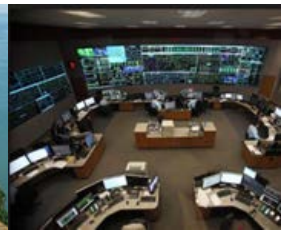
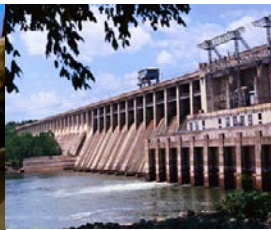




RELIABILITY FIRST

2018 Business Plan & Budget



2018 Budget Overview

➤ Total 2018 Budget: \$21,393,899

Total 2018 Budget Change vs 2017	7.46%	\$1,484,960
• Personnel Expense	9.61%	\$1,572,368
• Operating and Fixed Asset	(2.46%)	(\$87,408)

➤ Total 2018 Assessment: \$20,147,707

• Assessment	3.0%	\$586,826
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➤ Total 2018 FTEs: 76.2

• 2018 FTE Increase	3.9 FTEs
• 2 – CIP, 1 – EASA, 1 – Finance	



2017 – 2018 Budget Comparison

	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>2017 vs. 2018 Budget Over (Under)</u>	
Funding				
Assessments	\$ 19,560,881	\$ 20,147,707	\$ 586,826	3.0%
Penalties	659,000	1,912,877	1,253,877	
Miscellaneous	-	50,000	50,000	
Total Funding	<u>\$ 20,219,881</u>	<u>\$ 22,110,585</u>	<u>\$ 1,890,704</u>	
Expenses				
Personnel Expenses	\$ 16,356,622	\$ 17,928,989	\$ 1,572,368	
Meetings	1,058,640	1,064,025	5,385	
Operating	2,580,679	2,566,709	(13,970)	
Non-Operating	-	-	-	
Total Expenses (A)	<u>\$ 19,995,941</u>	<u>\$ 21,559,724</u>	<u>\$ 1,563,783</u>	
Fixed Assets				
Depreciation	\$ (356,502)	\$ (373,325)	\$ (16,823)	
Computer, Software, Equipment	219,500	207,500	(12,000)	
Furniture & Fixtures	-	-	-	
Leasehold Improvements	50,000	-	(50,000)	
Net Fixed Assets (B)	<u>\$ (87,002)</u>	<u>\$ (165,825)</u>	<u>\$ (78,823)</u>	
Total Budget (A = B)	<u>\$ 19,908,939</u>	<u>\$ 21,393,899</u>	<u>\$ 1,484,960</u>	7.5%
FTEs	72.3	76.2	3.9	



2018 Budget vs 2017 Budget

2018 Total Budget Increase: 7.46%; \$1,484,960

- Personnel Expenses: 9.6%; \$1,572,368
 - Personnel Expense for new FTEs: 4.6%; \$753,179
- Operating Expenses: (2.46%); (\$87,408)

Personnel Expenses	Budget Without		Total Change From 2017 With FTEs		% of Budget Increase
	New FTEs	New FTEs	%	\$\$	
Direct Salaries	4.7%	4.6%	9.3%	\$1,098,985	74.01%
Merit Increases	3.0%		3.0%		
Promotions	1.3%		1.3%		
Intern Program	.4%		.4%		
Payroll Taxes	2.7%	5.7%	8.4%	\$59,488	4.01%
Medical Benefits	11.8%	6.2%	18.0%	\$244,632	16.47%
Retirement Costs	5.3%	4.4%	9.7%	\$189,097	12.73%
Operating Expenses					
Meeting			23.4%	\$56,885	3.83%
Travel			(6.9%)	(\$52,700)	(3.55%)
Contractors			(9.5%)	(\$41,180)	(2.77%)
Office Costs			9.6%	\$72,555	4.89%
Professional Services			(12.7%)	(\$59,860)	(4.03%)
Fixed Assets			(23%)	(\$62,000)	(4.18%)



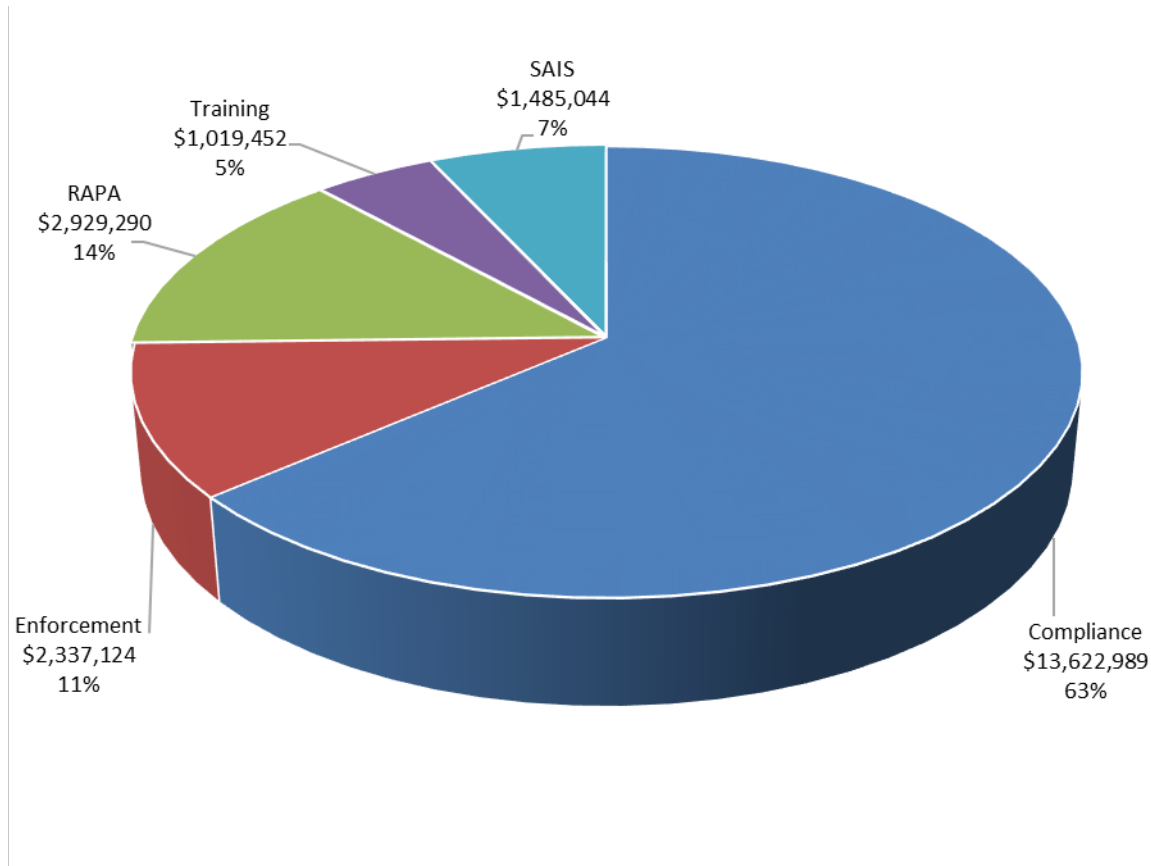
Staffing Allocation

Total FTEs by Program Area	Budget 2017	Total FTEs 2018 Budget	Change from 2017 Budget
STATUTORY			
Operational Programs			
Reliability Standards	0.00	0.00	0.00
Reliability Assurance and Compliance Monitoring	36.50	37.00	0.50
Enforcement	8.25	8.25	0.00
Reliability Assessment and Performance Analysis	8.35	8.35	0.00
Training and Education	3.00	3.00	0.00
Situation Awareness and Infrastructure Security	1.50	4.00	2.50
Total FTEs Operational Programs	57.60	60.60	3.00
Administrative Programs			
General & Administrative	3.00	3.00	0.00
Legal and Regulatory Affairs	2.00	2.00	0.00
Information Technology	5.00	5.00	0.00
Human Resources	3.00	3.00	0.00
Finance and Accounting	1.70	2.60	0.90
Total FTEs Administrative Programs	14.70	15.60	0.90
Total FTEs	72.30	76.20	3.90

The change in the Reliability Assurance and Compliance Monitoring Program of 0.5 represents the addition of 2 new CIP FTEs and the reallocation of 1.5 FTEs to the Situation Awareness and Infrastructure Security Program.



2018 Budget by Program Area



2019 Budget Projection

Budget Projections		
Personnel Expense <ul style="list-style-type: none"> • Salary Increase: 3% • Medical/Dental/Vision Premiums: 15%/8%/8% 	4.9%	
Meeting Expense	1.0%	
Travel Expense	2.5%	
Operating Expense	1.0%	
Projected 2019 Budget Low Range		5.1%
Additional Budget Items		
Personnel Expense <ul style="list-style-type: none"> • 2 Positions: CIP/Risk Management 	6.9%	
Fixed Assets Additions <ul style="list-style-type: none"> • Data Management Application - \$100,000 • Strategic Plan Initiatives - \$150,000 		
Projected 2019 Budget High Range		7.9%

Projected Range of 2019 Budget: 5.1% to 7.9%



2020 Budget Projection

Budget Projections		
Personnel Expense <ul style="list-style-type: none"> • Salary Increase: 3% • Medical/Dental Premiums: 15%/8% 	5.0%	
Meeting Expense	1.0%	
Travel Expense	2.5%	
Operating Expense	1.0%	
Projected 2020 Budget Low Range		3.7%
Additional Budget Items		
Personnel Expense <ul style="list-style-type: none"> • 2 Positions: CIP/Risk Management 	6.9%	
Fixed Assets Additions <ul style="list-style-type: none"> • Data Management Application - \$100,000 • Strategic Plan Initiatives - \$150,000 		
Projected 2020 Budget High Range		6.4%

Projected Range of 2020 Budget: 3.7% to 6.4%



Working Capital

- **The 2018 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.
- **The targeted working capital reserve is being increased to \$3,348K.**



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 2018, 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**