

California Service
Station &
Automotive Repair
Association

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CSSARA

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HARD TIMES FOR PETROLEUM RETAILERS

With gasoline at \$36,000.00 a load, volumes falling like a rock and the high cost of credit card fees, retailers have fallen on extremely difficult times.

In a recent Wall Street Journal article titled "Gas Stations Hit Skids" it states that higher cost of operations has forced nearly 3,000 stations to close over the past year.

So what can we do as an industry to survive? We need to put our increased cost of operations on the price of a gallon of gasoline. Yes, as an industry we need to increase our margins; that's right I said it, we need to charge the consumers we serve more money for gas! Over the past week we have seen prices come down a little. A prudent marketer should seize this opportunity to improve his/her margins, if your wholesale margin drops retain a little for operating expense. We as an industry need to raise our margins by at least 7%.

The Majors are divesting themselves from retail, maybe with the exception of Chevron and have carefully designed wholesale pricing programs that do not take our profitability into its concept. The truth of the matter is they really don't care about your ability to remain viable as they will sell their products at premium prices throughout the world market. You are already seeing them adjust their financials to show higher production cost and crying poor mouth to Congress on how they must compete with governments who subsidize the cost of crude and its production. Lets look a little closer at whom and how Big Oil and State Government are benefiting from the high price of fuel.

The State Board of Equalization (BOE) in 2002 when gasoline retailed at \$1.719 per gallon collected 1.7 billion dollars off of gasoline in sales tax alone. This year at current prices BOE will collect a whopping 4.4 billion. Yes, that's billion. What does the state do with that money? Is anyone in government informing the public of this windfall?

Poor little ExxonMobil only made \$1283.00 per second for the entire year of 2007, yes that equates to a mere 40.4 billion dollars and is now stating it is

having problems competing in the world market place as it must compete against government subsidized petroleum companies.

Just take the upcoming EVR/ISD mandated update due April 1, 2009 at your current profit margins will you even be able to qualify for a loan? The state's Replacement Underground Storage Tank (RUST) fund is exhausted for the year and is awaiting approval of the extremely challenged budget. I assure you that the state's air districts will be issuing Notices of Violation (NOVs) if you are not in compliance by the mandated date.

So act now before it's too late!!!

CSSARA HAS LOST A CHAMPION

Long time CSSARA member Bill Wood has passed. Bill owed his Chevron station located at Highway 50 & Zinfandel Drive in Rancho Cordova a community just northeast of Sacramento.

Bill who began his career with Standard stations became a Chevron dealer in 1960. In the early 1970's Bill was promised a new station on Highway 50 by Chevron but politics raised its ugly head and Bill was engaged in a battle to get the Highway 50 location. Due to his excellent standing in the community his customers and prominent community leaders sent letters supporting Bill Woods to then Standard Oil Co. threatening to throw away their Chevron credit cards and boycott Chevron if Bill was not allowed to operate the new location at Highway 50 & Zinfandel Drive. As a result of his customers and community outcry, Bill was awarded the new location by Chevron. Bill was forever grateful for the support of his friends and customers in that time of need.

Bill is survived by his wife Melba and his two children Jeannie and Ron who now run and operate the station.

CSSARA was founded by men like Bill Wood, Thank you, Bill.