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Northwest Power and Conservation Council

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Montana

July 6, 2016

DECISION MEMORANDUM

TO: Council members

FROM: Sharon Ossmann

SUBJECT: Decision to adopt Fiscal Year 2019 and Fiscal Year 2018 Revised budget

PROPOSED ACTION:

Staff recommends the Council approve adoption of its draft Fiscal year 2019 and Fiscal Year 2018 Revised budget. Staff also recommends that the Council authorize reprogramming of available Fiscal Year 2017 funds for unanticipated Fiscal Year 2017 costs such as increased contracting expense.

SIGNIFICANCE:

The funding necessary for the Council to carry out its activities and responsibilities under the Northwest Power Act is provided by the Bonneville Power Administration based on the Council's adopted budget. Following public comment, the Council adopts its budget in July or August of each fiscal year and forwards the adopted budget to Bonneville for inclusion in its budget transmittal to Congress.

BUDGETARY/ECONOMIC IMPACTS:

The proposed Fiscal Year 2018 Revised budget is \$11,624,000 and the proposed Fiscal Year 2019 budget is \$11,914,000. These budgets are both below the calculation of the budget cap, based on the forecast of firm power sales as specified in the Northwest Power Act. The Council and Bonneville entered into three-year budget agreement in 2016 to better plan and stabilize funding levels needed to perform the Council's work. The current agreement covers fiscal years 2017, 2018 and 2019, and this proposed budget is within those agreed upon levels.

BACKGROUND:

The Council released the draft budget document for a 44-day public comment period, and also allowed time for public comment on the document at the June Council meeting in Corvallis. We received one written comment on our budget and it was carefully reviewed by the Council members prior to this meeting.

The Council's Fiscal Year 2018 revised budget of \$11,624,000 is the same level as the Fiscal Year 2018 budget adopted last year. Contracting funds were added to the power division budget to assist with updating data in the forecasting models. That increase was offset by reductions in personal services and benefit costs.

The proposed Fiscal Year 2019 budget of \$11,914,000 is \$290,000 (2.5%) higher than the Fiscal Year 2018 Revised budget. This increase reflects anticipated higher costs for personal services and benefits along with other operating expense increases offset in part by reductions in projected contracting costs.