

"I like it," he says of his mega-SUV, a Ford Excursion.

But as a business owner, the rising price of fuel has Veatch frustrated. Every day, his Executive Limousines Inc. makes 40 to 70 trips to the airport, shuttling business travelers.

They do it in Lincoln Town Cars and limousines that get about 17 miles a gallon.

When the price of gasoline went higher than \$1.75 a gallon earlier this year, Veatch ran the numbers. The company's expenses had increased by an average of \$500 a week from the previous year -- a cost he has had to eat because his prices are set on contracts signed years ago.

"Right now," Veatch said. "We're just grinding our teeth."

As the price of unleaded gas creeps near \$2 a gallon in Kansas City, midsized businesses that rely on fuel are struggling to maintain steady margins.

They can try to find efficiencies such as packing more people into fewer vehicles, planning better routes, etc., but most face the difficult decision of whether to pass on the cost to customers.

Large businesses such as Yellow Roadway Corp. have used surcharges to make gas a pass-through expense for years, but small firms in ultra-competitive industries don't want to scare away business on price.

"Look at the phone book," said Lance Schelhammer, president of Olathe-based Grass-Roots Inc. "It's so competitive."

His landscaping firm tacks a gas surcharge onto customer bills to cover equipment use, but it's based on gas prices of \$1.20 a gallon.

Schelhammer said he refuses to adjust the charge for today's fuel prices, even though he said his gas expenses increased 15 percent to 18 percent from April of last year. Grass-Roots uses 52 trucks and a fleet of mowers.

"In our industry, that would not make us competitive," he said of increased surcharges.

The competition isn't budging either -- for now.

"Reality is, we just make less money," said Dalton Hermes, CEO of Lenexa-based Hermes Landscaping Inc. "I budgeted based on last year's number. All I can do is try to manage usage."

Hermes said he is asking his employees to meet at a job site now instead of driving to headquarters and using a company vehicle. However, that can only save so much when the company already is using 8,000 gallons of a gas a month.

If the sticker shock at the pump continues, Hermes said he will consider price increases in the neighborhood of 2 percent of the cost of a job, which he said he hopes customers will see coming.

"We attempt to be honest and fair," he said. "I think there's a lot of decent people in the world."

Veatch is making a similar bet. On all new contracts, he said he plans to add a clause that allows for renegotiating when gas exceeds a certain price. It's a must when Executive Limousines signs three- and four-year contracts.

"Sure wish I had something like that at \$1.30 a gallon," Veatch said.

Not everyone is suffering. Johnson County Transit's 32 buses, which run 17 routes on weekdays, saw ridership increase 5 percent to 6 percent in April, Deputy Transportation Director Chuck Ferguson said.

Whether the increased fares cover costs isn't clear. County public works officials haven't yet run the numbers on how much more they're paying for the 25,000 gallons of fuel the buses use each month.

Ferguson said he isn't sure whether increased ridership has anything to do with gas prices. The JO recently launched a marketing campaign that officials said they thought would give it a similar ridership boost.