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April 5, 2007

## **DECISION MEMORANDUM**

**TO:** Council members

**FROM:** Sharon Ossmann

**SUBJECT:** Decision to release Fiscal Year 2009 and Fiscal Year 2008 Revised budget

### **PROPOSED ACTION:**

Staff is recommending that the Council approve the release of its draft Fiscal Year 2009 and Fiscal Year 2008 Revised budget for public comment. The complete budget document was sent via separate cover April 3, 2007.

### **SIGNIFICANCE:**

As part of its annual budget development process, the Council provides for a 30-60 day public comment period on its draft budget. Interested parties will be given an opportunity to request consultations with staff and submit written comments on the draft budget between April 19 and June 22, 2007. An opportunity for oral comment will be provided at May 15-16-17 Council meeting in Walla Walla, Washington.

### **BUDGETARY/ECONOMIC IMPACTS:**

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 or August of each fiscal year, and forwards the adopted budget to Bonneville for inclusion in its budget transmittal to Congress.

### **BACKGROUND:**

In 2005, the Council entered into an agreement with Bonneville to hold the budget at reduced levels for the fiscal years 2007-2009 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. Approve the release of the draft budget document for public comment. This is the recommended action.
2. Prepare alternative budget adjustments for Council consideration at the May Council meeting. During the public comment period, the Council will have an opportunity to consider additional adjustments to the budget numbers and narrative sections of the document. Delaying the release is not recommended.

**ATTACHMENTS:**

The attached Tables 1 through 3, Table 14 and Appendix A of the draft budget provide additional detail for the revised funding levels for FY2008 and the proposed budget for FY2009.

**Budget/Expenditure Summary (Table 1)**  
(000's omitted)

	FY06 <u>Budget</u>	FY06 <u>Actual</u>	FY07 <u>Budget</u>	FY07 <u>Estimate</u>	FY08 <u>Budget</u>	FY08 <u>Revised</u>	FY09 <u>Budget</u>	FY10 <u>Projected</u>	FY11 <u>Projected</u>	FY12 <u>Projected</u>	FY13 <u>Projected</u>
Expenditures:											
Personal Services*	\$4,709	\$4,351	\$4,762	\$4,728	\$4,916	\$4,920	\$5,053	\$5,187	\$5,324	\$5,429	\$5,540
Travel	196	186	212	192	222	\$218	218	218	218	218	218
Contracts	303	230	382	352	379	\$355	348	353	353	353	353
Other Operating Expenses	<u>876</u>	<u>947</u>	<u>994</u>	<u>977</u>	<u>988</u>	<u>\$1,012</u>	<u>1,015</u>	<u>1,016</u>	<u>1,029</u>	<u>1,044</u>	<u>1,058</u>
<b>SUBTOTAL</b>	\$6,084	\$5,714	\$6,350	\$6,249	\$6,505	\$6,505	\$6,634	\$6,774	\$6,924	\$7,044	\$7,169
State Budgets	<u>2,616</u>	<u>2,527</u>	<u>2,735</u>	<u>2,735</u>	<u>2,771</u>	<u>2,771</u>	<u>2,833</u>	<u>2,886</u>	<u>2,944</u>	<u>3,008</u>	<u>3,075</u>
<b>TOTAL</b>	<b><u>\$8,700</u></b>	<b><u>\$8,241</u></b>	<b><u>\$9,085</u></b>	<b><u>\$8,984</u></b>	<b><u>\$9,276</u></b>	<b><u>\$9,276</u></b>	<b><u>\$9,467</u></b>	<b><u>\$9,660</u></b>	<b><u>\$9,869</u></b>	<b><u>\$10,052</u></b>	<b><u>\$10,244</u></b>

\* Authorized positions represent full staffing. Underutilization of authorized positions can occur during the fiscal year and result in an under-expenditure in the personal services budget. Also, costs associated with payroll taxes, insurance and benefits can be different than budget projections because of staffing changes and inflationary effects. Some positions are filled on a part-time basis.

**FY 2008 Revised Program Forecast (Table 2)**  
**(000's omitted)**

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
Compensation	\$1,058	\$889	\$499	\$355	\$714	\$3,515
Other Payroll Expenses	423	356	199	142	285	1,405
Travel	64	59	43	21	31	218
Contracts	132	185	0	8	30	355
Other Operating Expenses	75	8	95	8	826	1,012
<b>SUBTOTAL</b>	<b>\$1,752</b>	<b>\$1,497</b>	<b>\$836</b>	<b>\$534</b>	<b>\$1,886</b>	<b>\$6,505</b>
State Budgets:	<u>(000's)</u>					
Idaho	\$675					
Montana	674					
Oregon	683					
Washington	739					
<b>SUBTOTAL</b>	<b>\$2,771</b>					<b>2,771</b>
<b>TOTAL</b>						<b><u><u>\$9,276</u></u></b>

**FY 2009 Program Forecast (Table 3)**  
**(000's omitted)**

	<u>Power Planning</u>	<u>Fish &amp; Wildlife</u>	<u>Public Affairs</u>	<u>Legal</u>	<u>Admin</u>	<u>Total</u>
Compensation	\$1,087	\$911	\$512	\$362	\$739	\$3,611
Other Payroll Expenses	\$435	\$364	\$204	\$144	\$295	\$1,442
Travel	\$64	\$57	\$43	\$21	\$33	\$218
Contracts	\$125	\$185	\$0	\$8	\$30	\$348
Other Operating Expenses	<u>\$75</u>	<u>\$8</u>	<u>\$96</u>	<u>\$8</u>	<u>\$828</u>	<u>\$1,015</u>
SUBTOTAL	\$1,786	\$1,525	\$855	\$543	\$1,925	\$6,634
State Budgets:	<u>(000's)</u>					
Idaho	\$692					
Montana	\$692					
Oregon	\$697					
Washington	<u>\$752</u>					
SUBTOTAL	\$2,833					<u>\$2,833</u>
<b>TOTAL</b>						<b><u><u>\$9,467</u></u></b>

**Fiscal Year 2009  
State Budgets (Table 14)  
(000's omitted)**

	Idaho	Montana	Oregon	Washington	Total
	<u>          </u>				
PERSONNEL					
Salaries	\$377	\$362	\$427	\$462	\$1,628
Taxes, Insurance & Benefits	<u>151</u>	<u>164</u>	<u>162</u>	<u>176</u>	<u>653</u>
<b>SUBTOTAL</b>	<b>\$528</b>	<b>\$526</b>	<b>\$589</b>	<b>\$638</b>	<b>\$2,281</b>
TRAVEL	77	83	56	50	266
CONTRACTS	21	36	0	31	88
OTHER OPERATING EXPENSES	<u>66</u>	<u>47</u>	<u>52</u>	<u>33</u>	<u>198</u>
<b>TOTAL</b>	<b><u><u>\$692</u></u></b>	<b><u><u>\$692</u></u></b>	<b><u><u>\$697</u></u></b>	<b><u><u>\$752</u></u></b>	<b><u><u>\$2,833</u></u></b>

## APPENDIX A. FISCAL YEAR 2008 REVISIONS

(000's omitted)

	BUDGET	REVISION	CHANGE
Compensation	\$3,512	\$3,515	\$3
Other Payroll Expenses	<u>1,404</u>	<u>1,405</u>	<u>1</u>
Total Compensation/Payroll	\$4,916	\$4,920	\$4
Travel	222	218	(4)
Contracts	379	355	(24)
Other Operating Expenses	<u>988</u>	<u>1,012</u>	<u>24</u>
Total Travel/Contract/Other	\$1,589	\$1,585	(\$4)
Idaho	\$675	\$675	\$0
Montana	674	\$674	0
Oregon	683	\$683	0
Washington	<u>739</u>	<u>\$739</u>	<u>0</u>
Total States	<u>2,771</u>	<u>2,771</u>	<u>0</u>
<b>TOTAL</b>	<b><u>9,276</u></b>	<b><u>9,276</u></b>	<b><u>\$0</u></b>