

# Fuel Service Point-of-Sale System Replacement Recommendation

Cameron Park Airport District  
Fuel System Ad-Hoc Committee  
July 18, 2022

# Issue

- Current POS is/was trending to increase failures
  - Due to over heating from Sun in afternoons
    - Since installing a temporary Shade, there have been no failures
  - Some due to operators apparently rushing, before system could process
  - Increasing customer complaints about system not working
- Concern system could fail soon and not recover
  - Lost fuel sales revenue
  - Service interruptions
    - No 24/7
- Fuel Master: Schedule unknow. Will not ship without EMV card reader. Installation price budget estimate. Distributor in Florida, installation by 3<sup>rd</sup> party
- QT-Pod: 30-45 days after PO. Will ship without EMV card reader. Distributor and installer in Vacaville.
- Leasing does not appear viable for this relatively low cost item.

# Proposals

- Fuel Master- FMLive
  - Configuration: 2-hose, EMV
  - Ships only with EMV Card Reader
  - Price: With estimated taxes: \$13,603. Installation estimated at \$3,000. Total \$16,603
  - Subscription: \$1,240 per year
  - Distributor: Syntech, Tallahassee, FL
  - Schedule
    - The schedule for Fuel Master is unknown by the vendor as the system about to go into beta testing.
    - Placing order for Fuel Master locks price and get us in line.
- QT-Pod QT M4000 FMS
  - Configuration: Includes two hose control, 7" color display, backlit keypads, insert style fully encrypted card reader, wired NIC, thermal receipt printer and a mounting pedestal.
  - Ships without EMV Card Reader. Added at no cost when it becomes available
  - Bid Price: \$22,941.65
    - Includes Taxes, Shipping, Installation
    - Quote expires August 6, 2022
  - Subscription: \$945 per year
  - Distributor: MSI FUEL MANAGEMENT, INC, Vacaville, CA
  - Schedule
    - Bid states 45-days. However can usually have them installed within 30 days after receiving the Purchase Order.

# Leasing

- Lease option to have a single company provide and maintain the system
  - Companies
    - FuelForce
    - Avlease – Did not get back about leasing a system
    - QTPod and Multiforce system corp – no longer offer leasing by does provide financing
- QTPod: at one time they had a deal with a leasing company but due to complicated contracts and leasing companies changing terms all the time, they no longer offer them.

# Best Value

- Eliminate/minimize
  - Service interruption
  - Lost fuel sales revenue
  - Impact on Airport Manager's time
- Expense savings
  - Currently requires two-land lines at about \$2,000 per year
    - New Fuel Master or QT-Pod use internet
  - Subscription Costs
    - Current Fuel Master \$1,700 per year subscription
    - New Fuel Master \$1,240 per year
    - QT-Pod \$945 per year
- QT-Pod
  - Cost

	Current Fuel Master		
	Per year	Per Month	
Subscription	\$ 1,700	\$ 142	
Land Lines	\$ 2,000	\$ 167	
	\$ 3,700	\$ 308	
New Fuel Master	\$ 1,240	\$ 103	
Difference	\$ 2,460	\$ 205	
QT-Pod	945	\$ 79	
Difference	\$ 2,755	\$ 230	
Fuel Sales Revenue			
Ave Sold gallons per month	4000		
Income	\$ 3,600		\$ 0.90
If not POS Estimate	\$ 2,000		
Lost Revenue per month	\$ 1,600		
per 45-days	\$ 2,400		45
QT-Pod Difference	\$ 6,339		
Minus Lost Rev	\$ 3,939		



# Fuel System AHC Recommendation to Board

- Option 1) Purchase QT-Pod
  - By placing order soon; Eliminates or minimize service interruption and lost fuel sales revenue
  - Local distributor and support
- Option 2) Purchase Fuel Master
  - Lowest cost
  - Accept delivery risk – uncertain when it will be available and installed
    - However by procuring now, price is locked in and we are in-line
    - No payment until schedule confirmed by SynTech
  - Distributor in Florida. Installation by 3<sup>rd</sup> party.
- Recommendation to proceed with purchase of QTPod – Best Value
  - Budget \$24,000



### QT-Pod

- Replaces current pedestal
- New internet connection to existing router in Fuel Shed
- Internet based, no land-lines
- Compatible with current fuel dispensers



### Fuel Master

- Replaces current Fuel Master head
- New internet connection to existing router in Fuel Shed
- Internet based, no land-lines
- Compatible with current fuel dispensers



# CPAD Policy Compliance

- CPAD Accounting Procedure Budget 1.4.1, adopted 03-28-22
  - 1. Capitalization Policy. Fixed asset equipment and/or property purchased with a value at or over \$2,500 and with a estimated useful of one-year or more shall be capitalized.
  - POS is capital equipment
- CPAD Procurement and Purchasing Policy 1.4.4 adopted 09-14-2020
  - “(e) Open Market - Purchases more than \$5,000 and up to \$25,000; Authority to award is by approval of the CPAD Board of Directors during a public Board Meeting. If practical, quotes must be received from three competitive sources whenever possible. Award is to be made to the total lowest cost, responsive, responsible bidder that meets the stated licensing and insurance requirements and provides best value to the District. ...”
- Cameron Park Airport Capital Budget-Project Request Form
  - Completed and submitted as part of this recommendation

# Funding

- From June 2022 Draft Financial Statements
  - Airport Restricted Maintenance Account Balance: \$49,341.73
- POS is a capital expense, per CPAD Policy
- POS is airport infrastructure, part of fuel system

# Supplemental Information

# Fuel System Risk Status

- Underground Tank risk of failure reduced to acceptable with results of video tank Interior.
- Next risk item was the POS system
  - Current POS is over 20-years old (15-year lifetime), only accepts magnetic strip cards, is no longer supported and requires expensive land-lines.
    - When it fails, very likely cannot be repaired and new update system may take months to be delivered and installed
  - If/when the POS fails, fuel transactions can only be done by manual processing by the airport manager or trained volunteer. No 24/7 fuel availability.
  - Financial risk in that fuel sales are a significant part of the airport's income, about 20%.
  - EMV (chip reader) capability needed to reduce fraud liability risk and eventual discontinuation of magnetic strip cards.

# Why EMV Capability is Needed

- EMV is short for Europay, MasterCard, and Visa
  - It commonly refers to a credit card with a smart chip.
- The EMV standard is a security technology used worldwide for all payments done with credit, debit, and prepaid EMV smart cards.
- Banks in the U.S. will no longer be required to issue chip cards with a magnetic stripe, starting in 2027.
  - By 2029, no new Mastercard credit or debit cards will be issued with a magnetic stripe.
- As of April 2021, gas stations and convenience stores in the U.S. are required to comply with EMV technology.
- EMV shifts fraud liability to convenience and gas station retailers
  - For example, in counterfeit card situations, if a merchant is incapable of accepting a chip card (so the transaction processes uses magnetic stripe data) and the card is EMV capable, the merchant would be liable.

# POS Risk

- Financial risk
  - 1) Loss of sales as fuel sale are about 20% of the airport's income
  - 2) Fraud liability as current POS is not EMV (chip on card) capable
- 1) Risk is if/when current POS fails, it is unlikely to be repairable as it is no longer support.
  - Would have to order new POS. Delivery times are uncertain for lower cost system (Fuel Master)
- 2) Risk of fraud liability without MEV capability

# Risk Mitigation

- Replace the POS before possible failure to eliminate or reduce fuel sales down time.
- The delivery schedule QT-Pod solution is about 45-days from order.
- The schedule for Fuel Master is unknown by the vendor as the system about to go into beta testing.
  - Placing order for Fuel Master locks price and get us in line.
- Other benefits
  - Current land-lines not required, savings of about 1,200 per year.