FUEL MONITOR

FALL 2014

ARIZONA PETROLEUM MARKETERS ASSOCIATION

Partners in Progress

APMA
ARIZONA PETROLEUM MARKETERS ASSOCIATION
P.O. Box 44536
Phoenix, AZ 85064

CONTENTS

VOLUME 7 - ISSUE 3

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APMA'S PURPOSES

APMA's primary purpose is to protect and advance its members' legislative and regulatory interests in Arizona and Washington, D.C. APMA's secondary purpose is to provide members with business and social functions. These include an annual conference, workshops, seminars and industry speakers. APMA holds two golf tournaments – one benefitting the APMA Scholarship Foundation and the other in conjunction with the annual conference. In addition, APMA holds monthly membership meetings as well as various association committee meetings. APMA is a member of the Petroleum Marketers Association of America.

APMA'S OBJECTIVES

- Encourage members to be actively engaged in association activities and legislative grassroots efforts
- Provide resources for education, training and the exchange of ideas
- Encourage members to maintain high business ethics and a positive image for the industry
- Advise and educate membership to enable them to run their businesses effectively and profitably

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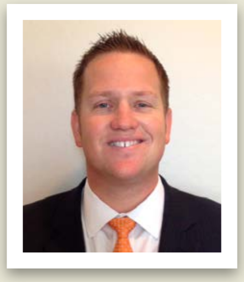

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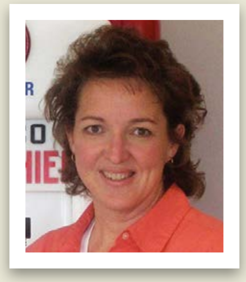

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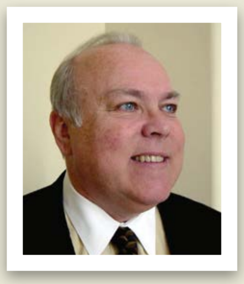

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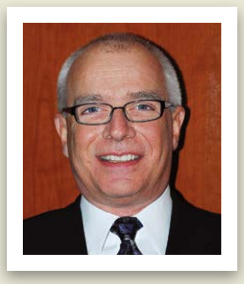

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Letter from the President

Jason Davis
President

"My-oh-my, how time do fly!" As cliché as it sounds, it feels like just yesterday that we were turning the calendar over to 2014, now here we are in the end of August… Where has it gone?? With that passing of time, I find myself humbled and honored to take the reigns as the President of the Arizona Petroleum Marketers Association. I am excited to be able to serve in this capacity and look forward to getting started. I want to thank Lenora Nelson for the time that she put in on behalf of the Association. We have all benefited greatly from her work and I thank her for her leadership and friendship.

Our association draws great strength from the involvement of its Members. From Suppliers to Marketers to Associates, everyone plays a vital role in the success and development of the Association and more importantly our industry.

We are pleased to announce the formation of APMA PAC, a political action committee. This new PAC will allow us to continue to build our local political presence and advance the issues that are important to our industry. If you have not yet done so, I would encourage you to make a donation to this worthwhile cause. More information can be found on page 12. If you would like to get involved please contact Amanda.

Once again, I look forward to serving you as President of APMA. I encourage you to stay involved in order to maximize your membership benefit.

All The Best,

Jason Davis

Some Workers at a Higher Risk of Fall Injuries

Falls are a common workplace hazard, with falls from ladders being especially dangerous to workers. According to the latest report by the Centers for Disease Control and Prevention's National Institute for Occupational Safety and Health (NIOSH), falls are the biggest factor in worker deaths in the United States and 43% of fatal falls in the past 10 years involved a ladder.

In 2011, 113 workers died from occupational fall injuries from ladders, and employers reported approximately 15,460 nonfatal injuries where employees had to take one or more days off work, according to NIOSH. An estimated 34,000 nonfatal injuries were treated in emergency departments.

While workers in the construction industry are at the greatest risk, falls related to occupations connected to extraction, installation, maintenance and repair were the most fatal and had high work-related ladder fall injuries in 2011.

Breaking down falls by demographics, the NIOSH report revealed men and Hispanics were more likely to have fatal and nonfatal ladder fall injuries than women, non- Hispanic workers and other races and ethnicities. Workers who had to take the highest number of days away from work included Hispanics (a median of 38 days) and men (a median of 21 days.)

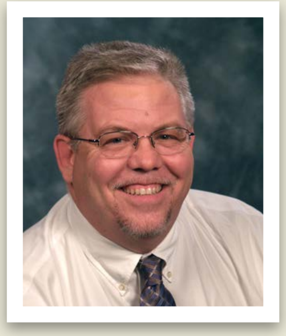
Age also was a significant factor, as the likelihood of falls from ladders rose as age increased. In addition to productivity loss, fall injuries contribute to a growing expense for businesses. According to NIOSH, occupational fall incidents accumulate to an estimated $70 billion in workers compensation costs and medical expenses in the United States.

About half of all fatal injuries involved a head injury. For nonfatal injuries reported by employers and treated at emergency departments, the leading type of injury were ones linked to the upper and lower extremities. Workers with lower-extremity injuries were out of work for 22 days while those who had injuries to several body parts were absent for 27 days.

To combat fall injuries from ladders, NIOSH offers several workplace safety resources to improve ladder safety online at www.cdc.gov/niosh, and additionally a mobile app.

The major hazards associated with falls in the workplace, include:

- Slippery or cluttered walking or working surfaces
- Edges with no guards rails
- Wall openings or holes in the floor
- Ladders that are not positioned safely
- Fall protection that is not used properly



Tod L. Dennis
Association Coordinator
CopperPoint Mutual Insurance Company

Employers may want to plan ahead to avoid using ladders or having workers do a job at heights. Businesses may implement safety-in-design and have staff perform as much work on the ground as they can. They also may want to use equipment alternatives to ladders that may be safer to operate. These may include aerial lifts or supported scaffolds.

You can view CopperPoint's free ladder safety video or order free safety cards on falls or ladder safety online at www.copperpoint.com.

CopperPoint
Mutual Insurance Company

CORRECTION: The article *(Most) Everything You Wanted to Know About the SPCC Rule but Were Afraid to Ask* by Brett Smith in the Spring edition of the Fuel Monitor magazine incorrectly states that cargo tank trucks containing fuel and parked overnight at a facility are subject to SPCC *sized* secondary containment measures requiring that they be parked within a dyke or berm area sufficient to contain a *catastrophic* release from the single largest compartment of the truck. EPA regulations no longer require sized secondary containment measures for parked trucks containing fuel parked at a facility at the end of the workday. The EPA amended the SPCC rules in 2010 requiring only *general* secondary containment measures such as drip pans, absorbents, etc. be used to contain the *most likely* release (a leak) from a cargo tank truck valve or hose. General secondary containment measures for cargo tank trucks are simple and far less expensive than sized secondary containment requirements and it is important to be aware of the difference. Marketers with questions regarding parked trucks can email PMAA Regulatory Counsel Mark Morgan at mmorgan@pmaa.org with questions or clarifications.

Message from the Executive Director

Amanda Gray
Executive Director
P.O. Box 44536
Phoenix, Arizona 85064
Phone: 602-330-6762
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Email: amanda@APMA4u.org

Each summer, a group of state executives from PMAA's 48 member states gather for three days to attend educational sessions and network with their peers. This year, we congregated in Maine during their brief 4-week window of summer. While it is a long darn way from Phoenix to Portland, I absolutely think it was worth the travel and the time.

Presenters covered a wide-range of relevant topics. Social media was an issue that came up again and again. California is using social media as a major component if its #FedUpatthePump campaign against CARB's fuels under the cap program. PMAA has a task force that has been interviewing public relations firms to create a stronger national presence on social media. The task force has a recommendation that now needs budget approval and should be presented to the PMAA Board at the Fall Meeting. The campaign will be #fuelmatters. David Pride from Social Impressions highlighted how critical social media presence can be for an association or company or issue.

The execs also discussed the situation in the City of Somerset, Kentucky where the municipal government has started selling fuel to the public from its gasoline bulk plant. The Mayor has stated he opened the plant because he wanted to drive down the price of fuel in the community. A public records request has been made to examine the contract between the City and refiner and to try to discern that the appropriate state and federal taxes are being paid. This has big implications across the country, so the other execs had a number of suggestions about how to approach and defeat this anomalous situation.

Chris Francis with WorldPay presented on PCI compliance and the transition to EMV. We discussed the Target breach and the massive costs associated with it. However, 76% of data breaches occur in businesses with less than 1,000 employees. With respect to planning for transition to EMV cards, the liability shift for counterfeit and lost or stolen liability in store will be October 2015. The liability shift for these charges at automatic fuel dispensers will occur in October 2017. Station owners need to plan for these upgrades and the associated costs.

We heard from Jeff Fetters, Federated Insurance's President, CEO and Chairman of the Board, who attended the conference and spoke to the group commemorating the 20-year anniversary of PMAA's endorsement of Federated. He highlighted several of Federated's efforts to provide top of the industry risk management solutions specifically developed for the petroleum industry.

Al Alfano highlighted legal developments to watch. A July ruling from the National Labor Relations Board (NLRB) found that a McDonalds franchisee's employees were also joint employees of McDonalds and McDonalds could be held liable for employment law violations. This is an enormous divergence from the prior rule for joint employer liability, where the employer had to have direct and meaningful control over the terms of employment. The recent ruling establishes a very subjective and hard to interpret standard. This will doubtless go on to the federal courts, likely to the US Supreme Court. In the meantime, franchisors and franchisees need to be sure that contracts spell out who controls the franchisees' employees' working situation. He also covered a new PMAA task force dealing with credit card proceeds coming to jobbers being seized by the IRS or bankruptcy trustees, leaving jobbers potentially at risk if the retailer cannot pay for fuel inventory.

Execs learned a lot from Tom Briant from NATO (National Association of Tobacco Outlets), who presented a legislative and regulatory review on tobacco. On taxation of e-cigarettes, nine states had legislative efforts that failed and three states have pending legislation. Two have succeeded, and of those, Minnesota is much higher than North Carolina. We heard a great deal about the FDA's deeming regulations that are still being finalized, but could be enforceable in the next 18 months to two years. FDA is using a great deal of user fees (about $750 Million per year paid directly to FDA by tobacco companies) to fund research to support additional regulation that will ban, restrict or limit allowable levels of ingredients in tobacco or smoke.

We heard from Holly Alfano with NATSO (National Association of Truck Stop Operators) about the federal highway funding short-term fix through May 2015. The larger issue remains, since to keep highway funding at par, we need $50 Billion and the federal motor fuel tax only brings in $34 Billion. With the LUST fee set to expire at the end of September in 2016, as an industry, we have an opportunity for reform or to have it eliminated.

Wayne Mitchell, a nonprofit lifer and expert, talked about the changes and developments that have surfaced in the nonprofit world. Kathleen Gardner from Naylor explained their 2014 association benchmarking survey and talked about how associations can benefit from integrated media campaigns (website refers to newsletter refers to email updates, etc.). The execs heard from Scott Perkins with Wex, a corporate card payment solutions company, who discussed how to grow retail profits in an age of declining demand for fuel. Ashley Ahlgrim and Britannique Campbel from National Purchasing Partners presented about their free group purchasing partnerships.

Overall, it was a very worthwhile event as I got to know my peer executives a lot better and brought back a great deal of new knowledge to share with APMA's members.

Speaking of which - please like the Arizona Petroleum Marketers Association on Facebook and follow us on Twitter @ FuelArizona. Social media presence, here we come!

Amanda Gray

Amanda Gray

APMA Upcoming Events

September 16 – Monthly Membership Meeting – Phoenix Country Club (PCC) (11:30 am – 1 pm)
September 16 – Conference Committee Meeting – PCC (1:30 – 2:30 pm)
October 5 – Board of Directors Meeting – Enchantment Resort, Sedona (3 – 5 pm)
October 5-7 – APMA Annual Conference and Golf Tournament – Enchantment Resort, Sedona
November 18 – Monthly Membership Meeting – PCC (11:30 am – 1 pm)
November 18 – Safety Committee Meeting – PCC (1:30 – 2:30 pm)
December 9 – Holiday Luncheon – PCC (11:30 am – 1 pm)

APMA 2014 Annual Conference

Partners in Progress

October 5
Enchantment Resort

Annual Conference:
Board Meeting (3-5 pm)
and Welcome
Reception with Casino
Games (5-7 pm)

October 6
Enchantment Resort

Annual Conference:
Educational Sessions
and Networking
Opportunities
(8 am – 10 pm)

October 7
Seven Canyons

Golf Tournament:
Scramble Format with
Raffle and Games
(8:30 shotgun start) and
Awards Lunch (1-2 pm)

Join Us!

The APMA 2014 Annual Conference and Golf Outing will be a do-not-miss event set against the breathtaking red rocks of Sedona, Arizona.

Visit **www.apma4u.org** for all of the latest details!

APMA
ARIZONA PETROLEUM MARKETERS ASSOCIATION

Conference Sponsorships

Diamond Sponsor $10,500

- Four conference registrations and Two golf registrations plus Ruby level benefits

Ruby Sponsor $5,000

- Three conference registrations and Two golf registrations
- Listed on all signage and Hole sponsorship
- Banner hung in ballroom plus Bronze level benefits

Platinum Sponsor $2,500

- Two conference registrations and Two golf registrations
- Listed on all signage and Hole sponsorship plus Bronze level benefits

Gold Sponsor $2,000

- Silver level benefits plus One golf registration

Silver Sponsor $1,500

- Bronze level benefits plus One conference registration

Bronze Sponsor $500

- Mention in onsite program and Verbal recognition and Ribbon on attendee lanyards

Cocktail Sponsor $250

Sponsorship levels fully listed on www.apma4u.org/annual-conference

Conference Registration

Conference Attendee $350

Includes Sunday welcome reception (two drink tickets and appetizers); Monday educational sessions and buffet breakfast and lunch; and Monday evening plated dinner.

Spouse Attendee $200

Includes all of the above.

Golf Tournament Sponsorships

Luncheon Sponsor $2,000

Hole in One Sponsor $500

Breakfast Sponsor $500

Hole Sponsor $200

Sponsorship levels fully listed on www.apma4u.org/annual-conference

Golf Registration

Foursome $800

Single Golfer $200

Hole Sponsor Package (Hole sponsor plus foursome) $900

Enchantment Resort, located at 525 Boynton Canyon Road in Sedona, is set on 70 acres of panoramic natural terrain.

Resort reservations are available until 9/12/14 or when block is full by calling **800-826-4180.**

Blocked Daily Room Rates*:

$209 per night for Casita Bedroom/Deluxe Studio

$289 per night for Casita Junior Suite

$445 per night for Casita One Bedroom

*In addition to daily room rate, there will be an $18 per room daily resort fee based on single or double occupancy, plus taxes.

Seven Canyons, located at 755 Golf Club Way in Sedona, is just a ten-minute drive from Enchantment.

The course offers truly one-of-a-kind views and is now a private club with privileges for resort guests.

2014 APMA Annual Conference and Golf Tournament

Sponsorship & Registration Form

Company Name ______________________

Primary Attendee ______________________

Other Attendees ______________________

Mailing Address ______________________

____

Phone ______________________

Email ______________________

Conference Options:

- o Diamond Sponsor $10,500
- o Ruby Sponsor $5,000
- o Platinum Sponsor $2,500
- o Gold Sponsor $2,000
- o Silver Sponsor $1,500
- o Bronze Sponsor $500
- o Cocktail Sponsor $250

- o Attendee $350
- o Spouse $200

Name of Spouse ______________________

- o Non-Member Fee $100

(In addition to above fees – can be credited toward APMA membership fee)

Golf Options:

- o Luncheon Sponsor $2,000
- o Hole in One Sponsor $500
- o Breakfast Sponsor $500
- o Hole Sponsor $200

- o Hole Sponsor Package $900
- o Foursome $800
- o Single Golfer $200
- o Awards Lunch only $50

Golfer Names ______________________

____

____

____

TOTAL CHARGES $ __________

- o Check payable to APMA enclosed.
- o Please charge my: Visa MasterCard AMEX Discover

Card # ______________________ Exp. Date __________ CVV # __________

Authorizing Signature ______________________

Billing Address (if different from above) ______________________

Email Address (required for receipt, if different from above) ______________________

Mail to APMA at PO Box 44536, Phoenix, AZ 85064 or fax to 602-391-2817 or email to Amanda@apma4u.org

Please note that resort reservations are separate. Call Enchantment before 9/12/14 at **800-826-4180** and mention the APMA Conference. Conference and Sponsorship Registrations due to APMA by 9/19/14.

APMA PAC

ARIZONA PETROLEUM MARKETERS ASSOCIATION

APMA has formed a Political Action Committee (APMA PAC) to increase its political presence at the Arizona Capitol! **We need your support to make this effort a success.** Why write a check? PAC dollars work hard for you. They are invested in pursuing and achieving a successful legislative session at the state level.

Our goal is that when any legislator or regulator thinks about a potential law or regulation affecting our members, they call APMA first to get our input.

PAC contributions may only be obtained from **personal, not corporate funds.** Contributions are not tax deductible. No refund of any kind is allows for APMA PAC contributions.

APMA PAC funds go directly to campaigns of candidates who are supportive of the issues and philosophy of the petroleum marketing industry. It is not affiliated with any political party and is non-partisan in its support.

State law requires the collection of the information below:

Name ______________________________

Occupation ______________________________

Employer ______________________________

Address ______________________________

____

Contribution Amount __________

Levels of Support:

Platinum Level	$2,500
Bronze Level	$500
Director Level	$200
Contributor Level – 100	$100
Contributor Level – 50	$50

Personal checks and credit cards ONLY please. Please make checks out to APMA PAC and send to APMA at PO Box 44536, Phoenix, AZ 85064 along with this completed form. Or contribute online www.apma4u.org/apma-pac

Please charge my: Visa MasterCard AMEX Discover

One Time Charge _______ Monthly Recurring Charge _______

Card # ______________________ Exp. Date __________ CVV # ________

Authorizing Signature ____________________ email for receipt ______________________

Billing address (if different from above) ______________________________________

An industry PAC speaks with a loud and unified voice. Thank you for your contribution!

For additional information, please contact APMA PAC Treasurer Amanda Gray at 602-330-6762 or amanda@apma4u.org. Return form to APMA at PO Box 44536, Phoenix, AZ 85064.

Remembering State Senator Chester Crandell

By Amanda Gray, APMA

The state lost a great legislator on Monday, August 4, 2014 with the passing of Senator Chester Crandell. Crandell died following injuries after being thrown from a horse on a ranch near his home in Heber, Arizona. He was 68 years old. Survived by his wife, Alice, his 9 children and 36 grandchildren, he will be dearly missed.

Senator Crandell grew to know our industry well over the past year, as he served on the Underground Storage Tank Legislative Study Committee. He has represented Legislative District 6, which covers parts of Navajo, Coconino, Yavapai and Gila counties, since January of 2013. The District and GOP officials have named Navajo County Supervisor and former legislator Sylvia Allen as Crandell's replacement on the ballot in the November general election.

Legislators from both sides of the aisle, along with Governor Brewer and Senator John McCain and many others have spoken out about Crandell's commendable service to the people of Arizona.

HB 2128 Signing

APMA joined legislators (Representatives Frank Pratt and T.J. Shope), regulators (including ADWM Acting Director Shawn Marquez and Former Director Kevin Tyne) and other industry representatives (including Debbie Roth from Arizona Food Marketing Alliance and Susie Stevens for Western States Petroleum Association) at the ceremonial bill signing for HB 2128 with Arizona Governor Jan Brewer. The law provides the basic structure for decommissioning stage II vapor recovery equipment.

Stage II Vapor Recovery Program Decommissioning Update

By Michelle Wilson, ADWM Director of Transportation Fuels and Air Quality Programs

As you are probably aware, the Governor signed House Bill 2128 in April 2014, which exempts new stations from the requirements to install Stage II vapor recovery at gasoline dispensing facilities. The bill also requires the Arizona Department of Weights and Measures (the Department) to develop rules for decommissioning of Stage II equipment at existing facilities.

The Department has begun workshops and is working closely with APMA and other interested stakeholders in the development of these rules.

One of the discussion points of the first workshop was the cost of decommissioning to facility owners and operators. Although there will be a significant cost savings once Stage II equipment is removed, there will be a cost associated with the initial decommissioning of the equipment to hire contractors to disconnect and cap vapor piping, reconfigure dispensers, and purchase all new conventional hanging hardware. This cost will vary from site to site, depending on the size and configuration. While the Department is working to develop the rules to maintain some flexibility with respect to decommissioning, the fact is that all sites will be required to remove this equipment at some point between October 1, 2016 and September 30, 2018.

The Department suggests site owners and operators be in communication with their contractors to be aware of what these costs may be so they may begin preparing for these future costs. More information on the workshops and Stage II decommissioning may be found at our website at http://www.azdwm.gov/?q=resource/stage-ii-program-changes.

The Department has also received many questions regarding the responsibility to maintain Stage II equipment if a site is undergoing modifications, such as installation of new dispensers. Under the Arizona Statutes, there are no provisions for removal of Stage II vapor recovery at locations that are undergoing a modification; therefore, all existing stations must continue to maintain the Stage II equipment until they decommission in compliance with the rules.

It is important to note that the requirements to maintain and annually test the Stage I vapor recovery (which captures the gasoline vapors when gasoline is delivered to the station) will remain in place following decommissioning of Stage II vapor recovery and at new sites not required to install Stage II vapor recovery.

For questions regarding the Stage I and Stage II vapor recovery program, contact me at mwilson@azdwm.gov or 602-771-4933.

How NLRB's McDonald's Ruling Could Affect Franchise Relationships

By Tiffany Wlazlowski, NATSO

The National Labor Relations Board's recent ruling that McDonald's can be held liable for labor violations by its franchise operators could have significant ramifications for businesses on both ends of a franchise relationship if upheld by the courts.

According to an analysis by NATSO's legal counsel, the July 29 NLRB ruling that McDonald's is the joint employer of its franchisees' employees stands to set a new legal precedent regarding the degree to which franchisors are liable for franchisee employees. The rule could ease the way for the formation of national unions by franchisee employees that would be their exclusive agent for collective bargaining purposes.

In the petroleum industry, there are numerous business relationships that could be affected if the ruling stands. Whenever refiners or truck stop chains authorize franchisees to use their brands in connection with the sale of motor fuels, they risk "joint employer" status if the extent of their control of franchisee operations is deemed to meaningfully affect the essential working conditions of the franchisee's employees. In addition, the numerous truck stop and c-store operators that operate quick-serve restaurant and other franchises could face increased wage and benefit scales as national unions gain a foothold in the industry.

The general counsel of the NLRB ruled July 29 that McDonald's Corp. is liable for labor and wage violations by its franchise operators. McDonald's has said that it will contest the decision before an Administrative Law Judge. If that judge upholds the decision, the issue would likely be taken to court and the appellate process could take years.

Furthermore if upheld by the courts, small businesses ultimately could become responsible as joint employers for providing worker benefits such as medical insurance to the employees of the franchisee if employee numbers are counted on an aggregate basis.

While the NLRB decision is currently confined to McDonald's, it could prompt other federal agencies to follow suit and hold franchisors liable for regulatory violations by their franchisees.

NATSO and APMA will continue to follow developments in the case, and will keep members updated.

NATSO has shared with APMA a document detailing the NLRB's ruling as well as general guidelines to help petroleum marketers avoid joint-employer status in their dealer/franchise agreements. To access a copy of the document, please visit the Government Relations page on apma4u.org.

New Member Spotlight

July – August 2014 New Members

Heather Killough

Argus Media

heather.killough@argusmedia.com

Argus, an associate member, is an independent media organization that has more than 600 full time staff, headquarters in London and offices in each of the world's principal commodity centers; its main activities comprise publishing market reports containing price assessments, market commentary and news and business intelligence reports that analyze market and industry trends.

Lila Ray

Pilot Wholesale

Lila.ray@pilottravelcenters.com

Pilot Wholesale is a new marketing member.

Marc McDaniel

Rush Truck Leasing, Inc.

McDanielM@rushenterprises.com

Rush is a new associate member specializing in truck rental and leasing.

Natalia Marquez

SA Recycling

Nmarquez@sarecycling.com

SA Recycling is an associate member that provides scrap metal recycling services.

Welcome to APMA!

Why Petro Business Market Values Fluctuate Wildly

By Betsi Bixby, Meridian

One of the questions I get asked most frequently is "What is happening with market values?" For a marketer thinking of selling, the current trend in market values is hugely important for the best price.

On the other hand, active buyers are more apt to grumble about selling marketers wanting way more than the business is worth. What a marketer wants for his retirement slush fund is not always a good indicator of true business value!

What puzzles both buyers and sellers alike is why the same business with the same trends would have different prices in different years. Isn't the price the price? Not really. Here are six outside factors driving petroleum market prices today:

The current sexiness of the sector. Just as gentlemen's necktie styles come and go, the appetite for petroleum sectors is a moving target. I remember talking with a large petro company CEO about three years ago. At that time, he told me retail was the only sector they wanted. They were getting rid of everything but their owned and operated stores. Two years later, the same CEO called me and wanted Tankwagon wholesale in rural markets. Go figure!

The "sexy" sector historically varies by geography. For instance, last year retail was hot in the Northwest, lubes were lusted for in the central USA, and dealer contracts were the most attractive in the Southeast. So the trick to getting value right is knowing what is hot in your own geography.

Margin Predictions. Because buyers who spend money today get their return on investment going forward, they typically look out into the next five year horizon. Whether a seller likes it or not, it's the buyer's perception of future margins that dictate offer price. If a buyer feels the margin on a particular product in a particular geography has already peaked and is headed downward, they will discount for what they consider to be a declining margin environment. Are they right about their prediction? Maybe. Maybe not.

The margin prediction discount can be extremely frustrating to a seller who has been working hard to build margin over the last few years, only to have a buyer tell him it won't and can't last.

Expense Predictions. Even if a company's margin is predicted to hold steady or grow, expense predictions also effect marketplace pricing. We saw this most recently with nervousness about Obamacare. Those marketers selling larger chains of retail units were plagued with lower prices because buyers had no clue how much their health care would cost. This uncertainty created lower pricing throughout many labor-intensive industry buy/sell transactions, not just petro.

Expense predictions, however, are often more specific. For instance, a company with identical year after year EBITDA could be discounted if a buyer thought maintenance had been deferred recently. Even the cost of improvements can impact trends.

For example, when steel prices went screaming up, the Propane sector took a hit on market values. While the companies were still cash flowing and growing, and theoretically should have had more value, the investment dollars required for tanks increased substantially, which caused buyers to lower their offers.

In this high price steel environment, companies with good tank control (documentation of company-owned tank locations) commanded higher prices than companies without good data on owned tanks since so much of the purchase price relied on the steel.

Management Culture – Another interesting market fluctuation is based on the emphasis (or not) on management depth. We've seen some years where buyers eagerly would pay premium prices for top-notch managers utilizing non-compete and key-man offers as part of their offering package and price.

In other years, the buyer marketplace trend was towards centralizing as many functions as possible, cutting back on duplicate personnel costs. Given these anomalies, identical cash flow companies sold at different multiples based solely on management preferences of the buyer.

Financing Availability – When credit is tight and lenders are pulling back on leverage or requiring stronger buyer down payments, fewer deals get done which generally depresses prices. When banks are eager to lend, prices get more generous.

More interesting during times of strong available credit and banks fighting for deals, is when some buyers are given ample acquisition lines of credit that must be used or forfeited by a certain date. That really increases prices as buyers speed to the marketplace!

Availability of Supply – This one that gets tricky. It's again all about buyer perception. The market (collectively all buyers) decides the supply risk in any area. So terminal outages and shutdowns, completely out of a marketer's control, can and do impact seller offering prices.

The more stable and ample the supply is, the more attractive the deal. Of course, with ample supply usually comes more competition, which is where the margin prediction overlaps with the supply prediction.

All of this pricing uncertainly can be frustrating to marketers preparing their exit strategy. You just can't go by the old EBITDA multiple guess anymore and get it right. Usually if you hear of unbelievably large or low EBITDA multiples out at industry functions, it's just a matter of how a particular buyer or seller calculated EBITDA anyway.

That's why the smartest marketers invest in valuation services annually, even when they have no intention to go to market that year. It's just good business to see where you stand. For more details on our valuation services, trusted each year by hundreds of marketers nationwide, please call my office at 817-594-0546.

July Luncheon Honoring Scholarship Winners

July Luncheon attendees heard from Kitty Boso with Federated Insurance on employee generational perspectives at the Phoenix Country Club.

2014 APMA Scholarship Foundation Awardees: Seth Gneck, Jessica French, Anais Ramirez, Slobodan Jovanovic, Kasey Kaler, Kenzey Kaler, Shannon Callahan. Not Pictured: Nicholas Banes, Jared Hardy, Amber Shelendewa.

June Luncheon in Prescott

In appreciation for the end of Lenora Nelson's term as APMA President, APMA travelled to the Bennett Oil offices in Prescott for the June monthly luncheon. We had a great turn out and thanks again to Lenora and Brad for hosting us all!

The June monthly meeting presentation included an onsite review from Jim Rodkey with CalClean of their environmental remediation system that was working at the Bennett station adjoining their offices.