



**Preliminary Shared Administrative and General Costs
Budgeted for Fiscal Year 2027-2028**

**Reviewed by:
Finance Committee
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Municipal Energy Agency of Nebraska
Preliminary Shared Administrative and General Costs Budgeted for
Fiscal Year 2027-2028

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**Municipal Energy Agency of Nebraska
Preliminary Shared Administrative and General Costs
Budget Process and Summary Narrative
Fiscal Year 2027-2028**

Administrative and General Budget Process

The administrative and general (A&G) budget is prepared annually based on strategic focus areas identified by the leadership team of NMPP Energy. In September, accounting staff compiles historical data and populates budget templates based on information available. The leadership 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 fulfil 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 2027-2028 and Current Budget refers to Fiscal Year 2026-2027.

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 2027-2028

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 4.80% in the Proposed Budget (Current Budget was 4.64%). The Proposed Budget also reflects estimated costs for benefit renewals for calendar 2027 and 2028. As actual benefit renewals have not yet been received, 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	\$ 7,274,613	\$ 7,000,865	\$ 273,748	4%
Payroll Taxes	513,305	497,779	15,526	3%
401k Match	644,540	620,354	24,186	4%
Benefits	130,831	126,910	3,921	3%
Medical Care	1,751,670	1,558,554	193,116	12%
Tuition Reimbursement	4,000	-	4,000	N/A
Total	\$ 10,318,959	\$ 9,804,462	\$ 514,497	5%

Budgeted Positions

As part of the budget process, the NMPP Energy leadership 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. However, additional workload for NPGA resulted in an increase in costs allocated to NPGA for current staff.

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 54.0 in the Proposed Budget compared to 53.0 in the Current Budget and 53.0 in the Fiscal Year 2025-2026 budget.

The following needs have been identified and are included in the budget:

- **Services Coordinator** - will coordinate member services, training programs, events and other educational opportunities while helping promote new and ongoing services to members. The position will establish project timelines and responsibilities, coordinate with members and vendors, manage communications and logistics, and document program outcomes. This position will provide dedicated coordination and follow-through to support the successful delivery of MEAN's services and programs.
- **Project Coordinator** - this position coordinates and maintains project management activities across the organization, including project tracking, scheduling, stage-gate reviews, and follow-up on outstanding tasks. It supports the onboarding and ongoing delivery of MEAN's managed IT and cybersecurity services to participating communities, including reporting, training, and customer service coordination. The position also provides project coordination and technical support across departments and assists with community meetings to educate members about available services.

Municipal Energy Agency of Nebraska
Preliminary Shared Administrative and General Costs
Payroll and Benefits Narrative
Fiscal Year 2027-2028

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.

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	\$ 9,307,459	90%	\$ 8,858,462	90%	\$ 448,997	5%
NPGA	523,800	5%	485,400	5%	38,400	8%
ACE	487,700	5%	460,600	5%	27,100	6%
Total	\$ 10,318,959	100%	\$ 9,804,462	100%	\$ 514,497	5%

**NMPP Energy
Administrative and General Costs
Other Shared Expenses Narrative
Fiscal Year 2027-2028**

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 additional details 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	\$ 404,185	\$ 434,259	\$ (30,074)	-7%

- **Conferences and Training** – the budget includes planned attendance at conferences and employee specific training plans that are not unique to an individual company. Decrease 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. Increase is a result of expected annual increases in existing memberships and subscriptions.
- **Equipment Lease and Maintenance** – consists of office equipment such as copiers, audio/visual, and technology related costs. The Current Budget was higher than normal due to expected one-time purchase of mobile audio-visual equipment and furnishings for the new conference room. During the current year, reconfiguring off-site meeting rooms and other adjustments eliminated the need for the mobile audio-visual equipment.
- **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 general increase in costs and consolidation of all programs into one line. Previously, a portion of the costs were included 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. Decrease results from changes in planned activity.

**NMPP Energy
Administrative and General Costs
Other Shared Expenses Narrative
Fiscal Year 2027-2028**

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	\$ 8,950	\$ 8,375	\$ 575	7%

- **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** – 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	\$ 382,820	\$ 365,629	\$ 17,191	5%

- **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	\$ 3,900	\$ -	0%
Human Resources & Support Services	70,725	46,450	24,275	52%
Digital Solutions Group	55,125	55,125	-	0%
Total	\$ 129,750	\$ 105,475	\$ 24,275	23%

- **Corporate Services** – newspaper clipping services and business card printing.
- **Human Resources & Support Services** – payroll administration, applicant tracking and background checks, miscellaneous surveys, and cyclical consulting regarding employee compensation and benefits. Most of the increase relates to the compensation study which is completed every five years.
- **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.
- **Software Licenses, Maintenance, and Support** – consists of costs for software products and licensing. In total, software costs have decreased due to the completion of various cyclical software upgrades and licensing. The decrease is offset in part by normal annual increases in licensing fees and product costs and the impact of accounting standards. Accounting standards require software agreements to be analyzed and split between administrative and general expenses (A&G) and amortization expense. In general, multi-year agreements are reflected as amortization expense. Due to agreements converting to year-to-year, the Proposed Budget includes approximately \$26,000 of amortization expense compared to \$66,000 in the Current Budget. This increase in software costs reported in A&G is offset by a reduction in amortization expense.

**NMPP Energy
Administrative and General Costs
Other Shared Expenses
Fiscal Year 2027-2028**

NMPP Energy Total Shared				
	Proposed Budget	Current Budget	Proposed vs. Current	
			\$ +/-	% +/-
Internal Office				
Conferences and training	\$ 23,018	\$ 24,775	\$ (1,757)	-7%
Dues and subscriptions	14,477	13,473	1,004	7%
Equipment lease and maintenance	70,155	102,933	(32,778)	-32%
Insurance	168,253	170,651	(2,398)	-1%
Miscellaneous	29,200	20,500	8,700	42%
Office supplies	8,660	10,000	(1,340)	-13%
Postage	4,000	6,000	(2,000)	-33%
Telecommunications	64,150	63,320	830	1%
Travel, lodging and meals	22,272	22,607	(335)	-1%
Total internal office	<u>404,185</u>	<u>434,259</u>	<u>(30,074)</u>	<u>-7%</u>
Member				
Advertising - corporate image	4,525	3,950	575	15%
Board and committee meetings - JOC	4,425	4,425	-	0%
Total member	<u>8,950</u>	<u>8,375</u>	<u>575</u>	<u>7%</u>
Consultants and Outside Services				
Legal	2,600	2,600	-	0%
Other	129,750	105,475	24,275	23%
Software licenses, maint., support	250,470	257,554	(7,084)	-3%
Total consultants and outside services	<u>382,820</u>	<u>365,629</u>	<u>17,191</u>	<u>5%</u>
Total other shared administrative and general	<u>\$ 795,955</u>	<u>\$ 808,263</u>	<u>\$ (12,308)</u>	<u>-2%</u>

**NMPP Energy
Administrative and General Costs
Shared Capital Plan Narrative
Fiscal Year 2027-2028**

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:

- **Building – Renewals and Replacements** – the Proposed Budget includes \$510,000 for building related capital projects. The building was built in 2012. A property management company is being utilized for analysis, repairs, and project management. A comprehensive plan to review and maintain the building has been developed. The items scheduled for 2027-2028 include the following:
 - Complete Water Source Heat Pump (WSHP) Replacement – all 20 Units estimated at \$425,000. Planning budget includes approximately \$18,000 per 2.5-ton unit with typical ceiling demo/reinstall.
 - Building Management System (BMS)/Energy Management System (EMS) Upgrade – part of WSHP replacement project estimated at \$85,000.
- **Backup Batteries Replacement (20kVA UPS)** – the Proposed Budget includes \$40,500 for this project to replace the existing backup batteries within the IT infrastructure which are obsolete.

NMPP Energy
Administrative and General Costs
Shared Capital Plan

Internal Document - May Contain Proprietary and/or Confidential Information
Fiscal Year 2027-2028

	Last Purchased	Useful Life in Years	Current Budget	Proposed Budget	Preliminary Budget				
			2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033
MEAN Shared Capital									
Executive Building									
Renewals/Replacements	Building Built 2012	Varies	\$ 90,000	\$ 510,000	\$ -	\$ -	\$ 35,000	\$ 110,000	\$ 22,500
Digital Solutions Group Board Room									
Projectors	19-20	10	-	-	-	29,000	-	-	-
Sound System	20-21	10	-	-	-	-	21,000	-	-
Cameras and Video Display	20-21	10	-	-	-	-	20,000	-	-
IT Infrastructure									
Backup Batteries Replacement (20kVA UPS)	12-13	15		40,500	-	-	-	-	-
Switches-Corporate Network and MEAN SCADA	17-18 through 20-21	5	-	-	75,000	-	-	-	-
Firewall Update-Corporate Network and MEAN SCADA	25-26	5	-	-	-	-	25,000	-	-
Storage Area Network (SAN) Server Refresh	22-23	5	-	-	40,000	-	-	-	-
Virtualization Hosts (Corporate)	22-23	5	-	-	53,000	-	-	-	-
Total MEAN Shared			\$ 90,000	\$ 550,500	\$ 168,000	\$ 29,000	\$ 101,000	\$ 110,000	\$ 22,500

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. 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 2027-2028

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 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. Given the age of the building and increasing capital and maintenance costs, the standard annual rate was increased from 2% to 3%. Therefore, the rent charges for NPGA and ACE were each increased by 3% as shown in the table below.

Building and Equipment Rent Paid to MEAN				
	Proposed Budget	Current Budget	vs. Current	
			\$ +/-	% +/-
NPGA	\$ 87,000	\$ 84,500	\$ 2,500	3%
ACE	97,700	94,900	2,800	3%
Total Rent Paid to MEAN	\$ 184,700	\$ 179,400	\$ 5,300	3%

**NMPP Energy
Administrative and General Costs
Nebraska Municipal Power Pool Budget and Services Reimbursement
Fiscal Year 2027-2028**

Nebraska Municipal Power Pool (NMPP) Budget				
	Proposed Budget	Current Budget	Proposed vs. Current	
			\$ +/-	% +/-
Revenues and Other Support				
Champions dues	\$ 12,500	\$ 12,500	\$ -	0%
Event sponsorships and registrations	50,400	51,100	(700)	-1%
Payroll and benefits reimbursement	10,318,959	9,804,462	514,497	5%
Services reimbursement	27,555	28,655	(1,100)	-4%
Total revenues and other support	10,409,414	9,896,717	512,697	5%
Operating Expenses				
Payroll and benefits	10,318,959	9,804,462	514,497	5%
Member				
Annual conference	50,400	51,100	(700)	-1%
Consultants and Outside Services				
Audit and consulting	13,525	13,125	400	3%
Legal	30	1,030	(1,000)	-97%
Lobbying	25,000	25,000	-	0%
Other	1,500	2,000	(500)	-25%
Total consultants and outside services	40,055	41,155	(1,100)	-3%
Total operating expenses	10,409,414	9,896,717	512,697	5%
Change in Net Assets	\$ -	\$ -	\$ -	0%

Services Reimbursement					
Company	% of Total Payroll	Proposed Budget	Current Budget	Proposed vs. Current	
				\$ +/-	% +/-
MEAN	90%	\$ 24,799	\$ 25,789	\$ (990)	-4%
NPGA	5%	1,378	1,433	(55)	-4%
ACE	5%	1,378	1,433	(55)	-4%
Total Services Reimbursement to NMPP		\$ 27,555	\$ 28,655	\$ (1,100)	-4%

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.