



PRESIDENT'S PREROGATIVE

TO: IEDA Board
FROM: Glen Vortherms
RE: IEDA Budget Formulation
DATE: November 1, 2024

The President's Prerogative is an initiative to attempt to educate members and increase engagement. We will take time to discuss issues to enhance participation, improve knowledge exchange and enhance IEDA operations.

History

One of the first actions taken by IEDA, Inc. was the development of a new process to develop the budget for calculating dues. Previously, IEDA had members and associate members. IEDA members carried the majority of the burden of the budget and associate members paid approximately half the price and received most of the benefits (except for voting). While IEDA's new bylaws include the option for being an associate member, applying this approach has been discouraged to eliminate this as a method to pay less for association benefits.

The existing dues formula is based on an allocation of costs based on time. For example, power related activities are estimated to take 47.7% of the executive director's time, and therefore are allocated 47.7% of the salary and related benefits. Water is estimated at 17.9%, state and federal lobbying are both at 11.9%, and customer service (member meetings, office work) is estimated at 10.6%.

The power dues are a function of total load and federal hydropower allocation. Since IEDA's primary purpose has been to defend and protect its federal hydropower resources, it was given an 80% share of the power dues. Total load was specified as the remaining 20%. Due to drought and conservation

methods have been implemented, the amount of hydropower from the river has reduced, begging the question, should hydropower be such a large percentage of the power dues?

Water is split 50/50 regarding total volume and revenue. This is an attempt to balance the cost of the water with the amount of the water, which can be highly variable amongst the different members. Legal has been assigned to this category based on the previous lawsuit IEDA was engaged in when the transition occurred.

Consulting has been assigned per relevant items, with KRS going towards the power costs and B3 Strategies being split 75/25 for state and federal lobbying (per their request). The previously labeled contingency is now miscellaneous and is used for office expenses, accounting and website primarily. Miscellaneous costs are also distributed based on the same percentages based on time estimates.

Are there any questions about the current dues' formula?

Post-2025 Discussion

As the Post-2026 alternatives are being formulated on the Colorado River, it seems prudent to revisit the dues formula during 2025 for possible modification and implementation in the 2026 budget.

A set of questions are included below to stimulate discussion and begin crafting the possible modifications for 2026.

Options

1. Should the percentage of power costs be adjusted to reduce the reliance on hydropower? If so, what should the new percentage be?
2. Are there modifications you would like to see to the water dues formula?
3. IEDA's minimum dues amount has been \$2,500 for quite some time. Should the minimum amount be increased to adjust for inflation?
4. Certain members' dues have been applied to buy down the cost of categories outside of the dues' formula, because if included, they would skew the

amounts. Others included in the formula paid more than some much larger members. Should a cap be placed on larger sized districts to avoid skewing the dues? A cap of \$35K would be a likely starting point for this type of large member cap given history and current budget.

5. Should the budget be adjusted to reflect ideas not presented or contemplated so far? If so, what?

6. Other ideas or questions?