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May 3, 2005

## DECISION MEMORANDUM

**TO:** Council Members

**FROM:** Sharon Ossmann

**SUBJECT:** Council decision to release draft budgets for Fiscal Year 2007 and Fiscal Year 2006 Revised

### PROPOSED ACTION:

Staff is recommending that the Council approve the release of its draft Fiscal Year 2007 budget and revisions to the Fiscal Year 2006 budget for public comment. The complete budget document will be sent under separate cover.

### SIGNIFICANCE:

As a part of its annual budget development process, the Council provides for a 30-60 day public comment period on its draft budget. Interested parties would be given an opportunity to provide written comments on the draft budget between May 13, 2005 and July 1, 2005. An opportunity for oral comment will be provided at the June 14-15-16 Council meeting in Portland, Oregon.

### BUDGETARY IMPACT:

The funding necessary for the Council to carry out its activities and responsibilities under the Northwest Power Act is provided by Bonneville Power Administration based on the Council's adopted budget.

Following public comment, the Council adopts its budget in July-August of each fiscal year and forwards the adopted budget to Bonneville for inclusion in its budget transmittals to Congress.

## **BACKGROUND:**

In 2002, the Council made a pledge to Bonneville to hold the budget at reduced levels for the remainder of the rate case period. That commitment allowed for a budget maximum of \$8,500,000 in FY03 and FY04, and \$8,700,000 for FY05 and FY06.

## **ANALYSIS:**

The Council's Fiscal Year 2006 revised budget of \$8,700,000 is \$8,000 (0.09%) higher than the current year 2005 budget of \$8,692,000. This represents the Council's attempt to absorb the inflationary impacts on personal services through postponed contracting and decreases in other operating expenses.

The proposed Fiscal Year 2007 budget of \$9,085,000 is \$385,000 higher than the revised Fiscal Year 2006 budget. This increase reflects the cost of filling a currently vacant FTE, the inflationary effect on personal services costs, and modest increases in contracting and other operating expenses.

The attached Tables 1 through 3, Table 14 and Appendix A of the draft budget provide additional detail for the revised funding levels for Fiscal Year 2006 and the proposed budget for Fiscal Year 2007.

## **ALTERNATIVES:**

1. Approve the draft budgets for release for public comment. This is recommended.
2. Give consideration to other possible budget adjustments. This is not recommended. During the public comment period, the Council will have 45 days to consider other adjustments that may evolve from comments and further analysis of workloads.