzie Petroleum, Inc. under Resolution 04-339. Contract expired October 1. In order to continue fuel delivery to the City of Key West Departments, the City advertised Request for Proposals (RFP) #13-007 on September 2, 2007 with bids being received on September 20, 2007. The City received a total of six (6) responses to the RFP with four (4) of the bids being considered responsive. Two (2) of the bids failed to supply prices for all fuel types listed. The attached spreadsheet summarizes each bidder's prices for the six (6) fuels. The spreadsheet represents a cost for freight (delivery) and margin (profit) per gallon of fuel above the rack price (daily cost of a gallon of fuel) that will be charged to the City. The rack price is set the day the truck is

loaded with fuel. Based on the overall bid; McKenzie Petroleum, Inc. is considered the lowest, responsive bidder.

OPTIONS

There are two options:

1. Award the bid to McKenzie Petroleum, Inc. The contract would be for a period of three (3) years with an option to renew at the same terms for an additional two (2) years.
2. Readvertise the RFP.

ADVANTAGES/DISADVANTAGES

Option 1: McKenzie Petroleum, Inc. bid is considered responsive. For the past several years McKenzie Petroleum, Inc. has been the fuel supplier for the City and the working relationship between the City and McKenzie is outstanding. They have met the needs of the City as well as responded to emergency situations as needed by the City.

Option 2: By readvertising the RFP the City may be able to obtain a lower cost per gallon. However, there appears to be no justification for readvertising the RFP. McKenzie Petroleum, Inc. freight and margin are similar to their quote in 2004.

FINANCIAL ISSUES

Fuel sales at KWB and the KWBFT make up a large part of those operational budgets. It is important to lock in the freight and margin for fuel to anticipate and stay within budgets set forth at this time.

Additionally, KWDoT is the primary fuel supply site for the City owned and operated vehicles and equipment and they too operate under certain assurances that price of product will be within anticipated budget allocations. This allows for City equipment and vehicles to continue to operate and provide community services to the public.

McKenzie Petroleum, Inc. freight and margin cost for each time of fuel is summarized on the attached spreadsheet. The purchase of fuel for all departments has been included in their approved FY 07-08 budgets.

RECOMMENDATION

Staff recommends awarding RFP #13-007: Fuel supply to McKenzie Petroleum, Inc for a period of three years beginning retroactively October 2, 2007. Since the fuel is being sold by both the Key West Bight and the City of Key West, approval of bid award will be required by the City Commission and the Carolina Street Corridor and Bahama Village Community Redevelopment Agency (CRA). The City Commission shall approve fuel sales by McKenzie Petroleum to the City of Key West and the CRA shall approve fuels sales to the Key West Bight. The approve by the CRA will be contingent on the Key West Bight Board approval of fuels sales to the Key West Bight at their November 28, 2007 meeting.

INTEROFFICE MEMORANDUM

To: Doug Bradshaw, Port Project Manager

CC: Sue Snider, Purchasing

From: Cheri Smith, City Clerk

Date: September 20, 2007

Subject: FUEL SUPPLY; RFP NO. 13-007

Attached for your review are copies of the bids opened Wednesday, September 19, 2007 at 3:00 p.m. in response to the above referenced request for proposal.

1. Blaylock Oil Company
724 S. Flagler Avenue
Homestead, FL 33030
2. McKenzie Petroleum
210 Tavernier Street
P O Box 640
Tavernier, FL 33070
3. Macmillan Oil Company of Florida, Inc.
2955 East 11th Avenue
Hialeah, FL 33013
4. Mansfield Oil Company
1025 Airport Parkway SW
Gainesville, GA 30501
5. Port Consolidated
P O Box 350430
Ft. Lauderdale, FL 33335
6. RKA Petroleum Companies
28340 Wick Road
Romulus, MI 48174

**Results for RFP No. 13-007:
Fuel Supply**

Fuel Type	Bidder						RKA Petroleum Companies
	Blaylock Oil Company	Mckenzie Petroleum	Macmillian Oil Company of Florida, Inc.	Mansfield Oil Company	Port Consolidated		
93% Octane Supreme Unleaded Fuel	No Bid	\$0.0700	\$0.1250	\$0.1385	\$0.1490	\$0.0700	
87% Octane Unleaded Fuel	\$0.1439	\$0.0700	\$0.1250	\$0.1200	\$0.1490	\$0.0700	
No.2 Ultra Low Sulphur Diesel	\$0.1501	\$0.0800	\$0.1350	\$0.1250	\$0.1490	\$0.0750	
Dyed Ultra Low Sulphur 15ppm Diesel	No Bid	\$0.0800	\$0.1350	\$0.1450	\$0.1490	No Bid	
Dyed Low Sulphur 500ppm Diesel	\$0.1439	\$0.0800	\$0.1350	\$0.1250	\$0.1490	\$0.0750	
B20 Bio-Diesel	No Bid	\$0.0800	\$0.1350	\$0.1250	\$0.1590	\$0.0810	