



## KEY WEST BIGHT POLICY STATEMENT

### ❖ Key West Bight Tenant Fuel Prices and Customer Reward Program

#### **Purpose**

The purpose of this policy is to establish marina tenant rates for fuel purchases using a customer loyalty program

#### **Definitions**

**Tenant** – All commercial marina tenants who have dockage agreements at Key West Bight Marina.

**Pump Price** – The price set on the fuel pumps including sales tax.

**Margin** – The average profit per gallon over the cost of the fuel.

#### **Policy**

The average profit margin on a gallon of commercial fuel currently is 22%. That margin has been in place for years and was set by our Finance Department. Fuel revenues are budgeted at 18% above cost to allow for volume discounts that are offered to everyone. As a rule of thumb though staff keeps the pump prices ten cents a gallon below what Conch Harbor's pump prices are. This puts the commercial fuel prices above the average profit margin.

Key West Bight commercial marina tenants will pay the average margin price not the pump price. The marina will also add additional incentive for tenants to purchase fuel by adding a customer loyalty program. Once a tenant buys 250 gallons of fuel they will receive an additional \$.05 off per gallon. If they purchase 500 gallons they will receive an additional \$.10 off

per gallon. Fuel purchases leading up to the discounts can be accumulative or all at once.

## **Procedures**

Once tenant information is added to the customer list in the POS, a Customer Card with a bar code will be issued.

When customer purchases fuel, he/she presents the Customer Card or they can be selected by his/her name from customer list in the POS cash register. This will track the customer's purchases.

When a customer's purchase or cumulative purchases reach a set level, 250 gallons or 500 gallons, a discount of \$ .05 and \$ .10 respectively will be applied to the price of fuel per gallon. If the customer purchases 500 gallons in one purchase, for example, the discount would apply immediately. If the customer works his/her way up to 250 gallons the discount would apply to the next purchase over the 250 gallon limit.

Once a customer reaches a set level and is rewarded with a discount, the cumulative amount resets to zero.

The discount will be for one (1) fill up.

The Tenant Loyalty Program discount would be an additional occasional discount for our tenants on top of margin discount they will receive regularly.

## **Dates**

*Dates adopted, implemented, effective, sunset, etc.*