

ENROLLED ORDINANCE 177-65

MODIFY THE 2022 BUDGET FOR INFLATIONARY IMPACTS RELATED TO FUEL,
VEHICLE PARTS, AND UTILITIES, FUNDED WITH AMERICAN RESCUE PLAN ACT
REVENUES

WHEREAS, multiple county programs rely on vehicles and equipment to carryout services, including highway operations maintenance, Sheriff patrol services, and parkland maintenance; and

WHEREAS, the county provides fuel and vehicle maintenance through an internal service fund model, where the Central Fleet Fund purchases fuel and vehicle parts centrally and bills departments for their use through an interdepartmental charge; and

WHEREAS, fuel prices have increased significantly during 2022 due to increasing economic activity and consumer demand, following the easing and elimination of pandemic restrictions; limitations in the supply of refined petroleum products (e.g., gasoline, diesel); and global conflict disrupting the supply of fuel; and

WHEREAS, the cost for vehicle parts has also increased significantly due to supply chain disruptions, scarcity, and transportation costs; and

WHEREAS, as a result of higher prices, it is necessary to increase both the Central Fleet budget for the acquisition of fuel and vehicle parts and user departments' budgets to purchase these items from Central Fleet by \$605,000; and

WHEREAS, the Department of Public Works – Facility Maintenance Division budgets centrally for the cost of providing electricity and natural gas utility services to most county buildings; and

WHEREAS, utility rates have increased due to decreases in natural gas supply, disruptions to supply chains, and increases in fuel and fuel transport costs, resulting in estimated above-budget utility costs of about \$370,000; and

WHEREAS, in March 2021, the federal government approved legislation authorizing and funding the American Rescue Plan Act (ARPA), allocating \$350 billion of direct aid to state and local governments through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program; and

WHEREAS, Waukesha County's CSLFRF allocation is \$78.5 million, which must be spent or obligated by December 31, 2024 and completed by December 31, 2026; and

WHEREAS, permissible uses of the grant funding include supporting public health; responding to negative economic impacts from the public health emergency; building public sector capacity and addressing administrative needs; providing premium pay for essential workers; investing in water, sewer, and broadband infrastructure; and recovering lost revenue to fund general government services; and

WHEREAS, the Waukesha County Board previously accepted CSLFRF funding (Enrolled Ordinance 176-46); and

WHEREAS, ARPA funding is eligible to cover negative economic impacts of the pandemic that decreased local governments' ability to effectively administer services, such as high levels of inflation experienced in vehicle fuel, parts, and utility costs following the pandemic which was also exacerbated by other factors.

THE COUNTY BOARD OF SUPERVISORS OF THE COUNTY OF WAUKESHA ORDAINS that the Department of Public Works – Central Fleet Fund 2022 budget be modified to increase operating expenses by \$605,000 for increased vehicle fuel and parts costs and increase interdepartmental charge revenues by \$605,000.

BE IT FURTHER ORDAINED that multiple county departments' 2022 budgets be modified by a total of \$470,000 in their interdepartmental charge appropriation to accommodate higher fuel prices, and increase use of American Rescue Plan Act funding by \$470,000, as indicated on Table I on file with the Department of Administration and made part of this ordinance by reference.

BE IT FURTHER ORDAINED that multiple county departments' 2022 budgets be modified by a total of \$135,000 in their interdepartmental charge appropriation to accommodate higher vehicle parts prices, and increase use of American Rescue Plan Act funding by \$135,000, as indicated on Table II on file with the Department of Administration and made part of this ordinance by reference.

BE IT FURTHER ORDAINED that the Department of Public Works – General Fund 2022 budget be modified to increase operating expenditures by \$370,000 for higher utility costs, and increase use of American Rescue Plan Act funding by \$370,000.

MODIFY THE 2022 BUDGET FOR INFLATIONARY IMPACTS RELATED TO FUEL, VEHICLE PARTS, AND UTILITIES, FUNDED WITH AMERICAN RESCUE PLAN ACT REVENUES

Presented by:
Executive Committee



Paul L. Decker, Chair

Approved by:
Public Works Committee

Absent

Keith Hammitt, Chair

Approved by:
Finance Committee

Absent

James A. Heinrich, Chair

Absent

Keith Hammitt



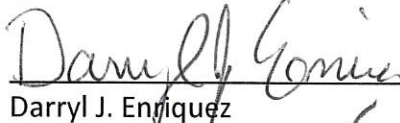
James Batzko



Larry Bangs

Absent


James A. Heinrich



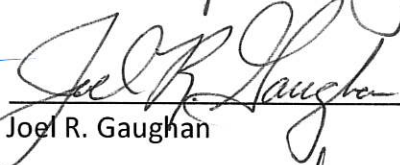
Darryl J. Enriquez



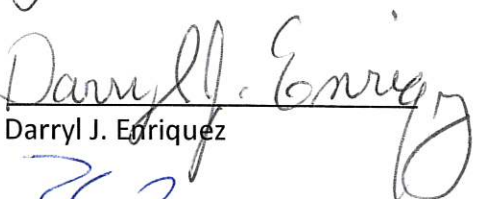
James Batzko



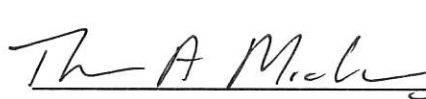
Jacob LaFontain



Joel R. Gaughan



Darryl J. Enriquez



Thomas A. Michalski



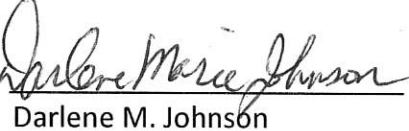
Christine M. Howard



Tyler J. Foti



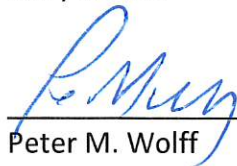
Larry Nelson



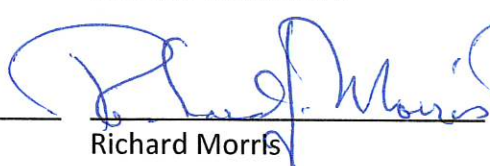
Darlene M. Johnson



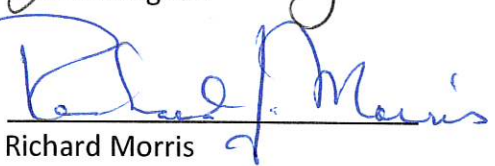
Joel R. Gaughan



Peter M. Wolff



Richard Morris



Richard Morris

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, was presented to the County Executive on:

Date: 11/28/2022, 
Margaret Wartman, County Clerk

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, is hereby:

Approved: X
Vetoed: _____

Date: 11/28/2022, 
Paul Farrow, County Executive

FISCAL NOTE

MODIFY THE 2022 BUDGET FOR INFLATIONARY IMPACTS RELATED TO FUEL, VEHICLE PARTS, AND UTILITIES, FUNDED WITH AMERICAN RESCUE PLAN ACT REVENUES

Summary

This ordinance appropriates additional expenditure authority in multiple departments for higher fuel costs (\$470,000, see attached Table I) and higher vehicle parts costs (\$135,000, see attached Table II), which is funded with revenues from the American Rescue Plan Act (ARPA) – Coronavirus State and Local Fiscal Recovery Funds program. The county provides fuel and vehicle parts through an internal service model, where the Central Fleet Fund purchases the inventory centrally and then sells these items to user departments. For this reason, there is a similar budget modification totaling \$605,000 for Central Fleet to make the initial purchases, funded with interdepartmental charge revenues from departments. This ordinance also appropriates an additional \$370,000 of expenditure authority in the Department of Public Works – General Fund to cover increasing utility costs for electricity and natural gas, which is also funded with ARPA revenues. ARPA funding is eligible to cover negative economic impacts of the pandemic that decreased local governments’ ability to effectively administer services, such as high levels of inflation experienced in vehicle fuel, parts, and utility costs following the pandemic, which was also exacerbated by other factors.

Category	Department	\$ Amount
Fuel*	Multiple	\$ 470,000
Vehicle Parts*	Multiple	\$ 135,000
Utilities	DPW - General Fund	\$ 370,000
Total Expenditures		\$ 975,000
ARPA Revenues		\$ 975,000

*This ordinance authorizes a corresponding budget increase for the initial purchase of fuel and parts in Central Fleet, funded with interdepartmental revenues from the user departments.

The following sections provide an explanation of cost factors and consideration of future expenditure trends.

Fuel

The 2022 adopted budget assumed an average cost to user departments of \$2.60/gallon (including \$0.21/gallon markup), which had been in-line with actual fuel costs for several years (averaging \$2.31/gallon in 2015-2020). The county experienced its lowest average fuel prices during this period in April of 2020 at \$1.14/gallon following the onset of the COVID-19 pandemic and the implementation of public health restrictions, which significantly reduced demand for fuel. As restrictions were eased or eliminated, economic activity and consumer demand for fuel (e.g., travel) rebounded, but the capacity to supply businesses and consumers has been impaired by the closure of refineries during the low-demand pandemic period and other events (e.g., natural disasters, Ukrainian conflict, etc.). As a result, fuel prices began to rise more rapidly during 2022 to a high monthly average of \$4.78/gallon in June and have mostly remained near \$4.00/gallon since then.

County administration is requesting the temporary use of ARPA funds to cover higher fuel prices because fuel is a commodity that fluctuates in price. The use of these ARPA funds would allow the county to avoid making substantial cuts to operations while waiting for fuel prices to stabilize and begin phasing up budgets, if need be. A similar approach is included in the 2023 proposed budget, with departments expected to fund \$2.72/gallon (approximately 5% increase) and ARPA funding covering the remaining \$1.28/gallon, up to \$4.00/gallon. The 2023 budget includes \$488,5000 ARPA funding to help offset potentially higher fuel costs.

Vehicle Parts

Central Fleet has experienced increasing costs for vehicle parts and supplies, which Central Fleet management indicates is largely due to supply chain issues, scarcity of parts, and transportation costs. The price increases since 2020 vary significantly among part types (e.g., up to nearly 90% for some brake pads, over 30% for some air filters), and departments have mostly managed the increased costs within their budgets. This ordinance would increase the budget for some of Central Fleet's larger customers to help cover the increased costs. Parts prices may subside in the future if supply chain issues and other economic conditions improve.

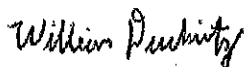
Utilities

This ordinance also increases the Department of Public Works – General Fund budget by \$370,000 for higher utility costs, including electricity by \$210,000 and natural gas by \$160,000, both due to higher-than-budgeted utility rates.

Electricity prices have remained largely stable for the last decade at approximately \$0.10/kilowatt hour (KWh), but began increasing during 2021 (after 2022 budget development was underway), and is currently over \$0.12/KWh, roughly a 20% increase. Officials with WE Energies attribute the increase to supply chain disruptions and the cost of fuel and fuel transport. WE Energies is also requesting approval from the Public Service Commission of Wisconsin (PSCW) to increase rates in 2023.

The average cost of natural gas has also been relatively steady, remaining under \$0.50/therm for most of the last several years, but the removal of significant amounts of Russian natural gas from the global supply has caused higher prices. DPW management secured lower pricing for a majority of its natural gas supply in a three-year contract earlier this year to help keep costs down, but the remaining variable component has pushed the average price paid in 2022 to \$0.70/therm compared to \$0.50/therm budgeted.

Overall utilities are increased \$230,000 in the 2023 proposed budget, which is partially funded with \$160,000 of General Fund balance to help phase in higher costs after years of steady utility rates. Going forward, department management plans to continue implementing energy efficiency facility improvements (e.g., updating lighting) to help reduce consumption. In addition, major facility projects, such as the upgrading of aging mechanical systems and windows at the Courthouse and the eventual closure of the Northview facility, are expected to help offset increasing costs. Also, a return to normal global natural gas supply levels would likely help reduce costs.



William Duckwitz
Budget Manager
11/2/2022
JB#2022-00008438

TABLE I: BUDGET MODIFICATION FOR FUEL

Department	Fund	Additional Interdepartmental Charge <u>Expenses for Fuel</u>	ARPA <u>Revenues</u>
Parks and Land Use	General Fund	\$ 40,000	40,000
Parks and Land Use	Golf Course Fund	\$ 25,000	25,000
Sheriff	General Fund	\$ 165,000	165,000
Public Works	Transportation Fund	\$ 240,000	240,000
Total		\$ 470,000	470,000
Public Works	Central Fleet Fund	\$	
		Additional Operating <u>Expenses for Fuel</u>	Additional Interdepartmental <u>Revenues for Fuel</u>
		470,000	470,000

TABLE II: BUDGET MODIFICATION FOR VEHICLE PARTS

Department	Fund	Additional Interdepartmental Charge <u>Expenses for Vehicle Repairs</u>	ARPA <u>Revenues</u>
Parks and Land Use	General Fund	\$ 10,000	10,000
Parks and Land Use	Golf Course Fund	\$ 30,000	30,000
Sheriff	General Fund	\$ 73,000	73,000
Public Works	Transportation Fund	\$ 22,000	22,000
Total		\$ 135,000	135,000
Public Works	Central Fleet Fund	\$	
		Additional Operating <u>Expenses for Vehicle Parts</u>	Additional Interdepartmental <u>Revenues for Vehicle Parts</u>
		135,000	135,000

VOTE RESULTS

22 YES

0 NO

0 ABSTAIN

3 ABSEN

Ordinance 177-O-071

Ordinance 177-O-071: Modify the 2022 Budget for Inflationary Impacts Related to Fuel, Vehicle Parts, and Util Revenues

Passed With 16 Yes Votes Needed

D1 - Foti	AYE	D10 - Thieme	AYE	D19 - Enriquez	AYE
D2 - Weil	AYE	D11 - Howard	AYE	D20 - Schellinger	AYE
D3 - Morris	ABSENT	D12 - Wolff	AYE	D21 - Gaughan	AYE
D4 - Batzko	AYE	D13 - Decker	AYE	D22 - Vacant	ABSEN
D5 - Grant	AYE	D14 - Mommaerts	AYE	D23 - Hammitt	AYE
D6 - Walz	AYE	D15 - Kolb	AYE	D24 - Bangs	AYE
D7 - LaFontain	AYE	D16 - Crowley	AYE	D25 - Johnson	AYE
D8 - Michalski	ABSENT	D17 - Meier	AYE		
D9 - Heinrich	AYE	D18 - Nelson	AYE		

9th Meeting, 177th Year of the County Board Supervisors - November 22 2022 07:13:00 PM

November 22 2022

