

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

222



FROM: Economic Development Agency

SUBMITTAL DATE:
July 17, 2008

SUBJECT: Adoption of County Resolution No. 2008-362, Establishing Fuel Flowage Fees and Requirements for Fuel Sellers at County Owned Airports

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt County Resolution No. 2008-362, Establishing Fuel Flowage Fees and Requirements for Fuel Sellers at County Owned Airports;
2. Authorize the Assistant County Executive Officer/EDA or designee to implement the Resolution.

BACKGROUND: In an effort to assist fuel sellers and self-fuelers impacted by the recent extraordinary increases in the cost of aviation and automotive fuel, the Economic Development Agency (EDA) desires to modify the method contained in existing leases at County Owned airports by which fuel flowage fees charged to fuel sellers and self-fuelers are calculated. EDA recommends changing its current method of calculating fees on a percentage of the net delivered price of all fuel to a per gallon charge for each gallon of fuel sold. The new rate would be \$0.12 per gallon with a \$0.02 per gallon discount for early payment.

EDA staff recommends that the Board of Supervisors Adopt County Resolution No. 2008-362. County Counsel has reviewed the Resolution and approved it as to form.

Deanna Lorson

RZ:DL:CC:DS:HO
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Robin Zimpfer, Assistant County Executive Officer/EDA
By Deanna Lorson, Managing Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	0
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	0
	Annual Net County Cost:	\$ 0	For Fiscal Year:	0

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
Jennifer L. Sargent
BY: Jennifer L. Sargent
County Executive Office Signature

- Policy
- Consent
- Policy
- Consent

Prev. Agn. Ref.: _____ **District:** 3rd, 4th **Agenda Number:** _____

FORM APPROVED COUNTY COUNSEL
BY: NEAL R. KIPNIS
DATE: 7/16/08
Departmental Concurrence

2 RESOLUTION NO. 2008-362

3 ESTABLISHING FUEL FLOWAGE FEES AND REQUIREMENTS
4 FOR FUEL SELLERS AT COUNTY OWNED AIRPORTS

5 WHEREAS, the County has previously set fuel flowage fees for fuel sellers and self-
6 fuelers (who are also lessees or sub-lessees on the airport who meet certain minimum requirements), at
7 County owned airports as a percentage of the net delivered price, the current fee having been established
8 at five percent (5%) of the total net price paid by Lessee for all aviation and automotive fuel and
9 lubricants received on the Leased Premises by Lessee. The "total net price" shall mean the net price per
10 unit of such fuel and lubricants, excluding taxes imposed thereon by any governmental agency. Said
11 fuel flowage fees are due and payable within thirty (30) days of delivery. In some cases, these fuel
12 flowage fees are subject to a late fee of ten percent of the delinquent amount.

13 WHEREAS, as a result of the current surge in fuel prices and the resultant negative
14 economic impact on airport operations, as well as discussions with County Airport Lessees and fuel
15 sellers, and a review of fuel flowage fees charged by other southern California airport operators, the
16 County desires to change the method of calculating fuel flowage fees from a percentage basis to a fixed
17 price per gallon basis, effective July 1, 2008.

18 WHEREAS, the new fuel flowage fee will continue to provide the County with
19 reasonable revenue to support the maintenance and operation of the County airports, while providing
20 relief to the airport Lessee/fuel seller.

21 WHEREAS, the adoption of the new fuel flowage fee calculation will require that the
22 current leases and/or sub-leases for fuel sellers be amended to reflect the new fee at a subsequent date.

23 NOW, THEREFORE, BE IT RESOLVED that the fuel flowage fee at County owned
24 airports shall be calculated as follows:

- 25 1. The fuel flowage fee will be assessed at the rate of \$0.12 per gallon of fuel sold
26 effective July 1, 2008. Payments shall be due within thirty (30) days of the County's
27 invoice. A timely payment discount of \$0.02 per gallon shall be applied to payments
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1 received within twenty (20) days of the date of the invoice. A late fee of ten percent
2 (10%) shall be assessed to all payments received after the due date (30 days of invoice).

3 2. Lessee/fuel seller's fuel systems must comply with the County Airport requirements
4 and specifications. The systems must have a meter according to the County's
5 specifications, which allow the County to monitor and record fuel sales on a monthly
6 basis. Lessee/fuel seller shall, at its own expense, be responsible for obtaining and
7 installing the meter. The meter or metering device must be certified on an annual basis
8 by the Riverside County Agricultural Department, Weights and Measures Division, or
9 other service designated by the County. Such annual certification shall be at the expense
10 of lessee.

11 3. The County shall take readings from the meters of all fuel systems during the first
12 week of each month. The County shall issue an invoice to Lessee based upon the number
13 of gallons of fuel sold during the previous monthly period. The County reserves the right
14 to audit records of Lessee's fuel sales and receipts. Lessee shall make all such records
15 available for inspection upon three (5) days notice from County to Lessee.

16 4. Lessees shall have the option to continue to pay fuel flowage fees at the former rate of
17 5% per gallon for the duration of the current lease or sublease.

18 5. Fuel sellers, prior to being subject to the new fuel flowage fee calculation, shall be
19 required to enter into amendments of their current leases and/or subleases to reflect the
20 provisions of this resolution.

21 6. Lessees must at all times comply with applicable local, state and federal laws and
22 regulations, including applicable airport regulations established pursuant to Riverside
23 County Ordinance No. 576.2.

24 7. The County reserves the right to review this Resolution from time to time, and by
25 Resolution, make any and all such revisions as it deems necessary and appropriate.

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FORM APPROVED COUNTY COUNSEL
BY: *Neal R. Kipnis* 7/18/06
DATE