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Oregon

Joan M. Dukes
Oregon

June 30, 2011

DECISION MEMORANDUM

TO: Council members

FROM: Sharon Ossmann

SUBJECT: Decision to adopt Fiscal Year 2013 and Fiscal Year 2012 Revised budget

PROPOSED ACTION:

Staff is recommending that the Council approve adoption of its draft Fiscal Year 2013 and Fiscal Year 2012 Revised budget. Staff also recommends that the Council authorize reprogramming of available Fiscal Year 2011 funds for unanticipated Fiscal Year 2011 costs such as personnel actions and increased operating costs.

SIGNIFICANCE:

As part of its annual budget development process, the Council provided a 49-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 12 and June 30, 2011. We received one oral comment at the Whitefish, Montana meeting. As of June 30, no written comments had been received. If comments are received by the deadline of 5 p.m. today, I will report to you by e-mail and then discuss the comments with you at the meeting.

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. 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 2008, the Council entered into an agreement with Bonneville to hold the budget at reduced levels for the fiscal years 2010-2012 rate case period. The Fiscal Year 2012 Revised budget is \$10,142,000, an amount under the level proposed in that agreement. This year the Council and Bonneville proposed a new budget agreement for the 2013-2015 period. The projected FY2013 budget per that pending agreement is \$10,355,000. These levels of funding are below the maximum firm sales forecast cap as defined by the Act.

ANALYSIS:

The Council's FY2012 revised budget of \$10,142,000 is \$28,000 higher the FY2012 budget level adopted last year. This budget reflects an increase of \$251,000 (2.5%) from the FY2011 current operating budget. The increase represents inflationary increases in the cost of personal services and benefits.

The proposed FY2013 budget of \$10,355,000 is \$213,000 (2.1%) higher than the revised FY2012 budget. This increase reflects the anticipated increase in personal services and benefits costs.

ALTERNATIVES:

1. Adopt the draft Fiscal Year 2013 and Fiscal Year 2012 Revised budgets. This is the recommended action.
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.

ATTACHMENTS:

The draft Fiscal Year 2013 Budget and Fiscal Year 2012 Revisions document number 2011-05.