NEWSLINE

Monthly Publication of the Minnesota Service Station and Convenience Store Association

Volume 36 Issue 5 May 2021

Inside This Issue

- **MN Session Adjourns-Much Work Remains**
- **Executive Letter**
- **20% of Electric Vehicle Owners in California Switched back to Gas Because Charging Their Cards is a Hassle, New Research Shows**
- **Completion of Speedway Sale Just Weeks Away**
- **NACS Announces TruAge™ Digital ID-Verification Solution**
- **Fuels Institute– Hybrid Theory**
- **Understand The Benefits: Smartcount & Retailer Services Portal**
- **Coming this summer: Gas**
- **stations running out of gas**
- **Is Repair Business Improving in the Stimulus Economy?**
- **Were Your Ready for Outdoor EMV Compliance?**
- **Highway Bill Negotiations Continue**

MN Session Adjourns - Much Work Remains

Today, we have reached the constitutional deadline for the conclusion of 2021 Legislative Session. Over the weekend, Governor Walz, House Speaker Hortman and Senate Majority Leader Gazelka continued their negotiations over global budget targets. Conference Committees cannot complete their work without budget targets. Early this morning, it was announced budget targets were tentatively reached late last night and those targets were released this morning. I am attaching the targets and terms of the agreement to this email.

During a press event with the leaders to discuss the targets, Governor Walz stated "This is the start of the budget process." Many would suggest this should be the end of the process, however with the session ending today, the Legislature will now begin the process of completing their work on the 13 budget related conference committees. The agreement only pertains to specific spending levels. There are no agreements on the hundreds of policy provisions contained in the omnibus budget bills, many of the policy provisions from both the House and Senate are controversial.

Of note, no agreements have been reached on policy provisions related to law enforcement reforms, language prohibiting the Walz Administration from adopting the California Clean Car Standards or limitations on the Governor's emergency powers. The leaders were able to resolve one major area of concern and disagreement. The agreement makes clear Minnesota's tax code will provide for full federal conformity and tax forgiveness of PPP loans and Unemployment Benefits. The global agreement does allow Governor Walz to spend up to $500 million in anticipated federal COVID-19 relief funds. The Legislature will have $1.2 billion in remaining federal COVID-19 funding available to spend in 2022. Per the agreement, the Legislature will also not adopt any new taxes or tax increases in 2021.

(continued on page 4)

A pipeline for tomorrow

Enbridge's Line 3 pipeline project has been moving forward for a few months now after years of hurdling obstacles at the PUC, running through roadblocks in the court system and even a Governor (Dayton) lacking support for us Minnesotans.

The story of Line 3 replacing an older pipeline guarantees safer passage of crude throughout the entire northern part of Minnesota. Protecting our wetlands, creating more efficiencies, after all, safer and less expensive than shipping via railroad.

MSSA and its members continue working with Enbridge, Minnesota Ag Alliance, and other allies in supporting Line 3! Not mentioning the tireless energy Chris Tiedeman and other team members of Webber Johnson has invested into this campaign.

About three weeks ago, I took a road trip to the Clearbrook/Bemidji area seeing first-hand the accomplishments of everyone's hard work and energy. In years leading up to the start of the line 3 replacement project, all were promised creating more union jobs, union workers patronizing local businesses in small rural communities. After my visits in Clearbrook and Bemidji, Enbridge came through on their promises and more.

As I drove closer to the Clearbrook/Bemidji area, Line 3 signage was everywhere: local communities expressing their support and gratitude for Line 3. Meeting with MSSA members Pat Weiden of Community Oil in Clearbrook and Alan Merschman of Kenny's Clark & Goodyear in Bemidji, good to know their support is undeniable (see pictures below). Even Alan is in the latest Line 3 commercial airing on TV ("Go Line 3").

In a world of social media and political gridlock, good to know a grassroots approach, hard work and determination goes a long way! All of us can learn from Enbridge's Line 3, Chris Tiedeman, and other Line 3 allies, never give up and never get discouraged! Cheers to Line 3! –

Lance

MSSA Board Members

Chan Smith, President
651-450-9729 '20-'23

Jeff Bagniewski, Vice President
507-285-0014 '20-'23

Ron Feist, Secretary/Treasurer
763-544-5512 '19-'22

Andrea Drake, Past President
651-426-9996 '18-'21

Mark Olson, Past President
612-869-1244 '19-'22

Steven Anderson
651-644-3436 ' 18- '21

Joel Hennen
952-445-2478 '19-'22

Jeff Peterson
507-452-3559 '18–'21

Jerry Charmoli, Past President
763-757-6789 '20-'23

MSSA Staff

Lance Klatt (651) 487-1983
Cell (612) 916- 9917

Nikki Steger (651) 487-1983
Cell (612) 618-7075

Insurance Representatives

McNamara Company
Patrick McNamara 651) 426-0607
Aleisha McNamara (651) 426-0607
Mitchell McNamara (651) 426-0607

Health & Life Financial Services

Kevin Urlaub (763) 287-0055
Andy Urlaub

General Counsel

Randy Thompson (952) 405-7171
Nolan, Thompson, Leighton & Tataryn

Government Affairs

Todd Hill – Lobbyist
Hill Capitol Strategies, Inc.

MSSA Business Hours:

Monday - Friday

8:30am - 4:30pm

Anniversaries

Steven Anderson
Marshall & Cretin Minnoco
Member since 1978

Kurt Radermacher
Pump & Meter Service, Inc.
Member since 1981

Steve Johnston
Steve's Tire & Auto
Member since 1991

Jeff & Kathy Hansmann
Northland Minnoco
Member since 2004

Bob Cox
Tanknology
Member since 2005

Paul Grafunder
Holiday
Member since 2007

Jon & Tammy Bruender
Bruender's Corner Mart Inc.
Member since 2011

Bilal Alsadi
Rice St Minnoco
Premium Stop
Member since 2014

John Salden
Fuel Service
Member since 2014

Tony Zieglar
Ascentium Capital LLC
Member since 2015

Abdalla Tobasi
Tobasi Stop 2
Member since 2016

Alex Mishal
Minnoco Xpress
Member since 2016

Merrick Gardner
Geller Automotive Repair
Member since 2017

Katherine Rugg
Digital Art Services LLC
Member since 2017

Robbie Harrell
Minnesota Ice
Member since 2019

(continued from front page)

Several conference committees met over the weekend and advanced policy bills with same and similar policy language, non-controversial language and provisions with no fiscal impact contained in both the House and Senate bills. Those bills will be adopted in the final hours of the last day of the session. Provisions not adopted will remain as a viable provision in the final budget bills as they are completed in the coming days.

The leaders have placed a deadline of May 28th for conference committees to complete their work on spending. Policy language must be completed and agreed to by June 4th. Once the budget details are completed the Governor will call the Legislature back for a special session. It would appear that will happen around June 14th, when the Governor must call the Legislature back to extend his peacetime emergency orders related to COVID-19. The Budget must be completed prior to June 30th which is the last day of the current biennium. The new budget will begin on July 1, 2021 and runs through June 30th, 2023.

We will continue to provide updates as additional details are made available. Please feel free to contact any members of our team with questions regarding the status of the legislative session.

Todd

Todd A. Hill
President

HillCapitolStrategies.com

HILL
Capitol Strategies, Inc.

20% of Electric Vehicle Owners in California Switched back to Gas Because Charging Their Cars is a Hassle, New Research Shows

In roughly three minutes, you can fill the gas tank of a Ford Mustang and have enough range to go about 300 miles with its V8 engine.

But for the electric Mustang Mach-E, an hour plugged into a household outlet gave Bloomberg automotive analyst Kevin Tynan just three miles of range.

"Overnight, we're looking at 36 miles of range," he told Insider. "Before I gave it back to Ford, because I wanted to give it back full, I drove it to the office and plugged in at the charger we have there."

Standard home outlets generally put out about 120 volts of power at what electric vehicle aficionados call "Level 1" charging, while the high-powered specialty connections offer 240 volts of power and are known as "Level 2." By comparison, Tesla's "Superchargers," which can fully charge its cars in a little over an hour, offer 480 volts of direct current.

That difference is night and day, according to a new study published in the journal Nature Energy by University of California Davis researchers Scott Hardman and Gil Tal that surveyed Californians who purchased an electric vehicle between 2012 and 2018.

Roughly one in five plug-in electric vehicle (PEV) owners switched back to owning gas-powered cars, in large part because charging the batteries was a pain in the… trunk, the researchers found.

Of those who switched, over 70% lacked access to Level 2 charging at home, and slightly fewer than that lacked Level 2 connections at their workplace.

"If you don't have a Level 2, it's almost impossible," said Tynan, who has tested a wide range of makes and models of PEVs over the years for his research.

Even with the faster charging, a Chevy Bolt he tested still needed nearly six hours to top its range back up to 300 miles from nearly empty — something that takes him just minutes at the pump with his family SUV.

Public charging stations may look like the electric version of the gas station, but nearly two-thirds of PEV drivers in the survey said they didn't use them. Exactly why they didn't use the public stalls was not specified.

EVs have come a long way in recent years in terms of range, safety, comfort, and tech features, but Hardman and Tal note that very little has changed in terms of how they are recharged.

The researchers warned that this trend could make it harder to achieve electric vehicle sales targets in California and other countries, and the growth of the market overall.

"It should not be assumed that once a consumer purchases a PEV they will continue owning one," Hardman and Tal wrote. "What is clear is that this could slow PEV market growth and make reaching 100% PEV sales more difficult."

Fixing the charging issue will require more participation from automakers, who have yet to find a profitable way of producing electric cars. Even Tesla, easily the leader in the category, was only able to eke out a first-quarter profit by selling energy credits and bitcoin.

"For all those legacy automakers, that profit and loss piece does matter. And that's why you're getting this half effort on electrification," Tynan said.

Completion of Speedway Sale Just Weeks Away

Marathon Petroleum Corp. is acting as an intermediary between 7-Eleven and the Federal Trade Commission.

FINDLAY, Ohio — Marathon Petroleum Corp. (MPC) is getting closer to shedding its retail arm, Speedway LLC.

During the company's first-quarter 2021 earnings call on May 4, MPC President and CEO Michael Hennigan reported that the company is nearing completion of its $21-billion sale of Speedway to Irving, Texas-based 7-Eleven Inc.

The two sides originally expected the transaction to close in the first quarter of 2021; however, in March, MPC announced that the closing needed to be pushed back to the second quarter as the Federal Trade Commission (FTC) continued its review, as *Convenience Store News* previously reported.

"We believe at this point … that we're in weeks, not months. We're not days — it's not going to be tomorrow, the next day — but we think we are down to weeks," Hennigan said during the May 4 call, noting that MPC is acting as an intermediary communication vehicle between 7-Eleven and the FTC.

"Obviously, we're at the table trying to understand if we can help the process at all," he said. "The best way to describe it is the FTC communicated to us that we're in the final stage of the process. With that in mind, we think we're within weeks."

The $2.1-billion price tag breaks out to approximately $4.5 billion in taxes and $16.5 billion in net proceeds. MPC plans to use the proceeds to enhance its core liquidity, reduce its standalone debt, and return capital to shareholders.

"We remain committed to using the Speedway sale proceeds to strengthen our balance sheet and return capital to MPC shareholders," Hennigan said.

For its part, 7-Eleven is preparing for the FTC's ruling on any anticompetitive concerns. In late April, the convenience store chain reached an agreement to divest 106 stores to CrossAmerica Partners LP for $263 million. The vast majority of these sites are currently operating under the Speedway brand.

Q1 Financials

For the first quarter of 2021, MPC reported a net loss of $242 million, compared to a net loss of $9.2 billion for the first quarter of 2020. Adjusted net loss was $132 million, compared to $106 million for the same quarter in 2020.

Reported adjusted EBITDA for the quarter was $1.6 billion, driven by refining margin recovery, stability of its midstream business, and continued focus on lowering its overall cost structure, according to the company. First-quarter 2021 and first-quarter 2020 results included pretax charges of $70 million and $12.4 billion, respectively.

Speedway's income from operations was $330 million in Q1, compared to $400 million in the same quarter last year. Speedway's adjusted EBITDA was $332 million in the quarter vs. $499 million during the first quarter of 2020. MPC is required to report Speedway's results separately as discontinued operations.

Speedway's fuel margin was 25.67 cents per gallon in Q1 vs. 35.40 cents per gallon in the same three-month period a year ago. The chain's same-store gasoline sales volume decreased by 12.3 percent year over year, while same-store merchandise sales increased by 7 percent, reflecting impacts of the pandemic.

"Speedway fuel and merchandise volumes were impacted by usual seasonality in the first quarter. Fuel margins decreased and merchandise revenues were lower due to rising crude and product costs," said Chief Financial Officer Maryann Mannen. "Overall, we continue to see lower foot traffic and transaction counts than pre-COVID level."

Based in Findlay, Marathon Petroleum Corp. is an integrated downstream energy company that operates the nation's largest refining system. MPC's marketing system includes branded locations across the United States, including Marathon brand retail outlets. Speedway LLC, an MPC subsidiary, owns and operates retail convenience stores across the U.S. MPC also owns the general partner and majority limited partner interest in MPLX LP, a midstream company.

Source: Melissa Kress is Senior News Editor of Convenience Store News

NACS Announces TruAge™ Digital ID-Verification Solution

ALEXANDRIA, Va.—A groundbreaking digital identification solution that enhances current age-verification systems at all retail points of sale and protects user privacy has been announced by NACS, the global trade association that represents the convenience and fuel retailing industry, and Conexxus, its standards-setting partner.

The new TruAge™ solution makes the traditional carding experience more convenient and accurate. It addresses age-verification beyond the traditional store register to online ordering, home delivery and curbside pickup, which have grown in popularity during the pandemic.

The solution is already supported by more than 130 retail companies that represent 22,000-plus convenience store locations in the United States, plus four industry point-of-sale (POS) providers. In addition, Molson Coors Beverage Company is the first major global beer company to support TruAge™.

TruAge™ makes it easier and more accurate to verify a customer's age when purchasing age-restricted products, and at the same time makes identity theft difficult. A customer's date of birth and photo are used to verify identity. When confirming age and identity, one-time-use tokens are placed on the customer's mobile device to confirm legal age to purchase age-restricted products.

TXB convenience stores and Kwik Chek Food Stores in the Austin, Texas, area, will pilot TruAge™ with additional markets testing the solution later this year.

"TruAge™ provides the least expensive method to reliably verify the age of our customers through the numerous face-to-face authentications already conducted in our stores. It does not expose sensitive personal information and is an important step toward eliminating youth access to adult products. No stand-alone POS system can do this today," said 2020-21 NACS Chairman Kevin Smartt, who is the CEO and president of Kwik Chek/TXB stores.

Consumers Express Support

A national consumer survey conducted by NACS in 2020 found that 90% of Americans support a nationwide standard for age-verification, and 78% of Americans want a universal, compulsory approach for all age-restricted purchases. More than three in four Americans (76%) also said they would support the development of an age-verification program by major retailers that sell age-restricted products. Most consumers ages 21 to 30 said they would download the TruAge™ app after hearing a description of what it is and how it works.

"Our industry conducts 165 million transactions a day, and 50 million of them involve an age-restricted product. Consumers tell us that age-verification is essential to restrict access and sales to minors, and it is even more important today as new forms of last-mile delivery add challenges to making sure all online orders and deliveries of age-restricted products are legal," said NACS President and CEO Henry Armour.

"We believe that consumer preferences for fast, safe and accurate digital age-verification are important as channels blur and more age-restricted products are sold through non-traditional formats," added Armour, noting that TruAge™ will expand beyond the convenience retail channel and become "the de facto standard for age-verification across all businesses that sell age-restricted products such as restaurants and bars, as well as online providers."

"Encouraging people to enjoy our products responsibly is at the cornerstone of our business," said Jim Hughes, vice president of convenience for Molson Coors. "We are excited to be an early supporter of this technology that we believe will help reduce underage access to our products and can be expanded across all our major markets."
"TruAge™ can accelerate the three biggest demands that consumers are asking of retailers: Give me a fast, frictionless experience, provide more last-mile delivery options beyond the storefront and protect my privacy," said Conexxus Executive Director Gray Taylor.

(continued on next page)

A History of Restricting Youth Access

NACS has led efforts to restrict youth access to age-restricted products for the past half century:

- 1971: Industry's first age-verification training video
- 1985: Launch of "I.D. Please: It's the Law" program to prevent sales of alcohol to minors
- 1990s: NACS became a founding member of the We Card program, providing employee training and educational programs that prevent age-restricted product sales to minors and promote responsible retailing, consistently driving down youth availability in retail. We Card is supporting NACS in its effort to bring TruAge™ to market.
- 2010: NACS supported enactment of the Prevent All Cigarette Trafficking (PACT) Act, which regulates the online sale and delivery of tobacco products and closed loopholes for minors to acquire tobacco products.
- 2020: NACS supported enactment of the Preventing Online Sales of E-Cigarettes to Children Act. The law requires online e-cigarettes sellers to ensure delivery carriers verify the age of recipients upon delivery.

TruAge™ is free to retailers, consumers and POS providers, and it's relevant intellectual property will be placed in the public domain—removing significant barriers to adoption.

Learn more about the TruAge™ program and opportunities to participate at convenience.org/TruAge.

-###-

NACS, the leading global trade association dedicated to advancing convenience and fuel retailing, serves as a trusted advisor to over 1,500 retailer and 1,600 supplier members from more than 50 countries. Founded in 1961, NACS ensures the competitive viability of the convenience and fuel retailing industry—which accounts for 165 million transactions daily and generates almost $650 billion in annual sales in the U.S. alone—through knowledge, connections and advocacy. For more information, please visit convenience.org.

Fuels Institute

Hybrid Theory

John Eichberger | May 7, 2021

The first hybrid vehicle introduced to the United States debuted 22 years ago - the Honda Insight. The following year, the Toyota Prius entered the market and the hybrid market began to accelerate quickly. By 2007, sales eclipsed 350,000 units from just 13 models, and some were predicting that more than 100 hybrid models would soon be available for sale in the U.S. Those forecasts were never realized and year after year sales hovered at or below 3%, setting a record of 3.2% of sales in 2013 before slipping to less than 2% just three years later. The attention hybrids had attracted seemed to have waned as attention shifted to battery electric vehicles (BEV). But recent data indicates that automobile manufacturers may not have given up on this technology, maybe due to Obama-era CAFE standards, and in the first quarter of 2021 hybrids clawed up to 4.5% of sales. What has changed and what can we learn from the experience of hybrid vehicles?

Similar to hybrid vehicles, which blend a combustion engine with an electric battery (no plug-in), the band Linkin Park entered the scene about the same time and represented a blend of musical styles – hard rock blended with rap and a variety of other influences. Their break-out album was titled "Hybrid Theory," which had absolutely nothing to do with the vehicles but provides a unique soundtrack and hook for this column. A key difference, however, is that Hybrid Theory sold nearly 5 million copies in its first year – it took nearly 20 years for Americans to purchase 5 million hybrid vehicles, cumulatively.

Crawling

One of the first tracks to be released off Hybrid Theory was "Crawling," which is the same word I would use to describe the hybrid vehicle market in the early years. From their debut in 1999, it took seven years (2006) before the market offered more than 10 hybrid models from which consumers could select. Their popularity, however, was growing and a rapid expansion was set to occur in the coming years. And early on, the policy cards were being stacked to support their growth. In fact, I purchased a Honda Civic Hybrid in 2002 largely because I was commuting 90 minutes each way to and from work and my hybrid gave me single-driver access in the high occupancy vehicle lanes – a key motivator in my decision.

Around that time, I wrote an article and predicted that consumers would be more apt to purchase a hybrid if the powertrain were offered in traditional vehicle styles. I personally was not attracted to the unique styling of the Prius or the original Insight and believed that consumers would gravitate towards hybrids if they were integrated into everyday vehicles, like the Civic. I think the experience of the past 10-plus years supports my "hybrid theory."

One Step Closer

By 2010, hybrids were at least one step closer to mainstream. Model availability had dramatically improved with 29 hybrids offered for sale in the U.S. Yet, sales volume did not grow in parallel. In fact, only 274,000 were sold in 2010 compared with 352,000 sold in 2007 when less than half as many models (13) were available. Choice was better, but sales did not follow suit. Granted, the end of the decade experienced the Great Recession, which affected everything – so we need to cut the segment a little break. As the economy recovered, so did the market for hybrids.

In 2013, nearly 500,000 hybrid vehicles were sold and consumers were able to choose from 46 different models. Hybrid vehicles represented 3.2% of light duty vehicles sold and edged out diesel-equipped vehicles to become the second most popular powertrain in America. But following that year's performance, sales slipped.

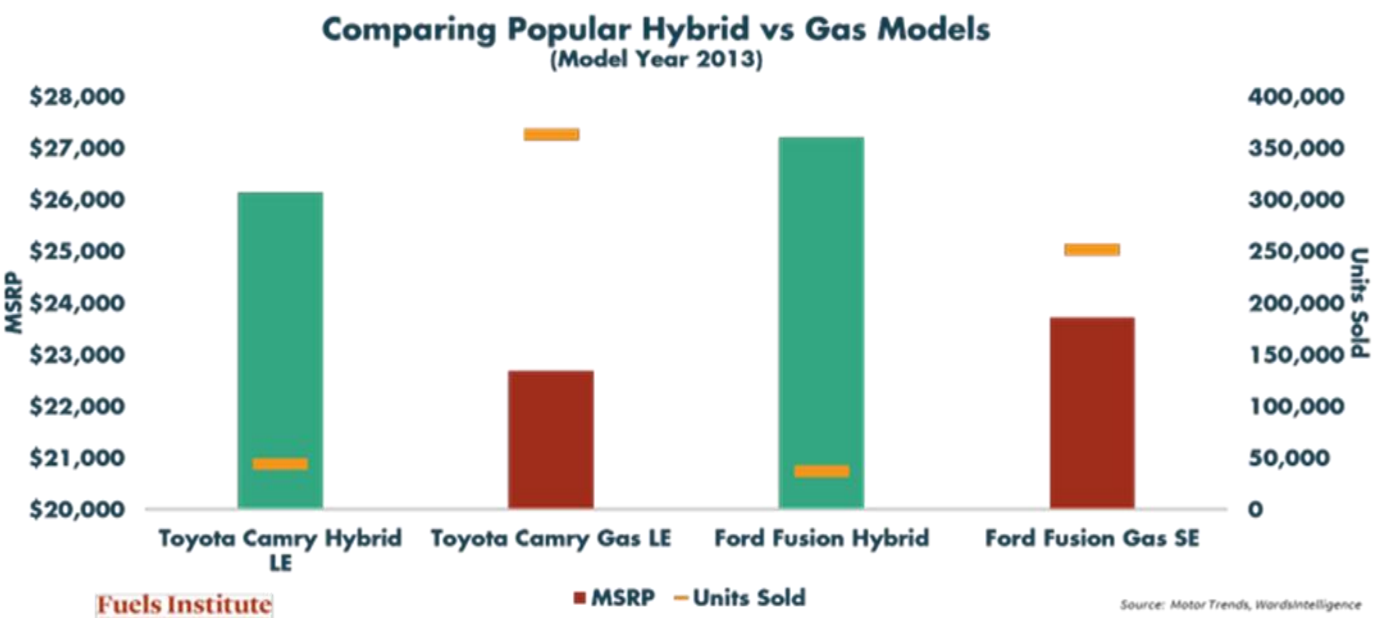
(continued on next page)

Forgotten
Why were hybrids seemingly forgotten as a choice among consumers? For that, I think it is helpful to look at consumer preferences.

In 2018, the Fuels Institute published, “Driving Vehicle Sales – Utility, Affordability and Efficiency,” a review of more than 15 years of vehicle sales data and vehicle attributes. We concluded that people buy vehicles largely based upon what they need (i.e., a large family is not purchasing a compact sedan as their primary vehicle), what they can afford (purchase price is critical) and vehicle efficiency (typically applied within the class of vehicle they have determined they need). These observations clearly apply to the hybrid market and its history can provide insight into how newer vehicles (i.e., BEVs) may be considered by consumers.

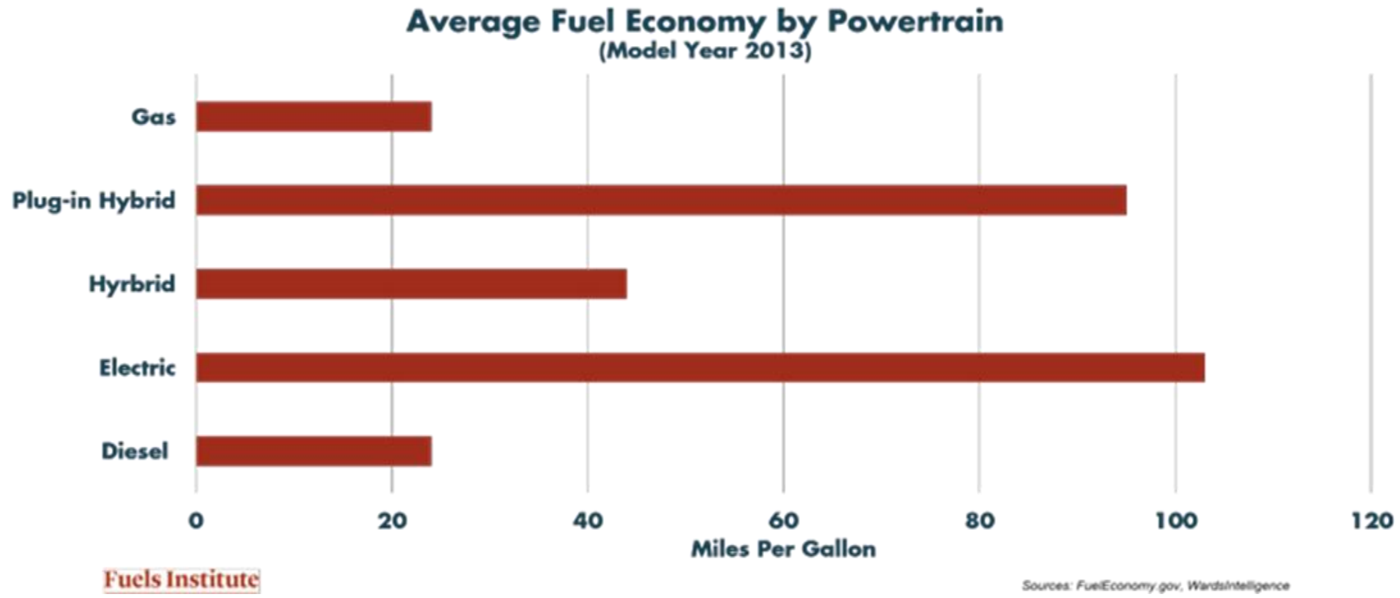
Let’s take a look at the market for hybrids in 2013 verse 2020 and first quarter of 2021. Of the 46 hybrids sold in 2013, 33 (72%) were classified as “cars” versus 13 “light trucks.” Yet even back in 2013 light trucks represented more than 50% of all vehicles sold and the trend towards truck classified vehicles was gaining momentum. Hybrids were not following those trends.

Another issue that may have limited hybrid market penetration, even during this strong year, was price. The number one selling hybrid in 2013 was the Toyota Prius, accounting for 36% of all hybrids sold with an MSRP of $24,200. Making a comparison between the Prius and a combustion engine equivalent is difficult because there is no non-hybrid Prius. However, the best-selling hybrids which were also available in gasoline-only versions were the Toyota Camry and the Ford Fusion. When comparing the MSRP for these vehicles, it would seem that price may have been a factor – the hybrid variants carried about a $4,000 premium and were quite a bit more expensive than the class leading Prius.

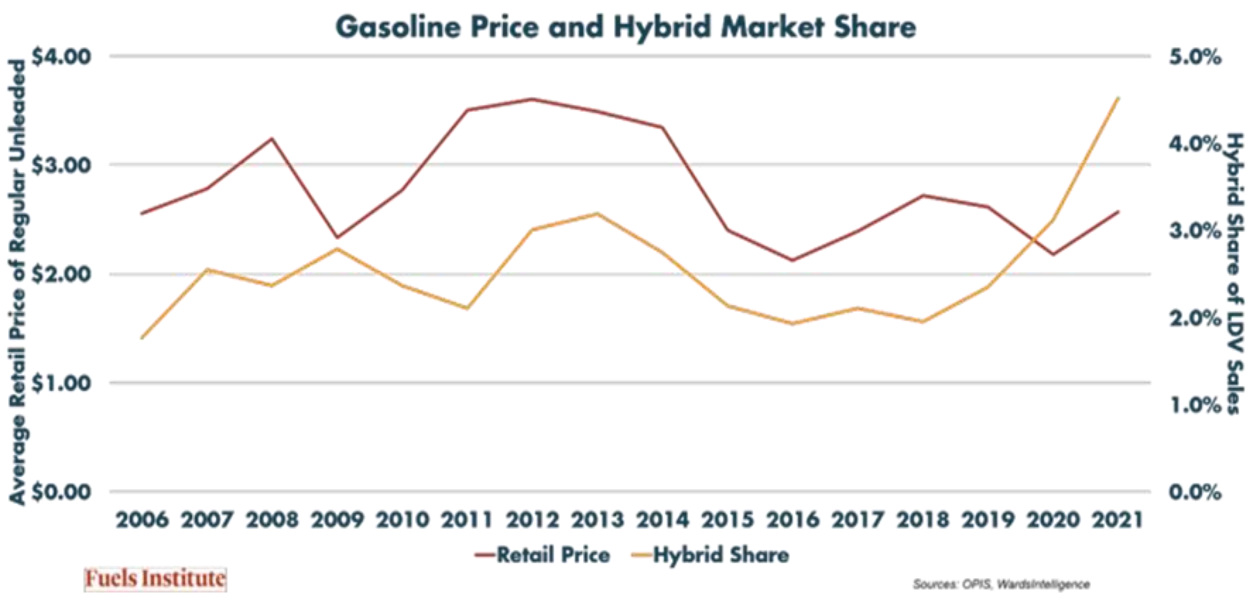


One would think that the fuel economy advantages of the hybrids would help consumers overcome that price delta. Overall, hybrids on average were 83% more efficient that gasoline vehicles. For the two profiled above, the Camry and Fusion hybrids delivered around 50% better fuel economy than their gasoline equivalents. And it seems this did have an impact in 2013, when gasoline averaged $3.49. Past Fuels Institute research demonstrates that consumers shop around for more efficient vehicles when fuel prices are higher. But even so, the promise of reduced fuel expenditures over a future period of time is difficult for consumers to embrace and incorporate into their purchase decision, especially when the vehicle purchase price is nearly 20% higher for the more efficient model – uncertainty about future energy prices introduces a very unstable variable in the decision making process relative to valuing efficiency.

(continued on page 12)



In the End
Fast forward eight years and the market for hybrids seems to have recovered. Following their peak in 2013 at 3.2% of light duty vehicle sales, market share began to drop off and by 2018 they accounted for less than 2% of sales from 36 different models. This could have been the result of several factors, including the enthusiasm for BEVs coupled with a four-year period in which retail fuel prices averaged $2.41 per gallon – not a level that inspires consumers to shop around aggressively. Maybe it also had to do with model availability – of the 36 models available, 26 remained classified as cars. The deck seemed stacked against the technology.



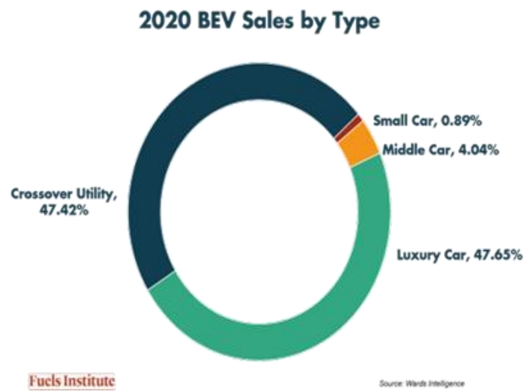
But surprisingly, during the pandemic year of 2020 hybrids staged a comeback. Of the 37 models sold last year, 23 (62%) still were cars. But the best-selling hybrids were crossover vehicles, with the Toyota RAV4 hybrid accounting for 25% of all hybrid sales. Looking at the first quarter of 2021, only 18 (56%) of the 32 hybrid models sold were cars and the top five models, accounting for 60% of all hybrid sales, were crossovers and one van.
Of those five, three have gasoline-only variants. The price delta between powertrains ranged from $2,000 - $5,000 with efficiency advantages of close to 50%. The other two, which were previously offered with gasoline-only powertrains, were only offered as hybrids which likely helped boost their popularity. It would appear that the availability of hybrid powertrains in popular models that consumers wish to purchase has had an influence on the sales performance of these vehicles.

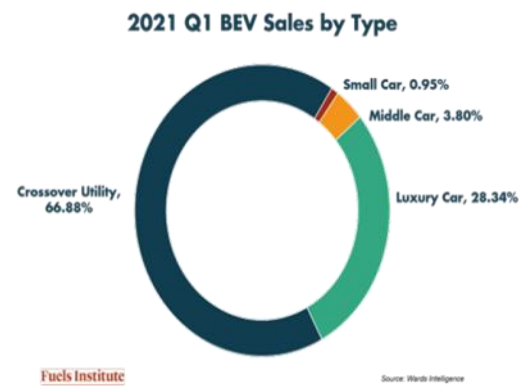
(continued on next page)

High Voltage (Bonus Track)

In the end, there are lessons to be learned from the hybrid experience. Customers have certain decision-making processes and priorities. What they need and what they can afford are paramount in deciding what type of vehicle to consider. For years, hybrids did not necessarily fit these criteria – not available in utility vehicle formats and carried a price point that was difficult to justify. When the vehicles were presented in line with customer preferences, sales recovered.

For new vehicle technologies entering the market, I believe the same will hold true. And for BEVs, the shift to offering electric powertrains in the types of vehicles customers want to buy has already begun. In the first quarter of 2021, 77% of all light duty vehicles sold were light trucks – crossovers, sport utility and pickups. This is what Americans want to buy – to be successful, a new technology needs to be offered in these vehicles.
The transition to positioning hybrid vehicles and BEVs within the context of consumer preferences has begun – let's see if sales follow suit.





UNDERSTAND THE BENEFITS: SMARTCOUNT & RETAILER SERVICES PORTAL

SmartCount™ is the lottery's internal accounting system for quick and easy balancing that saves you time and is easy to use. With a wand, SmartCount automatically logs the game, pack and ticket numbers, and it calculates the number and dollar value of tickets on hand and tickets that have been sold. The number of tickets sold in any given day or shift can be calculated within minutes.

SmartCount is designed to eliminate the need for handwritten inventory and manual accounting. The best part? You don't need to be at your store to access your accounting information. Simply sign in to the Retailer Services Portal (RSP) to access your information anytime, anywhere. You can also access invoices, sales reports, inventory reports, game information and training tools from the RSP.

If your business is not yet utilizing SmartCount or the RSP, help is just a phone call away. Contact Customer Service Support at 651-635-8273 to get started.

Provided by: MN Lottery Link, May 2021, Volume 2, Issue 5

Coming this summer: Gas stations running out of gas

Millions of people stuck at home for more than a year are expected to hit the road for much-needed post-pandemic vacations this summer. Good luck finding gas.

Not that there's a looming shortage of crude oil or gasoline. Rather, it's the tanker truck drivers needed to deliver the gas to stations who are in short supply.

According to the National Tank Truck Carriers, the industry's trade group, somewhere between 20% to 25% of tank trucks in the fleet are parked heading into this summer due to a paucity of qualified drivers. At this point in 2019, only 10% of trucks were sitting idle for that reason.

"We've been dealing with a driver shortage for a while, but the pandemic took that issue and metastasized it," said Ryan Streblow, the executive vice president of the NTTC. "It certainly has grown exponentially."

Indeed, drivers left the business a year ago when gasoline demand ground to a near halt during the early pandemic-related shutdowns.

"We were even hauling boxes for Amazon just to keep our drivers busy," said Holly McCormick, vice president in charge of driver recruitment and retention at Groendyke Transport, an Oklahoma tanker company. "A lot of drivers didn't want to do the safety protocols. We're also working with an aging work force. Many said 'I might as well take it as a cue to retire.'"

Not just any truck driver is allowed to drive a tanker truck. It requires special certification, including a commercial driver's license, and weeks of training after being hired. And while the jobs are more attractive than some long-haul trucking jobs that can keep drivers away from home for days or weeks at a time, it is strenuous, difficult work.

McCormick, who runs the workforce committee for NTTC, said another problem was the shutdown of many driver schools early in the pandemic. The pipeline of new drivers those schools would have produced has yet to be filled, she said. And then there's a new federal clearinghouse that went online in January 2020 to identify truck drivers with prior drug or alcohol violations or failed drug tests, which knocked about 40,000 to 60,000 total drivers out of the national employment pool.

In normal times, driver turnover can run around 50% on an annual basis, but that spiked to a roughly 70% annual rate in April of last year, according to Brad Fulton, director of research and analytics at Stay Metrics, a trucking recruiting and retention firm. Many of the drivers who hired on at tanker carriers last spring when the pandemic first hit left the field relatively quickly, sometimes taking jobs in industries such as construction, which has been booming over the last year.

Tanker operators are raising pay to try to fill their drivers' seats raising the rates they charge customers accordingly. "I had to double my recruiting budget to get the same number of drivers," said McCormick.

Ripple effects

Jeff Lenard, spokesman at the National Association of Convenience Stores, said his members are very worried about what the driver shortage will mean for their deliveries, especially with demand for gas already back up to 97% of where it was at this time in 2019.

"I've talked to retailers, they say there could be places where there are brief outages," he said. "If they have no fuel, they have no business. People aren't going to stop in for a sandwich if you don't have fuel."

Vacation hotspots are most at risk of shortages, and there were some sporadic outages reported in Florida, Arizona and Northwest Missouri during the recent Spring Break period, said Tom Kloza, chief oil analyst for the Oil Price Information Service.

But even if only a few stations run out of gas, that could spark a run on gasoline as drivers will start topping off their tanks to avoid running dry down the road, said Kloza.

"Imagine the hoarding with toilet paper and topping off of gas tanks that we see after hurricanes and you can see what might happen," said Kloza.

(continued on next page)

(continued from previous page)

The problem is made worse by the strong demand for gas, he added, which some forecast could top 10 million barrels a day for the first time ever at various points this summer.

"It doesn't take much — crowd behavior can provoke shortages," he said.

Data from Adobe shows that a rebound in hotel bookings is running ahead of the rebound in airline bookings, with flights down 22% from 2019 while hotel reservations remain only 18% lower. That suggests that many people eager to travel again are planning to drive to their destinations, according to Taylor Schreiner, director of Adobe digital insights.

All of this could put pressure on gas prices, which typically rise at the start of the summer as seasonal regulations take effect requiring the more expensive "summer blend" of gasoline needed to combat smog.

The national average price of regular gas already stands at an average of $2.89 a gallon, up more than 60% from a year ago when prices and demand were bottoming out. Kloza thinks the national average will flirt with $3 a gallon this summer, and could top that level if any hurricanes hit the Gulf Coast or there are any other disruptions to supply, such as a refinery fire.

IS REPAIR BUSINESS IMPROVING IN THE STIMULUS ECONOMY?

Auto repair shops have not all experienced the same levels of lockdown or interference The world has gone through an artificial recession cycle since the beginning of the COVID-19 pandemic with business. In some areas there were early lockdowns. Other areas suffered longer periods of economic inactivity, while still others managed to maintain nearly business as usual. Hardly any businesses have been completely unscathed, however. Most owners are wondering at this point in time if business is improving, and, if so, how fast? Is the stimulus economy helping your shop?

IS BUSINESS IMPROVING?

A recent news piece from Georgia would suggest that it is. Due to the rollout of vaccinations, more and more people are leaving their homes and venturing farther away, whether that means local shopping or vacationing in Florida. The reality for the auto repair industry is that lockdowns meant significantly reduced numbers of cars in the bays. Cars that stay in their driveways or garages don't need servicing. They don't wear down as fast, and they don't get into fender benders.

Now that people are interested in going out again, though, they need service. If they're traveling longer distances, they need to make sure their cars run well. Even if they're just returning to the office (and the commute), they will need repairs and maintenance.

For Aaron Clements of C&C Automotive, business in March was good. He saw an increase of at least 15 percent. "The reason is everybody's been locked up for over a year, I mean they've been in the house, haven't been able to travel," Clements said. Fewer COVID cases make people more optimistic and ready to travel this fall or even this summer. To do that they'll need inspections, routine maintenance, and new batteries.

Will this trend continue? As long as governments don't backtrack and impose further restrictions, the outlook is better for 2021. Pent up demand for a normal life and more normal socializing and entertainment is high. Almost no one wants a repeat of the summer of 2020 when no one went anywhere and concerts and festivals were all canceled.

Clements agrees. "…they want to get back to normal, and their cars are part of normal," he said.

THE STIMULUS ECONOMY

The other factor that may be encouraging owners to spend more on their cars is the recent stimulus payments. Americans have received up to $2000 each with additional money for dependent children since late December. With both a desire to go places and an infusion of money, people who have been holding off repairs can get them done. People are also less nervous about having their cars worked on because more of them are getting vaccinated.

Early in the pandemic people were extremely worried about the COVID-19 virus spreading from people touching infected surfaces. This meant large expenditures for cleaning auto shops and new procedures for sanitizing vehicles in an attempt to keep everyone safe. Now we know that surfaces are not the largest vector for conducting the coronavirus. It's largely spread person to person through the air. Hopefully, this will make owners less nervous and hesitant to get their cars fixed.

The Automotive Management Network has a tip for what to do (or not do) when business does improve: Tip #299: Is Business Improving? Be Very Careful!: Most auto repair shops fall into the following trap. Business improves. Profit increases. Success! Next step – service worsens. "We no longer have to bust our tail for everyone who walks in the door." Sales may drop, level off, or grow slower than they could have. Avoiding this trap and maintaining exceptional service when things are going great are hallmarks of top shops.

(continued on next page)

(continued from previous page)

"Most auto repair shops fall into the following trap. Business improves. Profit increases. Success! Next step – service worsens. "We no longer have to bust our tail for everyone who walks in the door." Sales may drop, level off, or grow slower than they could have. Avoiding this trap and maintaining exceptional service when things are going great are hallmarks of top shops."

In a down economy, businesses step up their game to attract more customers in order to keep their doors open. Every shop that has survived a recession knows the hustle. When the economy improves, though, that's the time to make sure your customers understand why they chose you – because you are the best. And they will only be persuaded by consistently excellent customer service over time.

AUTOMOTIVE MANAGEMENT
NETWORK

www.automotivemanagementnetwork.com

Were You Ready for Outdoor EMV Compliance?

By Melissa Kress

Non-compliant stores are now liable for any fraud related to the card portion of a transaction at the pump.

The April 17 deadline to upgrade automated fuel dispensers (AFDs) for EMV compliance has come and gone. It was a date that fuel retailers had been preparing for and dreading at the same time. Considering convenience stores sell roughly 80 percent of the fuel purchased in the United States, it was a date that had been keeping many in the industry up at night.

A recent report by ACI Worldwide shows that as of April 17, less than half of fuel merchants (48 percent) were able to meet the deadline. The data also shows that only 50 percent of the fuel merchants who were not fully implemented expect to be EMV compliant by the end of 2021.

That could be a real problem for c-store operators as fraud liability at the pump now shifts from the financial companies, like Visa, Mastercard and American Express, to the retailer.

So, what now? According to Paul Kern, executive director of product management at NCR Global, the industry could see fraud hot spots crop up in markets with a high number of non-compliant retailers. Retailers should keep an eye on those hot spots and prioritize forecourts in those markets, he suggests.

Another option is to turn off pay-at-the-pump, driving consumers inside the store to pay for gas, noted Linda Toth, managing director of Conexxus. While this move is not ideal, she said it is a "surefire" way to eliminate fraud at AFDs. But knowing today's consumer, retailers run the very real risk of driving them to a competitor down the street, rather than inside their store.

Are you among the 48 percent who met the April 17 deadline? Or are you among the 52 percent who still stay up at night thinking about the liability shift? **Source: Convenience Store News**

SSDA
SERVICE STATION DEALERS OF AMERICA AND ALLIED TRADES

Highway Bill Negotiations Continue

Recently, SSDA-AT took part in a roundtable discussion with Senate Environment and Public Works (EPW) Committee Ranking Member Shelley Moore Capito (R-WV). Senator Capito discussed how bipartisan negotiations on the path forward on the transportation reauthorization continue with the White House and the EPW Committee Democrats. Discussions are progressing regardless of media reports but of course the most difficult things to determine will be the overall funding level and the pay-for.

On April 22nd, Senators Shelley Moore Capito (R-W.Va.), Ranking Member of the Environment and Public Works (EPW) Committee; Roger Wicker (R-Miss.), Ranking Member of the Commerce, Science, & Transportation Committee; Pat Toomey (R-Pa.), Ranking Member of the Banking, Housing, & Urban Affairs Committee; Mike Crapo (R-Idaho), Ranking Member of the Finance Committee, and John Barrasso, Ranking Member of the Energy and Natural Resources (ENR) Committee, released a $568 billion infrastructure framework.

The framework covers a five-year period and is intended to serve as a guide as Congress continues to craft bipartisan bills that will hopefully move by regular order. The framework defines infrastructure as: roads and bridges; public transit systems; rail; safety; drinking water and wastewater infrastructure; inland waterways and ports; airports; broadband infrastructure; and water storage. This is of course a much narrower approach then the White House's recent proposal.

Both the Senate and House are continuing to strive for transportation reauthorization markups by the end of the month.
Senator Capito mentioned that the EPW Committee is working towards a potential May 26th markup of their bill. Stay tuned as more information becomes available.

In Observance Of Memorial Day the
MSSA office will be closed!

DON'T FORGET

to sign up for the MSSA Annual Golf Outing!

If you need registration forms you can find them on the MSSA Website under Events or contact
Nikki @ nikki@mnssa.com or 651-487-1983

Please have registrations in no later than ***July 13th!***

2021 MSSA Annual Golf Outing

Thursday, July 22, 2021
Links at Northfork Golf Course-9333 Alpine Dr.-Ramsey, MN 55303
11:00 a.m.

The Links at Northfork

MSSA
Minnesota Service Station Association

The Links at Northfork

DELTA PAYMENTS IDS + MSSA

Minnesota Service Station Association
& Convenience Store Association

MSSA and Delta Payments have come together to bring you a great rate for credit card processing.

Members Enjoy Numerous Benefits Including:

- New Exclusive Rates for Repair/Towing & Petroleum
- Lower American Express OptBlue Rates
- Super-Charged Rebates
- 24 Hour Funding on all Card Types
- All Card Types Settled (VI/MC/DS/AX/Debit/EBT/Fleet)
- $300 Installation Rebate or 1 Free Terminal

For More Information, Contact

Kent Flannery | 612.730.5368 | kent@deltapayments.com or **MSSA** | 651.487.1983

ASSOCIATE MEMBER DIRECTORY

Accountants
LMV Corporation
Ron Velander 952-457-7153

Advertising/ App Design/Media
Allover Media Inc.
Ben Enger 763-762-2013

Appraisers/Commercial Brokers
Petroleum Marketers Svc, Inc.
Mark Montag 952-435-9822

Auto Parts Supplier
Factory Motor Parts
Clay Johnson 651-405-7645

ATM Machines/Novelty Games
Universal Money Centers
Jerry Spain 913-831-0248
Pam Glenn 913-927-5220

Attorneys
Merrigan, Brandt, Ostenso & Cambre, P.A.
Gary E. Persian 952-933-2390
Ned E. Ostenso 952-933-2390
Nolan, Thompson, Leighton & Tataryn, PLC
Randy Thompson 952-405-7171
Winthrop & Weinstine, P.A.
Tami Diehm 612-604-6658
Jim Dierking 612-604-6651

Batteries
Interstate Batteries
Dan Hartel 952-345-1190
Factory Motor Parts
Clay Johnson 651-405-7645

Beverages/COFFEE
American Bottling Company
Mark Mathewson 651-552-3582
Pepsi Bottling Group
Julia Yngsdal 612-282-1079

C-Store Supplier
Chambers & Owen
John Schoenke 262-297-2920
Core-Mark International/ Farner-Bocken
Bruce Milbrandt 507-351-5014
Alan Pederson 612-803-2660
Eby-Brown Co. LLC
Thomas Boldt 651-274-3863
Henry's Foods
Dale Erickson 800-726-5299
Lynco Distribution, Inc
Zac McCall 612-865-0275

Car Wash
Carwash Technologies
Mike Fuhr 612-408-9010

Car Wash
Reliable Plus/Lube-Tech
Jess Felton 763-417-1314
Xtreme Wash Systems
William Treacy 651-503-8116

Credit card processing
Delta Payment Systems
Kent Flannery 612-730-5368

Dairy/Ice Cream
Brown's Ice Cream
Patrick Nelson 612-378-1075
Polka Dot Dairy, Inc.
Pat Pettit 651-438-2793

Environmental
Bay West LLC
Donovan Hannu 651-291-3424
Tanknology
Robert Cox 800-666-5301

Environmental rebates
Center For Energy and Environment
Kristen Funk 612-335-3487

Ethanol
Growth Energy
Mike O'Brien 952-212-3380

Food Services
7th Avenue Pizza
Patrick Nelson 612-378-1075
Chanticlear Frozen Pizza
Ryan Elsner 612-619-8064
Hunts Brothers Pizza
Aaron Hobbs 1-816-210-6143
Wenzel's Farm LLC
Brian Morrisey 800-336-6328

Health Insurance
Health & Life Financial Services
Kevin Urlaub 763-287-0055

Ice Vendors
Arctic Glacier Ice
Jon Stelley 651-455-0410
Minnesota Ice
Robbie Harrell 612-254-8330

Information Services
Automotive Management Network
Tom Ham 612-299-9298

Insurance
McNamara Company
Patrick McNamara 651-426-0607
Aleisha McNamara 651-426-0607
Mitchell McNamara 651-426-0607

Investments/ Financial
Waddell & Reed, Inc.
Matt Anderson 952-884-1503

Lenders/Financial
Ascentium Capital LLC
Len Baccaro 281-902-1931
Tony Zieglar 281-883-5005

Lottery
MN State Lottery
Adam Prock 651-635-8233

Loyalty/apps/rewards
Tecmark
Brent Harms 612-746-4771
Jesse Parker 612-746-5095

Office Supplies
Network Business Supplies Inc.
Brett Cohn 651-207-1077

PCI Compliance/ firewall provider (MNSP) for POS Systems
ControlScan, Inc.
Joe Birlin 512-636-4334

Petroleum Equipment/ Services
MN Petroleum Service, Inc.
Gerald Swan 763-780-5191
O'Day Equipment LLC
Dan O'Day 763-230-7630
Pump & Meter Service, Inc.
Travis Rittenbach 952-933-4800
Zahl - Petroleum Maintenance
Brian Larson 612-331-8550

Petroleum/Lubricants
Dehn Oil
Ron Dehn 763-421-5571
Dooley's Petroleum
Randy Dooley 320-875-2641
Energy Solution Partners
Ryan Burns 651-358-0970
Fuel Service DJ's Mart LLC
John Salden 715-723-1701
Hartland Fuel Products LLC
Ray Colbert 608-797-3930
Mansfield Energy
Michael Mansfield Sr. 866-275-5433
Molo Oil Co., Inc.
Mark Molo 563-557-7540
Rahn's Oil & Propane
Dave Rahn 320-256-3680
Severson Oil
Josh Severson 507-452-4743
United Farmers Coop
Scott Trebelhorn 507-647-6620
Waterford Oil
Gary Lynch 507-645-5659
World Fuel Services
Colleen Mercil 612-501-5117
Eric Swingler 219-713-7900

Petroleum Reporting
OPIS/AXXIS Petroleum
Donna Harris 888-301-2645

ASSOCIATE MEMBER DIRECTORY

Petroleum Transport

D&J Transport Inc.
Josh Selbrade 507-413-0384
Danco LTD
Dan & Jodi Gerads 320-743-2006

Propane

Dooley's Petroleum
Randy Dooley 320-875-2641
Hartland Fuel Products LLC
Ray Colbert 608-779-6526
Premier Propane
Jason Scribner 612-839-1569
Rahn's Oil & Propane
Dave Rahn 320-256-3680

Refrigeration Maintenance

Quality Refrigeration
Bob Forder 612-861-7350

Retail Signage

Digital Art Services
Katherine Rugg 651-354-3564
Rose City Canopy
Corey Goodwin 218-738-3188

Security

Security 101
Jacob Froiland 612-605-7532

Softener Salt and Washer Fluid

Paramount Marketing/ SunSoft Salt
Brooke Taney 612-866-1980
Splash
Manny Flores 763-742-0262
Factory Motor Parts
Clay Johnson 651-405-7645

Tobacco

Altria/Phillip Morris USA
Garth Alston 608-251-0195
RAI Trade Marketing Services
Michael Brown

Trucking Services/ Wrecker

Twin Cities Wrecker Sales
Rod Pellow 651-488-4210

Uniforms

Cintas Corporation
Brad Beyer 763-391-5684

Used Oil

Loe's Oil
Brian Loe 507-625-5278

Upcoming Events

MSSA Board Meeting

June 30, 2021

10:00a.m.

MSSA Office
2886 Middle Street
Little Canada, MN 55117

MSSA Annual Golf Outing:

July 22, 2021

The Links at
Northfork Golf Course

Ramsey, MN

**More information
to follow**