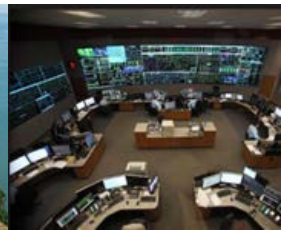




**RELIABILITY FIRST**

# **2019 Business Plan & Budget Final Version**

**Jill Lewton, Controller**



# 2019 Budget Overview

- **Approved by Board of Directors on May 24, 2018**
- **Total 2019 Budget: \$22,648,458**

<b>Total 2019 Budget Change vs 2018</b>	<b>5.86%</b>	<b>\$1,254,558</b>
• Personnel Expense	6.35%	\$1,139,231
• Operating and Fixed Asset	3.33%	\$115,326

- **Total 2019 Assessment: \$21,255,831**

• Assessment Change	5.5%	\$1,108,124
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- **Total 2019 FTEs: 78.2**

• 2019 FTE Increase	2 FTEs
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- Enforcement and IT

• Budget includes 3 overlap FTEs (Retirement Strategy)
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# 2018 – 2019 Budget Comparison

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2018 vs. 2019 Budget Over (Under)</u>	
<b>Funding</b>				
Assessments	\$ 20,147,707	\$ 21,255,831	\$ 1,108,124	5.50%
Penalties	1,912,877	327,215	\$ (1,585,662)	
Miscellaneous	50,000	50,000	-	
<b>Total Funding</b>	<u>\$ 22,110,585</u>	<u>\$ 21,633,046</u>	<u>\$ (477,539)</u>	
<b>Expenses</b>				
Personnel Expenses	\$ 17,928,989	\$ 19,068,222	\$ 1,139,233	
Meetings	1,064,025	1,045,000	(19,025)	
Operating	2,566,709	2,791,139	224,430	
Non-Operating	-	-	-	
<b>Total Expenses (A)</b>	<u>\$ 21,559,723</u>	<u>\$ 22,904,361</u>	<u>\$ 1,344,638</u>	
<b>Fixed Assets</b>				
Depreciation	\$ (373,325)	\$ (458,903)	\$ (85,578)	
Computer, Software, Equipment	207,500	180,000	(27,500)	
Furniture & Fixtures	-	-	-	
Leasehold Improvements	-	23,000	23,000	
<b>Net Fixed Assets (B)</b>	<u>\$ (165,825)</u>	<u>\$ (255,903)</u>	<u>\$ (90,078)</u>	
<b>Total Budget (A + B)</b>	<u>\$ 21,393,898</u>	<u>\$ 22,648,458</u>	<u>\$ 1,254,560</u>	5.86%
<b>FTEs</b>	76.2	78.2	2.0	2.6%



# Additional FTEs

## ➤ New FTEs

- Enforcement
  - CIP V5 impact and future revisions
  - Complexity of noncompliances
- Information Technology
  - Security Advancement
  - Data Warehouse initiative and analytics

## ➤ Retirement Strategy

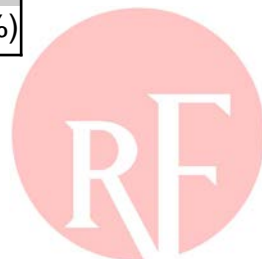
- In 2019, 13% of RF staff at or over retirement age
- 3 overlap FTEs (2 in Q3 2018; 1 in Q2 2019)



# 2019 Budget vs 2018 Budget

	Total Change From 2018		% of Budget Increase
<b>Personnel Expenses</b>	<b>6.35%</b>	<b>\$1,139,231</b>	<b>90.8%</b>
Direct Salaries	5.4%	\$694,136	55.3%
Merit Increases	3.0%		
Promotions	1.7%		
Intern Program	.4%		
Payroll Taxes	5.5%	\$41,728	3.3%
Medical Benefits (15% premium increase)	14.2%	\$228,184	18.2%
Retirement Costs	5.3%	\$114,411	9.1%
Retirement Strategy	100%	\$178,559	14.23%
<b>Operating Expenses</b>	<b>3.33%</b>	<b>\$115,326</b>	<b>9.19%</b>
Meeting	4.6%	\$13,825	1.1%
Travel	(4.9%)	(\$34,650)	(2.7%)
Contractors	35.5%	\$138,480	11.0%
Data Warehouse		90,000	
Penetration Testing/ Incident Response		100,000	
Office Costs	(2%)	\$16,587	(1.3%)
Professional Services	3%	\$12,277	1%
Fixed Assets	(2.2%)	(\$4,500)	(.4%)

Only includes major expenses

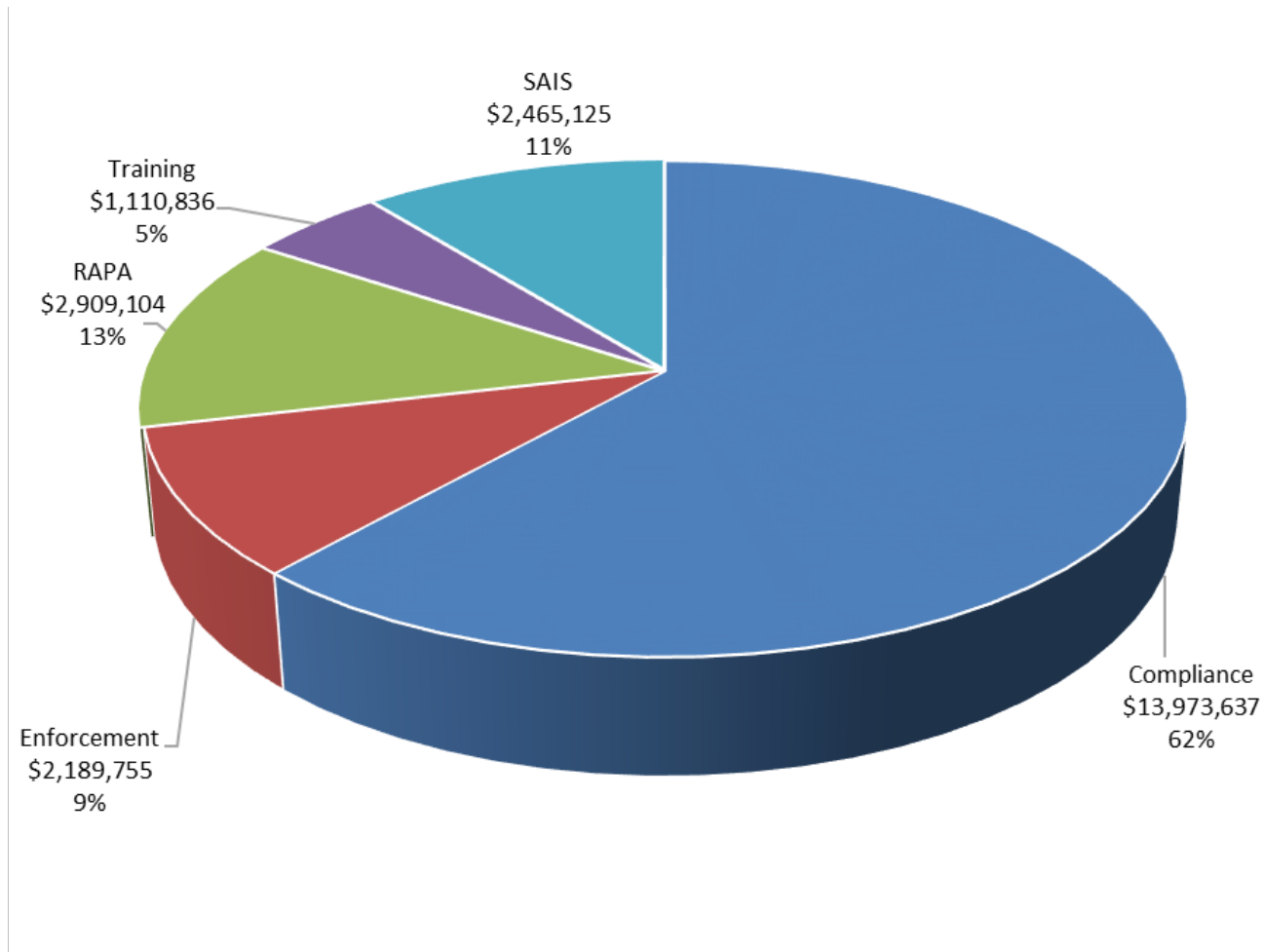


# Staffing Allocation

Total FTEs by Program Area	Budget 2018	Projection 2018	Total FTEs 2019 Budget	Change from 2018 Budget
<b>STATUTORY</b>				
<b>Operational Programs</b>				
Reliability Standards	0.00	0.00	0.00	0.00
Reliability Assurance and Compliance Monitoring Enforcement	37.00	37.00	37.00	0.00
Reliability Assessment and Performance Analysis	8.25	6.00	7.00	-1.25
Training and Education	8.35	7.60	7.60	-0.75
Situation Awareness and Infrastructure Security	3.00	3.00	3.00	0.00
	4.00	7.00	7.00	3.00
<b>Total FTEs Operational Programs</b>	<b>60.60</b>	<b>60.60</b>	<b>61.60</b>	<b>1.00</b>
<b>Administrative Programs</b>				
General & Administrative	3.00	3.00	3.00	0.00
Legal and Regulatory Affairs	2.00	3.00	3.00	1.00
Information Technology	5.00	5.00	6.00	1.00
Human Resources	3.00	2.00	2.00	-1.00
Finance and Accounting	2.60	2.60	2.60	0.00
<b>Total FTEs Administrative Programs</b>	<b>15.60</b>	<b>15.60</b>	<b>16.60</b>	<b>1.00</b>
<b>Total FTEs</b>	<b>76.20</b>	<b>76.20</b>	<b>78.20</b>	<b>2.00</b>

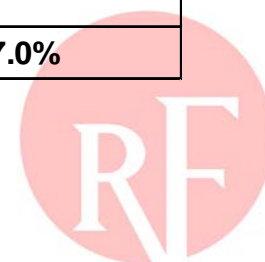


# 2019 Budget by Program Area



# 2020 and 2021 Projections

<b>Budget Projections</b>	<b>2020</b>	<b>2021</b>
<b>Personnel Expense</b>	4.3%	6.9%
• Wages: 3%; Market Adjustments/Promotions: 1%	x	x
• Medical/Dental/Vision Premiums: 15% /8% /8%	x	x
• 2 Positions from 2020	-	x
<b>Meeting Expense</b>	1.0%	1.0%
<b>Travel Expense</b>	2.5%	2.5%
<b>Operating Expense</b>	4.6%	(2.50%)
• Search for Board - \$100K	x	
<b>New Line Items</b>		
• Office Modifications - \$200K	x	-
• CMEP Data Migration - \$100K	x	x
• Situation Awareness Software - \$30K	x	-
<b>Projected Budget Low Range</b>	<b>5.6%</b>	<b>4.5%</b>
<b>Additional Budget Items</b>		
<b>Personnel Expense</b>	7.3%	9.9%
• 2 Positions	CIP	EASA/Entity Development
• Retirement Strategy - \$200K	x	x
<b>Projected Budget Range</b>	<b>5.6% to 8.2%</b>	<b>4.5% to 7.0%</b>





# Working Capital

- **The 2019 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize and minimize large fluctuations in the annual assessments.**
  - Developed a multi-year plan that provides stakeholders with a pragmatic expectation of future assessments.
- **For 2019, \$1,173K of working capital reserve is being utilized to offset the assessment and minimize the variance from the 2018 assessment.**
- **The Targeted Working Capital balance of \$2,145K will be used to stabilize assessments in future years.**



# Operating Reserve

- **It is the policy of ReliabilityFirst to maintain 10% of the budgeted year's expenses, or a minimum of \$1,000,000, as the Operating Reserve.**
- **This amount is determined and recommended for approval by our Finance and Audit Committee during the annual budget process.**
- **For 2019, ReliabilityFirst Board approved a \$1,000,000 operating reserve.**
- **The Operating Reserve Fund is set aside each year with the intention of providing for unbudgeted or unexpected expenditures.**



# Questions & Answers

**Forward Together**  **ReliabilityFirst**