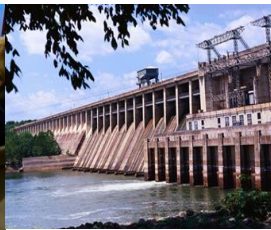




RELIABILITY FIRST

2017 Business Plan & Budget

Jill Lewton



2017 Budget Overview

	Total	% Increase	Increase
Budget	\$19,908,939	2.8%	\$541,729
Assessment	\$19,560,881	1.0%	\$193,672
FTE	72.3	.1%	.1
Working Capital Reserve	\$2,399,357	272%	\$1,754,102

- The increase in Working Capital Reserve is due to the 2015 budget under run and penalty dollars that will be released. This excess in reserves will be managed to stabilize annual assessments to minimize large fluctuations.



2016 – 2017 Budget Comparison

	2016 Budget	2016 Projection	Variance Over (Under)	2017 Budget	2016 vs. 2017 Budget Over (Under)	
Funding						
Assessments	\$ 19,367,209	\$ 19,367,209	\$ -	\$ 19,560,881	\$193,672	1.0%
Penalties	748,250	748,250	-	659,000	(89,250)	
Miscellaneous	-	-	-	-	-	
Total Funding	20,115,459	20,115,459	-	20,219,881	104,422	0.5%
Expenses						
Personnel Expenses	15,774,136	15,347,432	(426,704)	16,356,622	\$582,486	
Meetings	1,101,550	1,101,550	-	1,058,640	(42,910)	
Operating	2,668,209	2,668,209	-	2,580,679	(87,530)	
Non-Operating	2,482	2,482	-	-	(2,482)	
Total Expenses (A)	19,546,377	19,119,673	(426,704)	19,995,941	449,564	2.3%
Fixed Assets						
Depreciation	(352,668)	(352,668)	-	(356,502)	\$ (3,834)	
Computer, Software, Equipment	133,500	133,500	-	219,500	86,000	
Furniture & Fixtures	40,000	40,000	-	-	(40,000)	
Leasehold Improvements	-	-	-	50,000	50,000	
Net Fixed Assets (B)	(179,168)	(179,168)	-	(87,002)	92,166	-51.4%
Total Budget (A = B)	19,367,209	18,940,505	(426,704)	19,908,939	541,730	2.8%
FTEs	72.2	71.4	(0.8)	72.3	0.1	0.1%



2017 Major Budget Increases/(Decreases)

Personnel Expenses	3.7%	\$582,486	% of Budget Increase
Direct Salaries	4.09%	\$465,104	86%
Medical Benefits	2.7%	\$36,293	7%
Retirement Costs	4.73%	\$88,996	16%
Operating Expenses	(1.1%)	(\$40,757)	
Meeting	9.3%	\$20,740	4%
Travel	(8.5%)	(\$70,850)	(13%)
Contractors	(20.1%)	(\$108,798)	(20%)
Office Costs	5.9%	\$41,979	8%
Professional Services	(3.7)%	(\$17,884)	(3%)
Fixed Assets	55.3%	\$96,000	18%

Note:

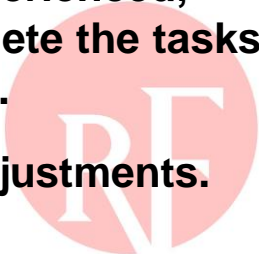
1. These are the major expense items only.
2. Salary is calculated at 3%, plus projected changes in 2016



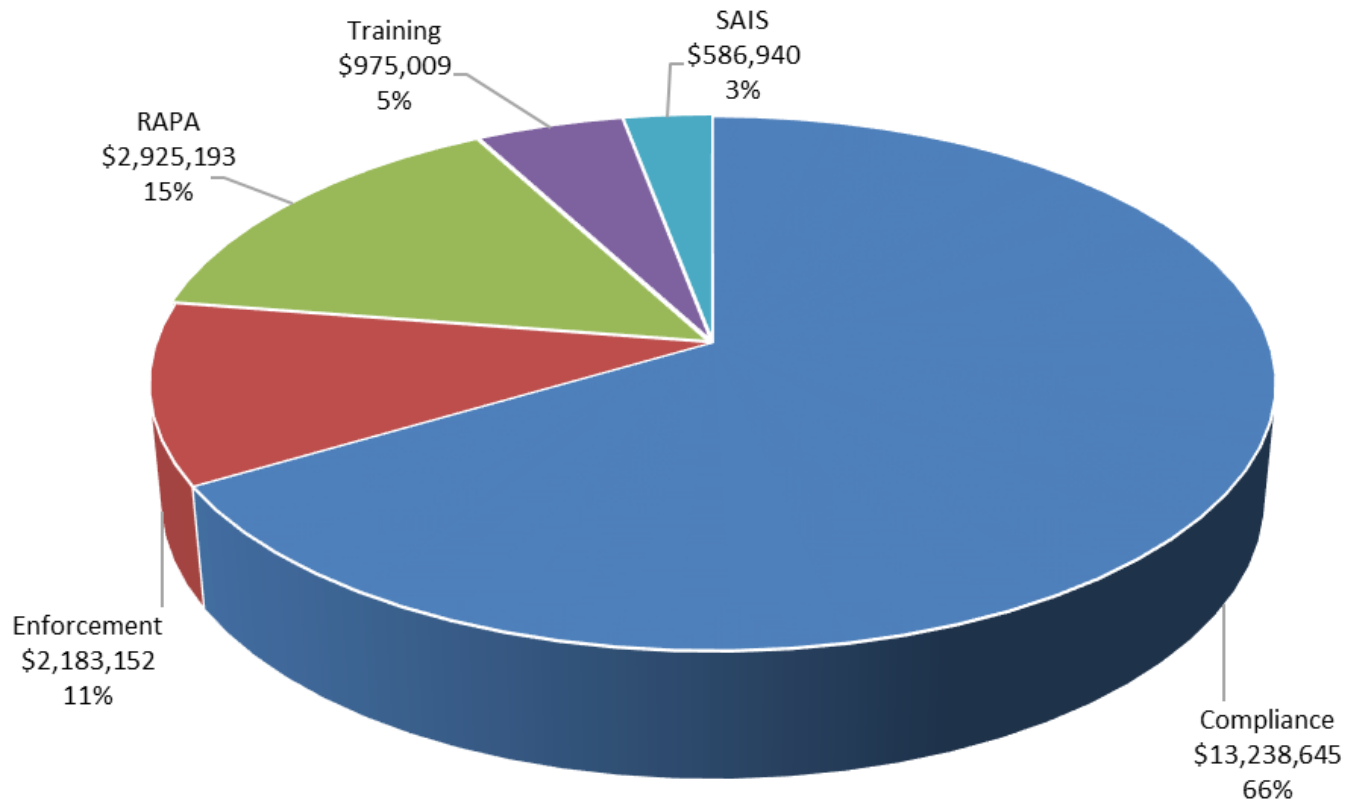
Staffing Allocation

Total FTEs by Program Area	Budget 2016	Projection 2016	Total FTEs 2017 Budget	Change from 2016 Budget
STATUTORY				
Operational Programs				
Reliability Standards	0.00	0.00	0.00	0.00
Reliability Assurance and Compliance Monitoring	37.50	36.29	36.50	-1.00
Enforcement	8.25	8.59	8.25	0.00
Reliability Assessment and Performance Analysis	8.35	8.35	8.35	0.00
Training and Education	3.00	3.00	3.00	0.00
Situation Awareness and Infrastructure Security	0.50	0.50	1.50	1.00
Total FTEs Operational Programs	57.60	56.73	57.60	0.00
Administrative Programs				
General & Administrative	3.00	3.00	3.00	0.00
Legal and Regulatory Affairs	2.00	2.00	2.00	0.00
Information Technology	5.00	5.00	5.00	0.00
Human Resources	3.00	3.00	3.00	0.00
Finance and Accounting	1.60	1.70	1.70	0.10
Total FTEs Administrative Programs	14.60	14.70	14.70	0.10
Total FTEs	72.20	71.43	72.30	0.10

- **With the process improvements and efficiency gains currently being experienced, ReliabilityFirst is confident that the level of staffing is adequate to complete the tasks necessary to meet the obligations of the Regional Delegation Agreement.**
- **Will monitor resource impact of CIP V5 implementation and make any adjustments.**



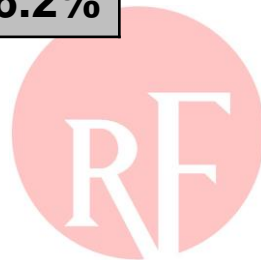
2017 Budget by Functional Area



2018 Budget Projection

Budget Projections		
Personnel Expense <ul style="list-style-type: none"> • Salary Increase: 3% • Medical/Dental Premiums: 15%/8% 	3.7%	
Meeting Expense	1%	
Travel Expense	3.5%	
Operating Expense	1.5%	
Projected 2018 Budget Low Range		3.4%
Additional Budget Items (At Risk Areas)		
Personnel Expense <ul style="list-style-type: none"> • 2 Positions: CIP/Entity Development 	5.9%	
Fixed Assets Additions <ul style="list-style-type: none"> • Document and Data Management Application - \$100,000 • Personal Computers - \$100,000 		
Projected 2018 Budget High Range		6.2%

Projected Range of 2018 Budget: 3.4% to 6.2%



2019 Budget Projection

Budget Projection		
Personnel Expense <ul style="list-style-type: none"> • Salary Increase: 3% • Medical/Dental/Vision: 15%/8%/8% 	4%	
Meeting Expense	1%	
Travel Expense	3.5%	
Operating Expense	1.5%	
Projected 2019 Budget Low Range	3.5%	
Additional Budget Items (At Risk Areas)		
Personnel Expense <ul style="list-style-type: none"> • 1 Position: CIP 	5.4%	
Fixed Assets Additions <ul style="list-style-type: none"> • Risk Management Software \$75,000 		
Projected 2019 Budget High Range	4.9%	

Projected Range of 2019 Budget: 3.5% to 4.9%



Working Capital

- **The 2017 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize future assessments.**
 - Developed a multi-year plan that provides stakeholders with a pragmatic expectation of future assessments.
 - Expectation is to keep annual assessments within a 1% increase for the next several years.
- **The working capital internal controls are included in the “Statement of Policy and Procedure on the Working Capital and Operating Reserve” approved by the ReliabilityFirst board on March 3, 2016.**



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 2017, 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