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Information Systems
Geographic Information Systems
Cable Television
Central Services

Facilities Management
Purchasing
Emergency Services
Airport

Applicable to:			
<input type="checkbox"/> All IGS	<input type="checkbox"/> Info Systems	<input type="checkbox"/> G.I.S.	<input type="checkbox"/> Facilities
<input checked="" type="checkbox"/> IGS Admin/Fiscal	<input type="checkbox"/> Purchasing	<input type="checkbox"/> O.E.S.	<input type="checkbox"/> Central Services
	<input checked="" type="checkbox"/> Airport	<input type="checkbox"/> Library	
Title of Procedure: KGOO Fuel Pricing Policy			
Policy Reference (if applicable):			
Procedure Author: Gia Rossitto			
Effective: 06/1/19		Approved By: Steve Monaghan, Chief Information Officer	
Revision History:			
Date	Revision #	Description of Change	
06/01/2019	1	Documentation of Fuel Policy	

PROCEDURE:

I BACKGROUND

- A. Avfuel Corporation is the fuel service provider for the Nevada County Airport as of March 1, 2019 and continuing through June 30, 2024. Avfuel fuel pricing is emailed weekly to the Airport and determined as follows:
 - 1. **Avgas 100LL:** The formula for aviation gasoline is the weekly average of Platt's Los Angeles Premium Unleaded plus a per gallon differential markup set by Avfuel. This differential is a rack price and includes freight. The Platt's average price is calculated each Monday (or Tuesday when Monday is a holiday) for the previous week (Monday-Friday-published trading days only) and effective the following Tuesday through Monday period.
 - 2. **Jet A:** The formula for aviation gasoline is the weekly average of Platt's Los Angeles Jet Mean plus a per gallon differential markup set by Avfuel. The differential is a rack price and includes freight. The Platt's average price is calculated each Monday (or Tuesday when Monday is a holiday) for the previous week (Monday-Friday-published trading days only) and effective the following Tuesday through Monday period.
- B. State fuel tax rates are located on the California Department of Tax and Fee Administration (CDFTA) website <https://www.cdtfa.ca.gov/taxes-and-fees/sales-tax-rates-for-fuels.htm>
- C. Federal fuel tax rates are a function of the Internal Revenue Service (IRS) and covered in Publication 510 <https://www.irs.gov/pub/irs-pdf/p510.pdf>.
- D. The Airport Accounting Technician monitors the weekly fuel prices and records on the Fuel Price History workbook.
- E. The Airport Accounting Technician tracks fuel inventories and fuel costs on the Fuel Stats workbook by keeping a log of the quantity of fuel purchased in gallons and the cost of those gallons; and the quantity of gallons sold and the price at which gallons were sold.

II FUEL SALE PRICES

A. Airport fuel sale prices are comprised of:

1. Base Price which is the cost of fuel purchased from the fuel service provider including state and federal taxes.
 - a. Tax for 100LL fuel, per the CDTFA and the IRS, is as follows:
 - II.A.1.a.1 State Excise tax
 - II.A.1.a.2 Federal Excise tax
 - II.A.1.a.3 Federal Oil Spill Liability (FOSL) tax expired 12/31/2018 but was assessed as \$.002143/gal prior to expiration.
 - b. Tax for JET A fuel, per the CDFTA and the IRS, is as follows:
 - II.A.1.b.1 State Excise tax known as the JET dealer tax
 - II.A.1.b.2 Federal Excise tax which includes LUST tax (leaking underground storage tank trust fund).
 - II.A.1.b.3 CA sales tax. A portion of this tax is prepaid when fuel is purchased but is omitted from the fuel sale price calculation. Sales Tax is added at point of sale and charged to the airport fuel customer at the most current rate published by CDTFA including any applicable district tax.
 - II.A.1.b.4 Refer to II.A.1.a.3 above for FOSL
2. Target Margin which is the minimum guideline for establishing fuel sale prices and is:
 - a. Adjusted annually during the budget season for the upcoming fiscal year.
 - b. Influenced by both direct and indirect expenses and should be set to recover the full cost of service.
 - II.A.2.b.1 Indirect costs are those costs incurred for a common or joint purpose, benefiting more than one program in a department, and are not directly assignable to a particular program without efforts disproportionate to the level of cost allocation achieved. Indirect costs include overhead costs such as: utilities, rent, administrative staff, and equipment.
 - II.A.2.b.2 Direct costs are those for activities or services that benefit specific projects, e.g., salaries for project staff and materials required for a particular project. Bank charges and other costs of processing payments including credit card processing fees online and over the counter are considered eligible costs and are included as costs in setting the target margin.
3. Markup which is the amount the base price is increased and is influenced by the year-to-date profit margin and the per gallon rate needed in order to maintain the budgeted target margin.
 - a. The markup for the 100LL truck is higher than that of the fuel island in order to recover the labor and vehicle costs incurred for each full service refueling.
4. Home Based Jet Fuel Margin Pilot Program:
 - a. For home-based tenants the margin included in the Jet Fuel price will be \$1.50. The final price will include the cost of fuel purchased, all applicable taxes and fees, and a margin of \$1.50 to arrive at a sale price.
 - b. The Pilot Program would run for from June 1st, 2019 through May 20, 2020.
 - c. The public sale of Jet Fuel for non-home-based tenants the margin will take into account the target margin for the fiscal year along with competitive pricing with airports within 50 miles. Refer to section III below

- B. Fuel sale prices are monitored and updated by The Airport Accounting Technician, Manager, and Lead Service Worker.
 - 1. 72 hours prior to price changes taking effect, a memo is emailed to the Information and General Services (IGS) Department's Administrative Services Officer and Chief Information Officer containing the proposed sale price and brief explanation for the price change.
- C. Discount Programs
 - 1. The Nevada County Airport will from time to time participate in discount programs that pilots can participate in for fuel purchase discount. This includes but is not limited to Avfuel Contract Fuel Pricing, or other programs.
 - 2. The Nevada County Airport participates in programs such as Angel Flight and Young Eagles which offer a discount on fuel prices at a \$.10 per gallon discount off of the self-serve published price.
 - 3. The Nevada County Airport Manager can offer discount fuel for public events at their discretion.
 - 4. No discounts will be applied if refueling is requested outside of normal working hours.
- D. Additional fees are charged on full service fuel truck fueling when:
 - 1. The quantity of fuel pumped is less than 10 gallons.
 - 2. Refueling service is requested within 30 (thirty) minutes of closing.

III ADJUSTING FUEL SALE PRICES

- A. The Airport Accounting Technician analyzes fuel inventories, cost of goods sold, year to date profit margin in relation to target margin and determines if a fuel sale price adjustment is needed.
- B. In order to remain competitive with nearby airports the Airport Manager, Lead Service Worker, and/or the Accounting Technician monitor fuel prices of nearby airports by entering 'KGOO' in the AirNAV.com search field located at:

<http://www.airnav.com/fuel/local.html>

AIRNAV.COM



Local Fuel Prices

Get local fuel prices near your airport

Airport or Zip code:

Type(s) of Fuel: Jet A
 100LL Avgas
 Mogas (auto)

Age of prices:

GET LOCAL FUEL PRICES

Fuel prices within 50 miles of **KG00**

Airport / FBO	100LL	Jet A	Megas	Update
	\$4.12-\$4.39 average \$4.26	\$4.10-\$4.21 average \$4.16	\$3.89-\$4.03 average \$3.96	
KG00 Nevada County Airport Grass Valley, CA <small>Nevada County Air Park</small>	SS \$4.50 FS \$4.90	ES \$5.15		26-Mar update
KAUN Auburn Municipal Airport Auburn, CA <small>Threshold Technologies, Inc.</small>	Airfuel SS \$4.55 FS \$4.85	SS \$4.49 FS \$4.75		26-Mar update
E36 Georgetown Airport Georgetown, CA <small>County of El Dorado (self-serve fuel)</small>	SS \$4.69			26-Mar update
KLHM Lincoln Regional Airport/Karl Harder Field Lincoln, CA <small>Lincoln Regional Airport/Karl Harder Field</small>	EPIC SS \$4.55 FS \$4.85	SS \$5.09 FS \$5.14		26-Mar update
KMYV Yuba County Airport Marysville, CA <small>Honeycraft Aviation</small>	SS \$4.69 FS \$5.19	ES \$5.09		26-Mar update
O52 Sutter County Airport Yuba City, CA <small>County of Sutter (FBO)</small>	SS \$4.77			20-Feb update
O06 Lake Oroville Landing Area Seaplane Base Oroville, CA <small>Bidwell Canyon Marina</small>		PS \$3.629		01-Apr-2018 update
KPVE Placerville Airport Placerville, CA <small>El Dorado County (FBO)</small>	AS \$4.50	AS \$4.10		12-Feb update
O61 Cameron Park Airport Cameron Park, CA <small>Cameron Park Airport</small>	EPIC SS \$4.619			14-Feb update
KMCC McClellan Airfield Sacramento, CA <small>McClellan Jet Services</small>	Shell Aviation SS \$4.32 FS \$5.07	ES \$5.12	GUARANTEED	26-Mar update
L36 Rio Linda Airport Rio Linda, CA <small>Mason Aviation</small>	SS \$4.89			22-Mar update
KTRK Truckee-Tahoe Airport Truckee, CA <small>TRUCKEE TAHOE AIRPORT</small>	AVFUEL SS \$1.91 FS \$5.46	ES \$5.06		22-Mar update
KSMF Sacramento International Airport Sacramento, CA <small>Capitol Jet Center - A Superior Aviation Company</small>	EPIC ES \$5.99	ES \$7.499		22-Mar update
KMHR Sacramento Mather Airport Sacramento, CA <small>Mather Jet Center - A Superior Aviation Company</small>	EPIC ES \$5.89	ES \$7.51		22-Mar update
201 Garzner Field Airport Quincy, CA <small>Plumas County (automated fuel pump)</small>	SS \$4.53			22-Mar update
KRIU Rancho Marieta Airport Rancho Marieta, CA <small>Rancho Marieta Airport, Inc.</small>	EPIC SS \$5.25	SS \$5.50		22-Mar update
O08 Colusa County Airport Colusa, CA <small>Colusa County Airport</small>	AVFUEL SS \$4.37		GUARANTEED	22-Mar update
O02 Nervino Airport Beckwourth, CA <small>Nervino Aero Service</small>	SS \$4.69	SS \$5.41		21-Mar update
KSAC Sacramento Executive Airport Sacramento, CA <small>Executive Jet Center - A Superior Aviation Company</small>	EPIC SS \$5.10 FS \$5.80	ES \$7.42		20-Mar update
CL56 Ranchoero Airport Chico, CA <small>Ranchero Airport</small>	Shell SS \$4.75			26-Mar update



- C. The search returns pricing results for airports within a 50 mile radius though Nevada County Airport pricing is typically only compared to Auburn, Georgetown, Placerville, Truckee, Lincoln, Yuba, Sutter, and Colusa since they are similar to KG00 and are also the airports used when performing Fair Market Evaluation for ground lease rent adjustments.
- D. If the airport is maintaining the budgeted target margin while staying competitive then a price adjustment is not necessary.
- E. If the airport's profit margin is lower than the budgeted target margin than a price increase is necessary and the amount of the increase depends on the gap between actual margin and target margin; as well, as the average market price.
- F. If the airport's profit margin exceeds the target margin then the price may be lowered or remain unchanged depending on the average market price.
- G. Effective fuel sale prices are updated/published by the Airport Lead Service Worker on:
 1. The [Fuel Price Notice](#) which is displayed inside the airport terminal and inside each fuel

truck.

2. KGOO's AirNAV.com account.
3. The Avfuel Hub where credit card fuel sales are processed.
4. QT POD Siteminder which transmits pricing to the self-serve fuel island terminal.
5. An email to all airport staff and airport tenants.