

NASA audit finds Google execs saved on jet fuel

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An aircraft fleet owned by Google's founders and former CEO received improper discounts on jet fuel that saved the three billionaires up to \$5.3 million dating back to depths of the Great Recession in 2009, according to a government report released Wednesday.

The findings by NASA's inspector general surfaced during a review of a government airfield lease for seven planes and two helicopters controlled by Google's founders, Larry Page and Sergey Brin, and the Internet search company's former CEO, Eric Schmidt.

The aircraft are managed through a company called H211 set up by the three men through the tremendous wealth that they have accumulated as Google Inc.'s stock price has soared from \$85 in 2004 to nearly \$1,100. Page, who is Google's current CEO, and Brin, who heads the company's special projects division, are each worth about \$25 billion, according to Forbes magazine. Schmidt, who became executive chairman after stepping down as CEO in 2011, is worth about \$8 billion.

H211 has been paying \$1.4 million annually since 2007 to lease hangar space from NASA at Moffett Federal Airfield, a former U.S. Navy base 4 miles from Google's Mountain View, California, headquarters.

NASA's inspector general concluded that the rent for the hangar space represented a fair rate, but the inspector general's report flagged the bargain that Google's jet-setting executives got on the fuel for their flights around the world.

The H211 aircraft saved somewhere from \$3.3 million to \$5.3 million beginning in 2009 by buying fuel through an arm of the U.S. Department of Defense at below-market prices that allowed them to avoid state and local taxes, according to the report. The discounts didn't result in any losses for NASA or the Department of Defense, the report said, but probably deprived the state of California and local government agencies of tax revenue. Other fuel suppliers probably missed out on an opportunity to make money had H211 not worked out the special arrangement with the government.

The inspector general recommended that NASA and H211 discuss possible ways to address a situation that "engendered a sense of unfairness and a perception of favoritism."

H211 spokesman Ken Ambrose said the company was reviewing the audit's findings.

The report said the improper fuel discounts stopped in September after questions were raised about the bargain prices.

The discounts given to H211 stemmed from a "misunderstanding" about the relationship between NASA and the aircraft used by the Google executives, according to the inspector general. As part of its lease, H211 agreed that its planes would carry instruments to collect climate data for NASA at no cost to the [space agency](#).

The planes doing work for NASA qualified for the discounts, the report said. But the [jet fuel](#) was also sold to the H211 planes even when the Google executives were using the aircraft for recreation and other business with no benefit to NASA.

A snapshot of flight activity taken between August 2012 and July of this year found nearly three-fourths of the H211 excursions of out Moffett

Field had no connection to NASA. Of the 229 total flights during that time, 59 involved a NASA science mission and most of them were handled by an Alpha Jet that the Google executives obtained to fulfill their obligations to the space agency. H211 also owns or leases six Boeing or Gulfstream planes.

Since the NASA lease began, H211 has flown more than 200 science flights for the space agency. The [inspector general](#) calculated that NASA would have had to pay \$668,000 if it had been billed for the H211 flights taken from September 2010 through July of this year.

Despite that benefit, a consumer group frequently critical of Google blasted the airfield lease as a "sweetheart deal" for some of the world's richest people at time when millions of other people are struggling to make ends meet in a still-fragile economy.

"We think it's pretty outrageous," said John Simpson of Consumer Watchdog. "Basically, it's just another example of preferential treatment for the Google guys."

H211's lease at Moffett Airfield Field expires in July. The Google executives are working with a private contractor to build another space for their planes at the Mineta San Jose International Airport located about 10 miles from Moffett.

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