

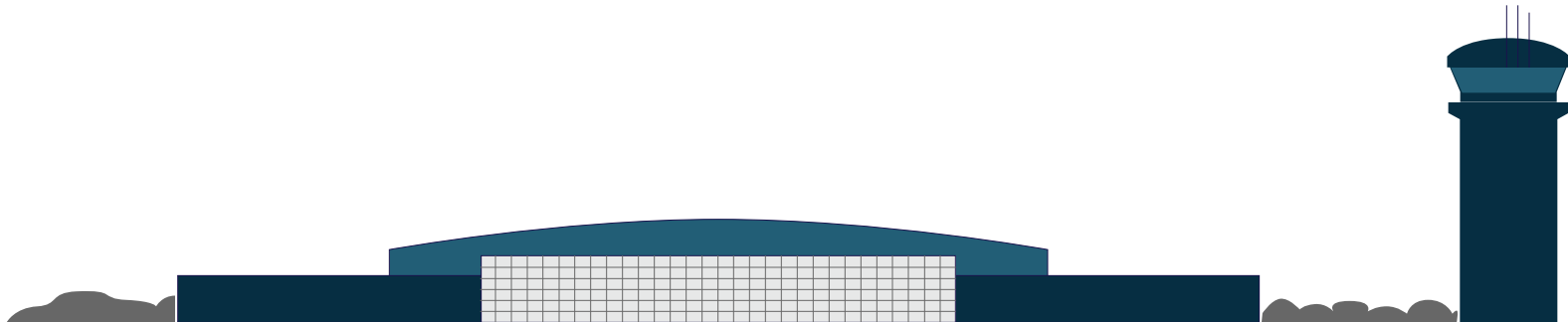
# Cape Cod Gateway Airport

Town Council Presentation

2023-061

APPROPRIATION ORDER

December 1, 2022



# Item 2023-061

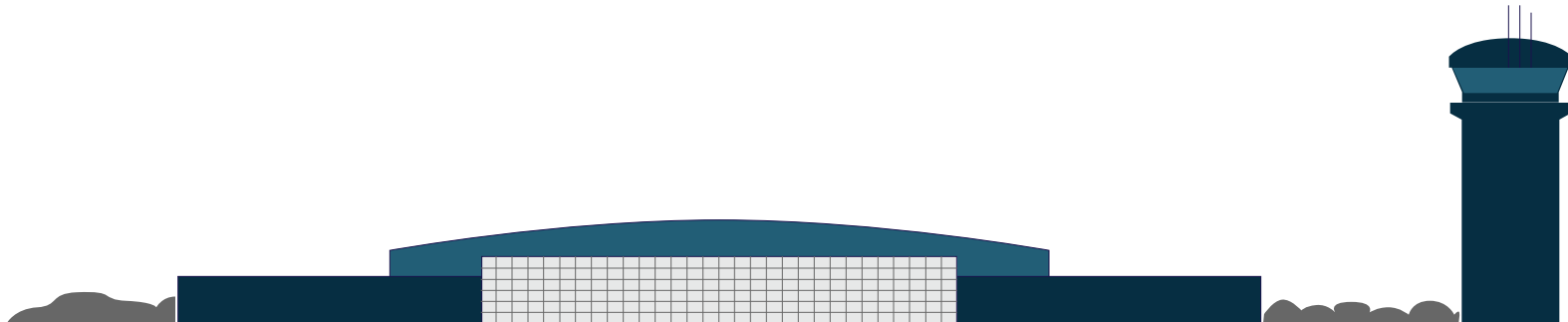
ITEM#2023-061

INTRO: 11/17/2022, 12/01/2022

**2023-061** APPROPRIATION ORDER IN THE AMOUNT OF \$3,811,500 FOR THE FISCAL YEAR 2023 AIRPORT ENTERPRISE FUND OPERATING EXPENSE BUDGET FOR THE PURPOSE OF PURCHASING AVIATION JET FUEL FOR RESALE

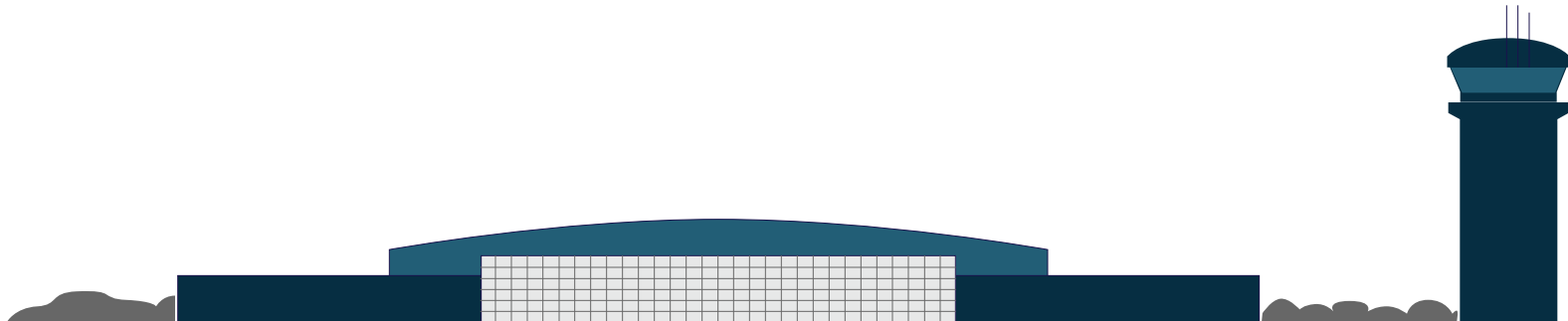
**ORDERED:** That the amount of \$3,811,500 be appropriated and provided from the Airport Enterprise Fund surplus for the purpose of funding the purchase of aviation jet fuel for resale.

**SPONSOR:** Mark S. Ells, Town Manager



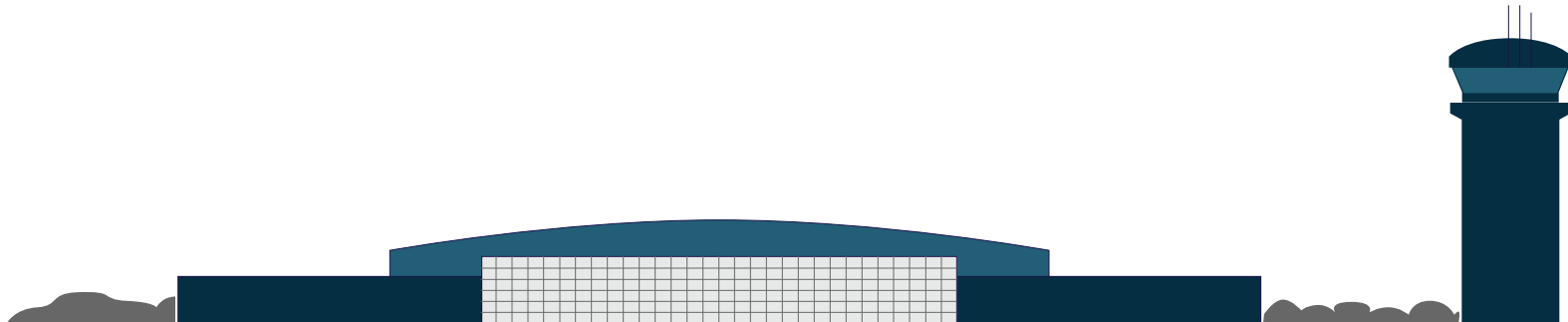
# Summary

- The Airport is requesting an increase in the FY2023 Operating Expense Budget to cover the cost of jet fuel purchases through the end of the Fiscal Year.
- Request = result of an increase in the projected fuel sales.
- Onset of COVID-19, there has been an increase in aviation jet fuel sales with passengers desiring more intimate flight options
- Sales starting to normalize in FY2023 **but the cost of fuel has doubled.**
- By end of the 1<sup>st</sup> quarter of FY2023, the airport had surpassed the fuel budgeted.



# Summary (Cont.)

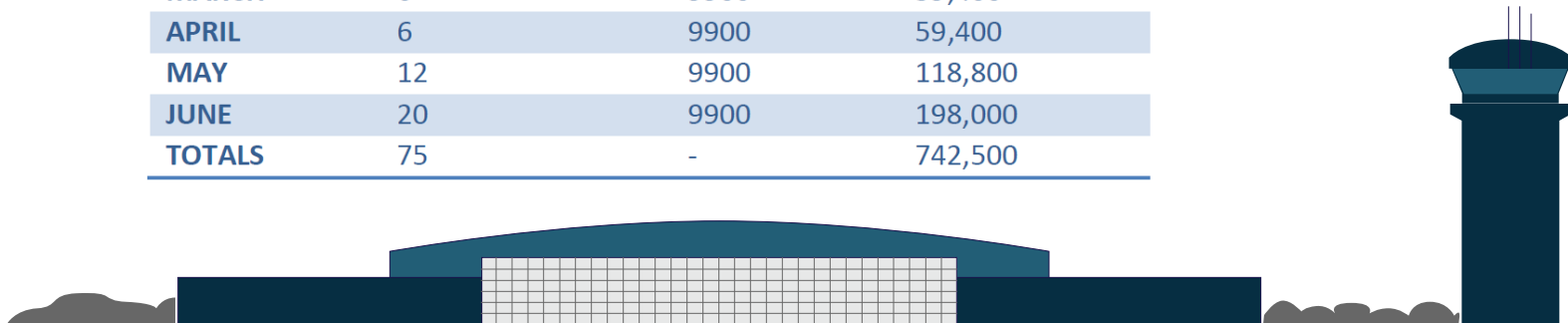
- FY2023 budget anticipated the sale of 1,250,000 gallons of fuel at the rate of \$2.80 per gallon (cost, not retail) or \$3,500,000.
- As of October 2022, the Airport has purchased over 823,000 gallons this season.
- The issue is not that the Airport is selling more fuel but the cost to buy said fuel, which has nearly doubled.
- The average rate per gallon = \$4.30 per gallon rather than the \$2.80 anticipated when developing the budget in 2021.



# Anticipated Jet-A Fuel Sales

- The Operating Budget will be reimbursed for the cost of fuel purchased with the revenues from jet fuel sales.
- As of November 2022, the airport has sold 921,652 gallons of jet fuel.
- Tonight's request accounts for funds anticipated from now until the end of the FY (June 30, 2023) with some contingencies.

ANALYSIS OF HISTORICAL GALLONS SOLD/MONTH			
MONTH	Average Load Purchased/Month	Average Gallons/Load	Total Gallons/Month
NOVEMBER	10	9900	99,000
DECEMBER	10	9900	99,000
JANUARY	6	9900	59,400
FEBRUARY	5	9900	49,500
MARCH	6	9900	59,400
APRIL	6	9900	59,400
MAY	12	9900	118,800
JUNE	20	9900	198,000
TOTALS	75	-	742,500



# Anticipated Jet-A Fuel Sales (Cont.)

- Assume the average cost per load is \$5.00 to allow for increases that are likely or currently to occur ( $\$5.00 \times 9,900 \text{ gallons/load} = \$49,500$ )
- 75 loads (see table below)  $\times \$49,500 = \$3,712,500$ .
- Fuel budget remaining as of November 2022 is \$0
- Two additional loads to be conservative and as a buffer ( $\$5.00 \times 9,900 \text{ gallons/load} = \$49,500 \times 2 = \$99,000$ )
- **Appropriation Request = \$3,811,500.**

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TOTALS	75	-	742,500



# **Any Questions?**

# **Thank you**

