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July 6, 2015

DECISION MEMORANDUM

TO: Council members

FROM: Sharon Ossmann

SUBJECT: Decision to adopt Fiscal Year 2017 and Fiscal Year 2016 Revised budget

BACKGROUND:

Presenter: Sharon Ossmann

Summary: Staff recommends the Council approve adoption of its draft Fiscal Year 2017 and Fiscal Year 2016 Revised budget. Staff also recommends that the Council authorize reprogramming of available Fiscal Year 2015 funds for unanticipated Fiscal Year 2015 costs such as increased contracting costs.

Relevance: 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.

Workplan: As part of its annual budget development process, the Council provided a 55-day public comment period on its draft budget. Interested parties were given an opportunity to request consultations with staff and submit written comments on the draft budget between May 7, 2015 and July 1, 2015. An opportunity for oral comment was provided at the June 9-10 Council meeting in Coeur d'Alene, Idaho. No consultations were requested and no comments were received.

Background: The proposed Fiscal Year 2016 Revised budget is \$11,425,000 and the proposed FY2017 budget is \$11,648,000. 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.

More Info: The Council's FY2016 revised budget of \$11,425,000 is \$189,000 higher than the FY2016 budget level adopted last year. This budget increase reflects the addition of \$200,000 in contracting funds to redevelop the Council's website, as recommended by the Council's strategic IT review earlier this year. This new budget level also reflects the increased costs associated with the relocation of the Montana office required by state agency relocations. Some of these increased costs were absorbed by savings in staffing and other operating costs.

The proposed FY2017 budget of \$11,648,000 is \$223,000 (1.95%) higher than the revised FY2016 budget. This increase reflects anticipated higher costs for personal services and benefits costs, and other operating expense increases anticipated for recruiting and maintenance of the redeveloped website.

Copies of the full draft budget document are available at:
<https://www.nwcouncil.org/reports/financial-reports/2015-03/>

