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June 27, 2007

DECISION MEMORANDUM

TO: Council Members

FROM: Sharon Ossmann

SUBJECT: Council decision adopt FY09 and FY08 revised budgets

PROPOSED ACTION:

Staff is recommending that the Council adopt the draft fiscal year 2009 budget of \$9,467,000 and the fiscal year 2008 revised budget of \$9,276,000. Staff also recommends that the Council authorize reprogramming of available FY2007 funds for unanticipated FY2007 costs such as personnel actions and increased operating costs.

SIGNIFICANCE:

As a part of its annual budget development process, the Council provided a 60-day public comment period on its draft budget. Interested parties were given an opportunity to provide written comments on the draft budget between April 18, 2007 and June 25, 2007. As of this date, no comments have been received.

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.

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 transmittals to Congress.

BACKGROUND:

In 2005, the Council entered into an agreement with Bonneville to hold the budget at reduced levels for FY2007-FY2009 rate case period. That commitment set the Council's budget ceiling at \$9,085,000 for FY2007, \$9,276,000 for FY2008, and \$9,467,000 for FY2009. These budget levels are less than the maximum firm sales forecast cap as defined by the Act.

ANALYSIS:

The Council's FY2008 revised budget of \$9,276,000 is the same as the FY2008 budget level adopted last year. This budget reflects an increase of \$191,000 (2.1%) from the FY2007 current operating budget. The increase represents inflationary increases in the cost of personal services and benefits.

The proposed FY2009 budget of \$9,467,000 is \$191,000 (2.1%) higher than the revised FY2008 budget. This increase reflects the anticipated increase in personal services and benefits costs.

ALTERNATIVES:

1. Adopt the draft FY09 and FY08 revised budgets. This is recommended.
2. Defer adoption until the September Council meeting. Direct staff to identify additional cost reductions or funding requirements for consideration. Present a revised draft budget at the August Council meeting.