



**STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT**

BEVERLY EAVES PERDUE  
GOVERNOR

CHARLES E. PERUSSE  
STATE BUDGET DIRECTOR

July 27, 2010

**MEMORANDUM**

TO: Mr. Mark Foster, Chief Financial Officer, Department of Transportation  
Mr. Bennie Aiken, Controller, Department of Crime Control and Public Safety  
Mr. Ernie Murphrey, Vice President for Finance, University of North Carolina

FROM: Charles Perusse *Charles E. Perusse*

SUBJECT: Change to Administrative Fees Added to Fuel Invoices

The Office of State Budget and Management (OSBM) initially established an 8% administrative fee in April 1998 that fuel-selling agencies can add to the price of fuel sold to recover the costs associated with providing fueling services. OSBM's May 2010 report (Fueling Site Administrative Fee) found that with the higher price of fuel since the fee was established, fuel-selling agencies have been recovering more costs from buying agencies than their fair share. Additionally, given the ever changing price of fuel, a more appropriate method of recouping fuel site maintenance cost is to base the administrative fee on gallons pumped rather than the selling price of the fuel.

The two largest fuel-selling agencies are the Department of Transportation (DOT) and the State Highway Patrol. Other agencies, such as universities, sell some fuel, primarily to Motor Fleet Management. The OSBM review found that not every fuel-selling agency is capturing maintenance costs and there are differences between agencies in what costs they are capturing. The study found that most agencies can recover a fair share of maintenance costs by adding a \$0.07 rate to each gallon of fuel sold to other agencies. However, the DOT's fueling site maintenance costs are higher necessitating a fee of \$0.14 per gallon.

Therefore, I am directing that all fuel-selling agencies discontinue the 8% administrative fee based on the selling cost of fuel effective July 31, 2010. Beginning August 1, 2010 all agencies, except the DOT, shall begin charging an administrative fee of \$0.07 per gallon on fuel sold to other agencies. The DOT shall begin charging \$0.14 per gallon on August 1, 2010. OSBM will restudy the rates every two years to determine if rate adjustments are needed. So that information is available for the study, all fuel-selling agencies should begin collecting maintenance and billing data to support their administrative rates.

If you have any questions regarding the rate changes, please contact Barbara Baldwin of OSBM at (919) 807-4721.

Thank you.

cc: Moses Carey, Jr., Secretary, Department of Administration  
John Massey, Director, Motor Fleet Management  
Drew Harbinson, Director of Fleet and Material Management Section, DOT  
Eddwin Surita, Fuel Coordinator, State Highway Patrol