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July 2, 2024

DECISION MEMORANDUM

TO: Council members

FROM: Sandra Hirotsu
Administrative Division Director

SUBJECT: Decision to adopt Fiscal Year 2026 and Fiscal Year 2025 Revised budget

PROPOSED ACTION: Staff recommends the Council adopt the Fiscal Year 2026 and Fiscal Year 2025 revised budget as proposed in this memo. Staff also recommends that the Council authorize reprogramming of available Fiscal Year 2024 funds for unanticipated Fiscal Year 2024 costs.

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 a public comment period and consideration of comments received on the draft budget, the Council adopts a final budget in July or August of each fiscal year and forwards the final budget to Bonneville for inclusion in its budget transmittal to Congress.

BUDGETARY/ECONOMIC IMPACTS

The draft budget released for public comment in May proposed a Fiscal Year 2025 revised budget of \$12,371,584 and a Fiscal Year 2026 budget of \$12,818,424.

The Fiscal Year 2025 revised budget and the Fiscal Year 2026 projected budget exceed the limit set in the Northwest Power Act on the amount Bonneville may provide for the

Council's operating budget based on Bonneville's projection of firm power sales for the fiscal years. The Council anticipates using savings from spending below its budget in Fiscal Year 2022 and Fiscal Year 2023 to cover expenditures above that threshold.

BACKGROUND

The Council has operated over the last 44 years under a statutory funding provision that is tied directly to Bonneville's forecast kwh of firm power sales, and which does not allow for consideration of inflation. Over the last twenty years, the Council's budget has grown on average at or less than the rate of inflation. And, even with the incremental growth in its budget, the Council has been conservative in its spending and has consistently underspent its budget.

In May 2024, the Council released a draft budget document for a 43-day public comment period including an opportunity to provide oral comments at the Council's June meeting.

The Council did not receive any comments on the draft budget for Fiscal Years 2025 and 2026.

STAFF RECOMMENDATION

1. Staff recommends adopting the Fiscal Year 2025 revised budget of \$12,371,584—a reduction of approximately \$353,000 from the budget adopted last year for Fiscal Year 2025. The Council will utilize savings from previous fiscal years to cover any expenditures in Fiscal Year 2025 above Bonneville's funding limit as set forth in the Northwest Power Act.
2. Staff recommends adopting the Fiscal year 2026 budget of \$12,818,424—a reduction of approximately \$ 201,000 from last year's projection for Fiscal Year 2026. The Council will utilize savings from previous fiscal years to cover any expenditures in Fiscal Year 2026 above Bonneville's funding limit as set forth in the Northwest Power Act.
3. Staff recommends the Council authorize reprogramming of available Fiscal Year 2024 funds for unanticipated Fiscal Year 2024 costs.