



**Preliminary Shared Administrative and General Costs
Budgeted for Fiscal Year 2026-2027**

**Reviewed by:
Finance Committee
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Municipal Energy Agency of Nebraska
Preliminary Shared Administrative and General Costs Budgeted for
Fiscal Year 2026-2027

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**Municipal Energy Agency of Nebraska
Preliminary Shared Administrative and General Costs
Budget Process and Summary Narrative
Fiscal Year 2026-2027**

Administrative and General Budget Process

The administrative and general (A&G) budget is prepared annually based on strategic focus areas identified by the management team of NMPP Energy. In September, accounting staff compiles historical data and populates budget templates based on information available. The management team holds a strategic planning session to review short-term and long-term plans across the four companies of NMPP Energy. Department directors then prepare budgets during September and October based on anticipated projects and needs resulting from the strategic focus areas discussed. The strategic focus areas identified continue to stem from the technical complexity of the industry including the evolving energy markets.

Nebraska Municipal Power Pool (NMPP), Municipal Energy Agency of Nebraska (MEAN), National Public Gas Agency (NPGA) and Public Alliance for Community Energy (ACE) have entered into an agreement establishing a Joint Operating Committee (JOC) due in part to the companies sharing common staff all of which reside under NMPP. By combining and sharing staff and resources each company benefits by being able to perform obligations and responsibilities efficiently and at a lesser cost.

Duties of the JOC as detailed in the Joint Operating Committee Agreement include the following:

- Review, prior to the respective annual meetings, the annual payroll and benefits and other shared administrative costs budgeted for each of the Parties (NMPP, MEAN, NPGA and/or ACE).
- Determine the allocation of payroll and benefits and other shared administrative and general costs to be used as the basis for reimbursement for services rendered or resources utilized by a Party.
- Approve the appropriate compensation structure and benefits of employees of NMPP.

The JOC meets in November and receives a detailed proposed A&G budget packet. The packet, along with additional discussion and presentation at the meeting, assists the JOC in fulfilling the duties noted.

The Fiscal Year is April 1 to March 31. Throughout the packet, Proposed Budget refers to Fiscal Year 2026-2027 and Current Budget refers to Fiscal Year 2025-2026.

MEAN Administrative and General

A&G costs include payroll and benefits and other A&G expenses. Other A&G expenses consist of direct costs and shared costs. NMPP Energy attempts to assign costs whenever possible to the specific company the cost is associated with. Direct other A&G costs include the A&G expenses that are specific to the business operating needs of each individual company. The costs incurred are generally attributable to invoices and/or contracts with vendors relating to a cost incurred by the specific company. MEAN's direct other A&G is not a part of this meeting. The December Finance Committee meeting will include review of MEAN's direct other A&G.

This meeting focuses on overall payroll and benefits and the allocation of shared costs. Information is also provided for shared costs and related recovery. MEAN recovers a portion of the shared costs through rent charged to the other NMPP Energy companies.

Municipal Energy Agency of Nebraska
Preliminary Shared Administrative and General Costs
Payroll and Benefits Narrative
Fiscal Year 2026-2027

Payroll and Benefits

Payroll and benefits consist of gross wages, employer payroll taxes and costs of benefits provided by NMPP to each employee. As noted, one of the duties of the JOC is to approve the appropriate compensation structure and benefits of employees of NMPP. The annual review and approval for any changes in compensation structure and benefits is part of the November JOC meeting. There is no change in compensation structure or benefits offered in the Proposed Budget.

The budgeted increase related to anticipated performance/merit pay adjustments is 4.64% in the Proposed Budget (Current Budget was 5.10%). The Proposed Budget also reflects estimated costs for benefit renewals for calendar 2026 and 2027. Depending on the timing of information on benefit renewals, the amount presented at the November JOC meeting may differ from amounts included here.

The benefits category includes NMPP's cost of dental plan premiums, life and accidental death and dismemberment (AD&D) coverage and disability insurance premiums. Medical care includes both health plan premiums and NMPP contributions to employee Health Savings Accounts (HSAs).

The following is a summary of NMPP Energy's payroll and benefits budget:

NMPP Energy				
	Proposed	Current	vs. Current	
Payroll & Benefits	Budget	Budget	\$ +/-	% +/-
Gross Wages	\$ 7,000,865	\$ 6,885,058	\$ 115,807	2%
Payroll Taxes	493,611	486,508	7,103	1%
401k Match	620,354	569,857	50,497	9%
Benefits	124,303	121,961	2,342	2%
Medical Care	1,659,606	1,609,312	50,294	3%
Total	\$ 9,898,739	\$ 9,672,696	\$ 226,043	2%

Budgeted Positions

As part of the budget process, the NMPP Energy management team discussed whether changes in the operations of each of the underlying companies resulted in changes in roles or responsibilities of current positions or resulted in a need for additional personnel. No additional personnel were identified for NPGA or ACE.

The budget assumes all positions will be filled each day of the fiscal year unless otherwise noted. This assumption is the primary reason for significant actual vs. budget variances as the actual timing of when budgeted positions are filled do not always match the budgeted timing.

Total budgeted full-time equivalent positions for all NMPP Energy companies are 53.0 in the Proposed Budget compared to 53.0 in the Current Budget and 50.0 in the Fiscal Year 2024-2025 budget.

Cost Allocations

Under the methodology approved by the JOC, payroll and benefits expenses are allocated to NPGA and ACE based on the estimated market payroll and benefits expenses each Party would incur if each company employed their own independent staff. Annual payroll and benefits costs for NPGA and ACE are established during the JOC budget process based on the hypothetical estimates of payroll and benefits expenses. The total budgeted payroll and benefits costs net of the established amounts for NPGA and ACE are allocated to MEAN. The allocation of payroll and benefits expenses is reviewed and recommended by the JOC annually.

Under the allocation methodology approved by the JOC, the payroll and benefits paid by NPGA and ACE are fixed annually unless a business change occurs during the year requiring a change in personnel or a change occurs to the underlying compensation and benefits assumptions. As a result, MEAN bears the risk and reward related to over or under spending in payroll and benefits, unless the variance is related to a business change for NPGA or ACE.

Municipal Energy Agency of Nebraska
Preliminary Shared Administrative and General Costs
Payroll and Benefits Narrative
Fiscal Year 2026-2027

The following table summarizes the budgeted payroll and benefits cost by company.

Payroll and Benefits						
	Proposed Budget		Current Budget		vs. Current	
	Amount	% of Total	Amount	% of Total	\$ +/-	% +/-
MEAN	\$ 8,947,339	90%	\$ 8,765,196	90%	\$ 182,143	2%
NPGA	487,800	5%	465,600	5%	22,200	5%
ACE	463,600	5%	441,900	5%	21,700	5%
Total	\$ 9,898,739	100%	\$ 9,672,696	100%	\$ 226,043	2%

NMPP Energy
Administrative and General Costs
Other Shared Expenses Narrative
Fiscal Year 2026-2027

Other Shared Expenses

For ease of analysis, NMPP Energy breaks other A&G expenses into the following categories: internal office, member, and consultants and outside services. See the *NMPP Energy - Other Shared Expenses* report for detail of costs by line item.

Internal Office

The internal office category includes costs of maintaining an office including necessary office equipment, insurance, and employee related costs such as conferences and training, travel costs, etc. The following table provides a summary comparison of total internal office expenses.

NMPP Energy				
	Proposed Budget	Current Budget	vs. Current	
			\$ +/-	% +/-
Internal Office	\$ 433,574	\$ 458,500	\$ (24,926)	-5%

- **Conferences and Training** – the budget includes planned attendance at conferences and employee specific training plans that are not unique to an individual company. Increase results from changes in planned activity.
- **Dues and Subscriptions** – consists of costs for belonging to various professional and trade organizations and subscriptions related to various services such as newspapers, periodicals, and other services. Decrease is a reclass of a salary survey from subscriptions to consultants and outside services after further review of the service.
- **Equipment Lease and Maintenance** – consists of office equipment such as copiers, audio/visual, and technology related costs. The decrease relates to completion of the furnishings and audio/visual in an additional conference room and a firewall replacement project during the current fiscal year. These decreases are offset in part by the proposed purchase of mobile conference equipment to provide better audio for offsite meetings and events.
- **Insurance** – joint insurance packages are purchased to manage risks of the companies. The renewal periods for some policies occur after the budget process is completed resulting in variances between actuals and budget. The decrease in joint insurance costs relates to lower current premiums compared to what had been expected during last year's budget process, offset in part by normal annual increase.
- **Miscellaneous** – costs consist primarily of staff related events and employment advertising. The increase is due to a reallocation of staff appreciation dollars from the employee wellness program which is in consultants and outside services – other.
- **Office Supplies** – office supplies include standard office products such as paper as well as larger items such as chairs. The decrease relates to continued effort to move to electronic processes and recordkeeping.
- **Postage** – the overall postage budget continues to decrease as more items are being delivered electronically.
- **Telecommunications** – includes costs for remote conferencing, conference calling, phone, internet, and phone system maintenance. Increase is based on review of recent actuals.
- **Travel, Lodging and Meals** – budget includes costs for all staff meals, employee specific planned training and travel plans that are not unique to an individual company. Increase results from changes in planned activity.

**NMPP Energy
Administrative and General Costs
Other Shared Expenses Narrative
Fiscal Year 2026-2027**

Member

The member category includes costs related to collective advertising and JOC meetings. The following table provides a summary comparison of total shared member expenses.

NMPP Energy				
	Proposed Budget	Current Budget	vs. Current	
			\$ +/-	% +/-
Member	\$ 8,375	\$ 7,650	\$ 725	9%

- **Advertising – Corporate Image** – costs include promotional items for NMPP Energy and collective advertising. Increase results from changes in planned activity.
- **Board and Committee Meetings - JOC** – meeting costs are expected to increase based on recent actuals. These costs are split evenly between ACE, NPGA and MEAN.

Consultants and Outside Services

Consultants and outside services include contracted consultants, costs related to outside services provided to the companies, and software costs. The following table provides a summary comparison of total shared consultants and outside services expenses.

NMPP Energy				
	Proposed Budget	Current Budget	vs. Current	
			\$ +/-	% +/-
Consultants and Outside Services	\$ 365,379	\$ 319,117	\$ 46,262	14%

- **Legal** – the shared cost is a retainer that has been entered into with a firm for employment related matters.
- **Other** – includes various consultant and outside service projects that don't fall within other identified categories. The following table details other consultants and outside services by department:

Other Consultants and Outside Services				
Department	Proposed Budget	Current Budget	vs. Current	
			\$ +/-	% +/-
Corporate Services	\$ 3,900	\$ 3,600	\$ 300	8%
Human Resources & Support Services	46,200	41,450	4,750	11%
Digital Solutions Group	55,125	50,625	4,500	9%
Total	\$ 105,225	\$ 95,675	\$ 9,550	10%

- **Corporate Services** – newspaper clipping services and business card printing.
- **Human Resources & Support Services** - payroll administration, applicant tracking and background checks, miscellaneous surveys, employee wellness program, and cyclical consulting regarding employee compensation and benefits. The increase relates to a reclassification of a salary survey from dues and subscriptions and other fluctuations based on recent actuals.
- **Digital Solutions Group** – web service for contract software, computer recycling, server and database hosting services, network support and project assistance, digital certificates and domain renewals, and website hosting and maintenance. Projects are cyclical which result in variances year to year.
- **Software Licenses, Maintenance, and Support** – consists of costs for software products and licensing. Due to accounting standards, MEAN also records software costs related to the company wide document management system and accounting software as amortization expense. The Proposed Budget includes approximately \$66,000 of amortization expense compared to \$46,000 in the Current Budget. Costs will fluctuate between A&G and amortization expense depending on the term of the contract. In total, software costs have increased due to higher licensing fees and a data warehouse project impacting all organizations.

**NMPP Energy
Administrative and General Costs
Other Shared Expenses
Fiscal Year 2026-2027**

NMPP Energy Total Shared				
	Proposed Budget	Current Budget	Proposed vs. Current	
			\$ +/-	% +/-
Internal Office				
Conferences and training	\$ 23,800	\$ 23,175	\$ 625	3%
Dues and subscriptions	13,723	16,568	(2,845)	-17%
Equipment lease and maintenance	102,933	109,570	(6,637)	-6%
Insurance	170,651	196,175	(25,524)	-13%
Miscellaneous	20,500	18,750	1,750	9%
Office supplies	10,000	11,300	(1,300)	-12%
Postage	6,000	7,000	(1,000)	-14%
Telecommunications	63,320	54,560	8,760	16%
Travel, lodging and meals	22,647	21,402	1,245	6%
Total internal office	<u>433,574</u>	<u>458,500</u>	<u>(24,926)</u>	<u>-5%</u>
Member				
Advertising - corporate image	3,950	3,450	500	14%
Board and committee meetings - JOC	4,425	4,200	225	5%
Total member	<u>8,375</u>	<u>7,650</u>	<u>725</u>	<u>9%</u>
Consultants and Outside Services				
Legal	2,600	2,600	-	0%
Other	105,225	95,675	9,550	10%
Software licenses, maint., support	257,554	220,842	36,712	17%
Total consultants and outside services	<u>365,379</u>	<u>319,117</u>	<u>46,262</u>	<u>14%</u>
Total other shared administrative and general, net	<u>\$ 807,328</u>	<u>\$ 785,267</u>	<u>\$ 22,061</u>	<u>3%</u>

**NMPP Energy
Administrative and General Costs
Shared Capital Plan Narrative
Fiscal Year 2026-2027**

Shared Capital Plan

Items are expensed or capitalized based on the capitalization policy (items individually exceeding \$10,000 and having an expected useful life of more than one year). Timing of capital items may vary from budget due to several factors. At the time the budget is prepared, costs may be based on early estimates of identified needs. These estimates may not include actual quotes or bids from potential vendors. The timing of projects is often dependent on the workload of staff and may be started early or delayed.

The proposed NMPP Energy capital budget is presented for building and technology infrastructure related items utilized by all NMPP Energy companies. The December Finance Committee meeting will include review of the MEAN specific items. Staff estimates costs for anticipated capital purchases and additions for an additional five fiscal years to present a preliminary multi-year capital plan. Costs and timing noted in preliminary fiscal years are based on costs for recent projects or purchases and the estimated useful lives. These projects may not necessarily occur in the year presented and are subject to future review by the JOC and approval by the respective company Board of Directors. If applicable, the Current Budget includes items that were carried forward from prior years due to timing delays.

See the *NMPP Energy – Shared Capital Plan* report for more detail.

The Proposed Budget includes the following items:

- **Heat Pump Replacements** – due to the age of the Glynoaks building, there have been ongoing maintenance issues with the heat pumps. Staff is working with outside vendors to develop a plan for replacement. The tentative plan is to replace in phases over multiple years as shown on the report.
- **Jace Controller for Heat Pumps/Honeywell WEBs Server** – the Proposed Budget also includes \$15,000 to replace the overall control unit for the heat pump system controls which must be replaced periodically.

**NMPP Energy
Administrative and General Costs
Shared Capital Plan
Fiscal Year 2026-2027**

	Last Purchased	Useful Life in Years	Current Budget	Projected Fiscal Year	Proposed Budget	Preliminary Budget				
			2025-2026	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
MEAN Shared Capital										
Executive										
Building Renovation										
Conference Room - Top of Stairs	N/A	20	60,000	40,535	-	-	-	-	-	-
Building Equipment										
Heat Pump Replacements	12-13	15	-	-	75,000	77,000	80,000	100,000	35,000	-
Jace Controller for Heat Pump/Honeywell WEBs Server	Sept 2018	5	-	-	15,000	-	-	-	-	-
Window Shades	12-13	10	-	-	-	-	-	26,000	-	-
Aqua Systems	12-13	15	-	-	-	-	-	10,000	-	-
Air Conditioning Unit for Server Room	12-13	15	-	-	-	37,000	-	-	-	-
Digital Solutions Group										
Board Room and Mobile Conference Equipment										
Projectors	19-20	10	-	-	-	-	-	29,000	-	-
Sound System	20-21	10	-	-	-	-	-	-	21,000	-
Cameras and Video Display	20-21	10	-	-	-	-	-	-	20,000	-
IT Infrastructure										
Building Camera System	12-13	10	-	-	-	20,000	-	-	-	-
Backup and Recovery Appliances	20-21	5	-	-	-	15,000	-	-	-	-
Switches-Corporate Network and MEAN SCADA	17-18 through 20-21	5	-	-	-	60,000	-	-	-	-
Firewall Update-Corporate Network and MEAN SCADA	20-21	5	24,000	19,206	-	-	-	-	25,000	-
SAN (Storage Area Network Server) Refresh	22-23	5	-	-	-	40,000	-	-	-	-
VM Hosts Refresh	22-23	5	-	-	-	43,000	-	-	-	-
Total MEAN Shared Capital			\$ 84,000	\$ 59,741	\$ 90,000	\$ 292,000	\$ 80,000	\$ 165,000	\$ 101,000	\$ -

NOTE: Only the estimated costs for each project are noted. Additional related operating expenses may also be incurred and will be included in the A&G budget.
Staff continues to research various systems and components of the building as we've passed 10 years since construction.
Report may include items approved for purchase in the current and prior years. Various factors impact the actual time period in which the purchase is made.

NMPP Energy
Administrative and General Costs
Building and Equipment Rent Narrative
Fiscal Year 2026-2027

Building and Equipment Rent

Shared Costs

Shared costs that are considered in the rent calculation include costs for products and services that are shared by all of the companies. Resources utilized include non-personnel charges such as conferences and training not unique to an individual company and related travel costs, dues and subscriptions, leased and non-capitalized equipment and related maintenance, joint insurance, miscellaneous, office supplies, postage, telecommunications, travel that is not company specific, collective advertising, shared legal costs, joint consultants and outside services, and software licenses. See the *Other Shared Expenses* report for detail of costs by line item. Although each company may benefit from the shared products and services, if each Party operated independently, each product and service may be required at a higher or lower level than the amount purchased collectively. Shared costs are reviewed and considered annually by the JOC when establishing rent paid to MEAN.

Allocation

Use of space in the building, use of operating equipment, use of technology and shared products and services is allocated to NPGA and ACE based on the estimated market expenses each Party would incur if each company operated independently. The allocated cost is reimbursed to MEAN as rent paid. Determining the amount of rent paid to MEAN is included in the JOC duty to determine the basis for reimbursement for resources utilized and is considered annually during the November JOC meeting.

As part of the budget process, the shared costs are reviewed for any significant changes that would result in a change to rent other than the standard annual rate of 2%. Upon review of the shared costs, no significant items were identified that would result in modifications to the rent amount. Therefore, the rent charges for NPGA and ACE were each increased by 2% as shown in the table below.

Building and Equipment Rent Paid to MEAN				
	Proposed	Current	vs. Current	
	Budget	Budget	\$ +/-	% +/-
NPGA	\$ 84,500	\$ 82,824	\$ 1,676	2%
ACE	94,900	93,024	1,876	2%
Total Rent Paid to MEAN	\$ 179,400	\$ 175,848	\$ 3,552	2%

NMPP Energy
Administrative and General Costs
Nebraska Municipal Power Pool Budget and Services Reimbursement
Fiscal Year 2025-2026

Nebraska Municipal Power Pool (NMPP) Budget				
	Proposed Budget	Current Budget	Proposed vs. Current	
			\$ +/-	% +/-
Revenues and Other Support				
Champions dues	\$ 12,500	\$ 15,500	\$ (3,000)	-19%
Investment return	-	80	(80)	-100%
Event sponsorships and registrations	51,100	40,000	11,100	28%
Payroll and benefits reimbursement	9,898,739	9,672,696	226,043	2%
Services reimbursement	28,655	21,475	7,180	33%
Total revenues and other support	9,990,994	9,749,751	241,243	2%
Operating Expenses				
Payroll and benefits	9,898,739	9,672,696	226,043	2%
Member				
Annual conference	51,100	40,000	11,100	28%
Board meetings	-	200	(200)	-100%
Total member	51,100	40,200	10,900	27%
Consultants and Outside Services				
Audit and consulting	13,125	12,525	600	5%
Legal	1,030	30	1,000	3333%
Lobbying	25,000	24,200	800	3%
Other	2,000	100	1,900	1900%
Total consultants and outside services	41,155	36,855	4,300	12%
Total operating expenses	9,990,994	9,749,751	241,243	2%
Change in Net Assets	\$ -	\$ -	\$ -	0%

Services Reimbursement					
Company	% of Total Payroll	Proposed Budget	Current Budget	Proposed vs. Current	
				\$ +/-	% +/-
MEAN	90%	\$ 25,789	\$ 19,327	\$ 6,462	33%
NPGA	5%	1,433	1,074	359	33%
ACE	5%	1,433	1,074	359	33%
Total Services Reimbursement to NMPP		\$ 28,655	\$ 21,475	\$ 7,180	33%

NMPP Budget and Services Reimbursement Narrative

NMPP costs not covered by NMPP revenues are allocated to MEAN, NPGA, and ACE based on each company's share of total budgeted payroll and benefits. Variances from budget will result in an annual true-up each fiscal year end.