



COUNCIL DECISION REQUEST

SUBJECT: Airport Fuel Flowage Fee Waiver Request

MEETING DATE: 10-2-14

SUBMITTED BY: LaRon G. Garrett, Asst. Town Mgr 

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

AMOUNT BUDGETED: \$0

EXPENDITURE REQUIRED: \$0



EXHIBITS (If Applicable, To Be Attached): Email request from MPG East

POSSIBLE MOTION

I move to approve waiving the airport fuel flowage fee as requested by MPG East during the runway closures for the RSAT Grading Project.

SUMMARY OF THE BASIS FOR POSSIBLE MOTION:

At the September 4, 2014 Town Council meeting a contract was awarded to Show Low Construction to perform necessary grading work along the north side of the runway to meet the FAA Runway Safety Action Team (RSAT) requirements. Since this grading will be immediately adjacent to the runway, the runway will need to be closed while the contractor is working. The contractor's proposed schedule for runway closures is from 7:00 AM to 6:00 PM Monday Through Friday. This work will take approximately 22 days to complete.

In December of 2013 the Town awarded an airport fueling contract to MPG East. They installed a new self-fueling operation at the airport. That contract also included MPG East paying the Town a fuel flowage fee of \$0.05 per each gallon of fuel sold. In an effort to continue to attract airport customers for all the airport business's during the evenings and on weekends during the closure period, MPG East is planning to reduce their fuel prices by \$0.40 per gallon. They are also requesting the Town Council to waive the \$0.05 per gallon fuel flowage fee during this closure period. If the fuel flowage fee is waived, MPG will reduce the fuel prices an additional \$0.05 per gallon for a total reduction of \$0.45 per gallon. A reduction of this amount will make Payson have the least expensive gas in the area and will attract aircraft during our open hours. Based on past sales, the loss of revenue by waiving this fee will be less than \$200. However, during the closure they fuel sales may be down so the loss of revenue would be even less.

PROS: This will continue to provide pilots with a larger incentive to come to the Payson airport during our closure period.

CONS: The Town will not receive approximately \$200 of anticipated revenue.

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FUNDING:

Acct:	Budget:	Available:	Expense:	Remaining:
Acct:	Budget:	Available:	Expense:	Remaining:
Acct:	Budget:	Available:	Expense:	Remaining:

FM: _____ Date: _____

Garrett, LaRon

From: margie oldenkamp [mloldenkamp@gmail.com]
Sent: Tuesday, September 09, 2014 7:46 AM
To: Garrett, LaRon; Evans, Kenny; Galbraith, Debra
Cc: Law, Ray; Jon Barber; Jim Hunt
Subject: Fuel flow fee during airport closure

MPG East, the fuel FBO at Payson Airport would like to reduce the price of fuel as much as possible during the upcoming period when the runway is closed M-F, for grading. This will help increase the possible fuel sales.

100 LL fuel sales have increased 25% over 2013 and we hope to maintain this increase. This will be difficult when the runway is closed 5 of 7 days per week.

We plan to drop the fuel price to \$5.00/gallon(as long as the fuel wholesale prices remain constant). At present this would be a 40 cents/gallon reduction.

We are requesting that to help with this period of closure, the Town of Payson, to temporary eliminate the fuel flow fee of \$0.05/gallon during the closure period(approximately 4 weeks). If this is approved, we will reduce the price another 5 cents/gallon.

Please consider this proposal.

Margie Oldenkamp, President MPG East

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