

Richland Municipal Airport 93C Fuel Pricing & Fuel Farm Management

Standard Operating Procedure (SOP)

SECTION 1. PURPOSE

The purpose of this SOP is to establish a consistent, transparent, and financially sustainable process for pricing aviation fuel at the Richland Center Municipal Airport (93C), while ensuring compliance with industry best practices and protecting the City from selling fuel below cost.

This procedure also establishes fuel inventory monitoring, reorder thresholds, and documentation requirements for the airport fuel farm.

SECTION 2. POLICY

The City shall operate the airport fuel farm to ensure a reliable fuel supply for airport users while maintaining a financially sustainable operation. Fuel pricing shall be established to recover the cost of fuel acquisition, support ongoing fuel farm operations and maintenance, fund required inspections and regulatory compliance activities, and contribute toward future equipment replacement. The City shall maintain competitive pricing relative to comparable Wisconsin general aviation airports and shall never sell aviation fuel at a loss.

To achieve these objectives, aviation fuel shall be priced at the current replacement cost plus \$1.00 per gallon. This markup is intended to offset operating expenses associated with fuel delivery, credit card processing, system maintenance, calibration, inspections, fuel quality testing, environmental compliance, administration, and long-term capital needs.

SECTION 3. FUEL PRICING PROCEDURE

A. Establishing Fuel Price

Upon each fuel delivery:

- i. Obtain the supplier invoice.
- ii. Identify the delivered cost per gallon.
- iii. Add \$1.00 per gallon.
- iv. Round up to the nearest cent.

Example:

Supplier Cost		Markup	Calculated Price	Posted Price
\$4.725	+	\$1.00	\$5.725	\$5.73

B. Never Sell at a Loss

Under no circumstances shall aviation fuel be sold below the City's replacement cost.

If fuel market conditions decline rapidly and the posted price exceeds market averages, staff may reduce the selling price provided:

- i. Existing inventory costs are fully recovered.
- ii. The revised price remains above the replacement cost of the fuel currently in storage.
- iii. The revised price receives approval from the Director of Public Works or City Administrator.

C. Price Review Frequency

Fuel prices shall be reviewed:

- i. Upon every fuel delivery.
- ii. Quarterly if no delivery occurs.
- iii. Whenever market conditions significantly change.

Price changes shall be documented and retained with airport fuel records.

D. Price Adjustment Authority

- i. The administrative team shall calculate proposed fuel pricing upon each fuel delivery.
- ii. The Director of Public Works and or the City Administrator may approve routine fuel price adjustments consistent with this SOP.

SECTION 4. FUEL INVENTORY MONITORING

A. Frequency

Fuel inventory shall be checked:

- i. Monthly during normal operations. This should be reported directly to the Treasurer after the final day of the month.
- ii. Bi-Weekly when fuel level is less than 1,000 Gallons.
- iii. Prior to major aviation events.
- iv. Any time fuel availability is questioned.

Staff shall document date, gauge reading and estimated gallons remaining.

B. Measurement

The fuel farm utilizes a Metco gauge system. Fuel levels shall be determined as follows:

- i. Take a photograph of the gauge.
- ii. Record the feet and inches indicated.
- iii. Convert the reading to total inches.
- iv. Reference the Airport Fuel Tank Calibration Chart.
- v. Record the estimated gallons remaining.

C. Reorder Threshold

The airport fuel tank is considered operationally low well before reaching empty. Depending on usage rates and consumer fuel demand, fuel should be ordered when the tank reaches approximately 12 inches (approximately 600 gallons remaining). The goal is to provide sufficient reserve to avoid service interruptions and accommodate delivery scheduling.

The critical level is reached at approximately 5.5 inches (approximately 193 gallons remaining). At this point, the tank is effectively empty for operational purposes and fuel should already be on order. Staff should avoid allowing inventory to fall below the reorder threshold except in extraordinary circumstances.

SECTION 6. RECORD RETENTION

The following records shall be maintained for a minimum of five (5) years:

- Fuel invoices
- Delivery tickets
- Fuel price calculations
- Inventory logs

- Water inspection records
- Maintenance records
- Calibration documentation

Records may be maintained electronically.

SECTION 7. RESPONSIBILITIES

- A. Assistant Director of Public Works
 - i. Reports fuel inventory to Public Works office.
 - ii. Coordinate fuel orders.
- B. Administrative (MSS and/or Clerk/Treasurer)
 - i. Maintain fuel pricing records.
 - ii. Update posted fuel pricing.
 - iii. Maintain inventory logs.
 - iv. Retain invoices and supporting documentation.
- C. Director of Public Works
 - i. Approve pricing adjustments outside the standard formula.
 - ii. Review inventory levels.
 - iii. Ensure compliance with fuel quality requirements.
- D. City Administrator
 - i. Provide policy oversight.
 - ii. Approve significant pricing deviations when necessary.

SECTION 8. EFFECTIVE DATE

This policy shall take effect on August 18th 2026.