

**Item Title:**                   Appropriate \$1.4 Million of Sales Tax for FY22 Fuel Escalations

**Specific Action Requested:**  
**That the Board of Commissioners:**

- 1. Appropriates \$1.4 million of additional sales tax to the General Fund across departments as indicated below to address FY22 fuel cost increases; and**
- 2. Appropriates \$1.4 million of Vehicle Fuel Charges to the Fleet Internal Service Fund to address FY22 fuel cost increases.**

**Item Summary:**

**Purpose:**                   In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the Board of Commissioners must approve all amendments that increase the budget for a fund.

**Background:**           According to the United States Energy Information Administration (EIA) the price of oil makes up 55% of the underlying price per gallon of gasoline and diesel which the County uses for operating vehicles and equipment. As oil prices have increased following the initial outbreak of the COVID-19 pandemic and the onset of the war in Ukraine, the price the County pays for fuel has increased substantially. In light of recent global events, the FY22 fuel budget does not have the capacity to absorb these escalating fuel rates and requires an increase in the appropriation to maintain current service levels Countywide.

**Board Goal:**           This action supports routine County operations.

**Fiscal Impact:**       FY22 fuel costs are currently estimated to be \$1.4 million over budget based on current market conditions. Funds will be appropriated in the General Fund from additional sales tax to increase Vehicle Fuel Charges across departments as indicated in the table below. Sales tax estimates for FY22 are projected to be above initial budget estimates based on revenues received through January. The increased Vehicle Fuel Charges will then be appropriated in the Fleet Internal Service Fund to allow continued purchase and distribution of fuel.

**Additional Information:**

During the initial emergence and spread of COVID-19 in early 2020, there was a significant decrease in domestic and international oil production in response to global demand. Since that time, as the world emerged from the pandemic, demand for oil has soared as worldwide economies have re-opened.

The imbalance in supply and demand significantly increased the price of oil from its low in April 2020. Since that time, oil prices have seen even further volatility in response to an Omicron variant, global economic activity, and the war in Ukraine.

As of March 8, 2022, the County has expended \$1.79 million on fuel operations. The current total FY22 fuel budget of \$1.98 million is no longer sustainable for continuing County fueling operations through the rest of the fiscal year. With wholesale and retail regular grade gasoline prices now over \$3.00 per gallon (vs. the FY22 budget estimate of \$1.60 per gallon), an increase of \$1.4 million is projected to provide sufficient budget capacity to continue County operations through the end of the fiscal year, allocated by department as outlined below. Due to the unprecedented current volatility of oil and fuel prices, staff will continue to monitor fuel expenses. An additional wrap up item may also be needed depending on continued market fluctuations.

<b>Department</b>	<b>Appropriation</b>
Community Services	\$32,400
Environmental Services	\$27,700
General Services Administration	\$97,200
Health and Human Services	\$157,000
CCBI	\$26,100
Wake County Sheriff's Office	\$388,000
Fire Services	\$19,200
EMS	\$652,400
<b>Total</b>	<b>\$1,400,000</b>

**Attachments:**

1. Budget Memo – FY 2022 Corporate Fleet Fund
2. Budget Memo – FY 2022 Non-Departmental
3. Budget Memo – FY 2022 Community Services
4. Budget Memo – FY 2022 Environmental Services
5. Budget Memo – FY 2022 General Services Administration
6. Budget Memo – FY 2022 Health and Human Services
7. Budget Memo – FY 2022 CCBI
8. Budget Memo – FY 2022 Sheriff
9. Budget Memo – FY 2022 Fire Services
10. Budget Memo – FY 2022 EMS