



Response to Questions on the FY 2010 Advertised Budget Plan

Request By: Supervisor Foust

Question: Please provide background on the fuel price and number of gallons estimated in the FY 2010 Advertised Budget Plan.

Response:

The FY 2010 recommended budget assumes an average agency price of \$3.74 per gallon, a decrease of 36 cents (or 9.6 percent) from the FY 2009 Adopted Budget Plan level, but significantly higher than experienced over the November 2008 to February 2009 period. The \$3.74 price per gallon reflects a “blended” rate based on roughly three-quarters of the County’s fuel purchased being diesel, and one-fourth unleaded with a small markup to cover overhead costs and fuel-related capital equipment expenditures.

Given the recent extreme volatility in the price of fuel, projecting requirements for FY 2010 is challenging; however, there is ample evidence from previous years that prices tend to increase dramatically in the spring. Based on this historical data, the FY 2010 projection assumes that prices will begin rising in spring/summer 2009 to a higher level, but not to the extreme extents seen this past summer. Also it assumes that prices next winter will not fall as far as experienced this winter.

It should be noted that given year-to-date experience, the FY 2009 end-of-year per gallon price is estimated to be \$2.48, a decrease of \$1.62 (or nearly 40 percent) from the FY 2009 Adopted Budget Plan level of \$4.10 per gallon. Due to these unanticipated savings, action is being taken as part of the *FY 2009 Third Quarter Review* to set aside an amount of \$4.0 million to establish a Fuel Price Stabilization Reserve in the Department of Vehicle Services to address future fluctuations in fuel prices. Volatility in prices works both ways as evidenced by the General Fund costs of fuel increasing just over \$4 million between FY 2007 and FY 2008.

The volume (number of gallons) for General Fund and General Fund-supported agencies is projected to increase slightly in FY 2010 to just over 5.6 million gallons, an increase of 0.3 million, or 5.6 percent, over the FY 2009 Adopted Budget Plan level of 5.3 million gallons. This increase is due primarily to FAIRFAX CONNECTOR assuming routes previously served by Metrobus in the western portion of Fairfax County. These routes will be run out of the new West Ox Garage.

In addition, the FY 2010 projected number of gallons for the Fairfax County Public Schools is approximately 3.7 million gallons.