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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  
Director of Finance and Administration

**SUBJECT:** Decision to adopt Fiscal Year 2018 and Fiscal Year 2017 Revised budget

#### PROPOSED ACTION:

Staff recommends the Council approve adoption of its draft Fiscal year 2018 and Fiscal Year 2017 Revised budget. Staff also recommends that the Council authorize reprogramming of available Fiscal Year 2016 funds for unanticipated Fiscal Year 2016 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 2017 Revised budget is \$11,590,000 and the proposed Fiscal Year 2018 budget is \$11,624,000. 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. In past years the Council and Bonneville staff have entered into multi-year budget agreements in order to better plan and stabilize funding levels needed to perform the Council's work. Council staff are currently working with

Bonneville to propose a new three-year budget agreement for fiscal years 2017-2019. Any budget amount agreed to in this process would continue to be under the cap as described in the Act.

**BACKGROUND:**

The Council's Fiscal Year 2017 revised budget of \$11,590,000 is \$28,000 lower than the Fiscal Year 2017 budget level adopted last year. This budget decrease reflects the elimination of two vacant FTE's in the central office and one vacant FTE in the Oregon office, and additional reductions in travel and other operating costs. Contracting funds were added to the power division budget to assist with updating data in the forecasting models. Contracting funds were also added to the public affairs division budget to assist with graphic design work and to support the transition to a new website platform.

The proposed Fiscal Year 2018 budget of \$11,624,000 is \$34,000 (0.29%) higher than the Fiscal Year 2017 Revised budget. This increase reflects anticipated higher costs for personal services and benefits costs along with other operating expense increases offset in part by reductions in projected contracting costs.