Budget Review – Administrative Services

Facilities Committee
March 16, 2016
NCPA Commission Budget Direction – FY 2017

- NCPA Administrative Services FY 2017 operating costs proposed to come in below budget (-$178,650 or 5.2% decrease) (-$216,750 or 6.3%)

- Various projects proposed; $435,500

- One additional FTE in Power Settlements for new customers and 0.5 FTE in HR
Administrative Services Cost Centers

- General Manager
- NERC Compliance
- Human Resources
- Accounting/Finance
- Administrative Services
- Risk Management (insurance & energy risk management)
- Settlements
- Information Services
- Building Occupancy/Facilities Management
Budget Highlights – Excluding Labor

- Total costs are up approximately $70,000 or 1.6%
- Operating costs (teal color) are down by almost $180,000
- Operating costs are $260,000 below target
## Admin Services Budget Changes by Department (without labor)

<table>
<thead>
<tr>
<th>Department</th>
<th>Budget 2016</th>
<th>Budget 2017</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>$659,000</td>
<td>$663,000</td>
<td>$4,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>NERC Compliance</td>
<td>182,600</td>
<td>161,700</td>
<td>$(20,900)</td>
<td>-11.4%</td>
</tr>
<tr>
<td>AGM Admin Svcs</td>
<td>151,000</td>
<td>149,000</td>
<td>$(2,000)</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>105,100</td>
<td>103,350</td>
<td>$(1,750)</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Accounting</td>
<td>222,250</td>
<td>234,300</td>
<td>$12,050</td>
<td>5.4%</td>
</tr>
<tr>
<td>Power Settlements</td>
<td>29,000</td>
<td>10,950</td>
<td>$(18,050)</td>
<td>-62.2%</td>
</tr>
<tr>
<td>Info Services</td>
<td>1,331,000</td>
<td>1,169,530</td>
<td>$(161,470)</td>
<td>-12.1%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>288,200</td>
<td>288,200</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Facilities Mgmt</td>
<td>463,030</td>
<td>472,500</td>
<td>9,470</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>$3,431,180</strong></td>
<td><strong>$3,252,530</strong></td>
<td><strong>$(178,650)</strong></td>
<td><strong>-5.2%</strong></td>
</tr>
<tr>
<td>Other A &amp; G Costs (Allocated Insurance)</td>
<td>637,830</td>
<td>757,262</td>
<td>119,432</td>
<td>-1.5%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>$4,069,010</strong></td>
<td><strong>$4,009,792</strong></td>
<td><strong>$(59,218)</strong></td>
<td><strong>1.6%</strong></td>
</tr>
</tbody>
</table>

### Projects:
- **Office Furniture. Software & other**
  - 8,000
  - 81,000
  - $73,000
- **Software Project (Records retention)**
  - -
  - 135,000
  - $135,000
- **Software Project (Accounting system)**
  - 15,000
  - 75,000
  - $60,000
- **Software Project (Learning Management)**
  - -
  - 21,500
  - $21,500
- **Computer Hardware**
  - 223,000
  - 123,000
  - $(100,000)
- **Capital Projects**
  - 60,000
  - -
  - $(60,000)

**Total Budget**

<table>
<thead>
<tr>
<th><strong>Budget 2016</strong></th>
<th><strong>Budget 2017</strong></th>
<th><strong>$ Change</strong></th>
<th><strong>% Change</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$4,375,010</strong></td>
<td><strong>$4,445,292</strong></td>
<td><strong>$70,282</strong></td>
<td><strong>1.6%</strong></td>
</tr>
</tbody>
</table>

*Increased liability coverage from $35mm to $80mm*
Administrative & General Budget Breakdown

- Outside Services: 17%
- Travel & Staff Development: 5%
- Projects: 10%
- Meetings: 2%
- Office Supplies, Postage, Annual Report: 7%
- Employee Recruitment & Retention: 4%
- Contingency: 6%
- Building Occupancy: 10%
- Software & Hardware Maintenance & Supplies: 22%
- Insurance: 17%

Total Budget (without labor)
2015/16
$4.4 million
Proposed Projects

- Replacement of Copiers at HQ - $65,000
  - Replace 10 year old copy machines at HQ (2 color and 1 b & w)
- Computer hardware (various) - $123,000
  - Routine replacement of aging computer equipment throughout the agency, including servers, monitors, PC’s, etc.
- Learning Management System - $21,500
  - Implementation of a learning/training tracking system to track training for regulatory and workforce development purposes
- Furniture Replacements - $16,000
  - Replacement of furniture that is over 25 years old on a phased in basis (2 offices)
- Additional Modules for Financial software and integration with other systems - $75,000
  - Additional reporting module for the financial system and implementation of other financial modules (project accounting, work orders, inventory, etc.)
- Records Retention Software Implementation Project - $135,000
  - To automate records retention on the new Sharepoint platform
Funding of General Manager & Administrative Services

- Administrative & General Allocations
  - Support functions like Accounting, HR, IT, Power Settlements, General Manager, etc.

- Direct to Projects/Programs
  - Insurance, Property taxes, Debt related costs, Software, Labor etc.
Allocation of Administrative & General Cost

- 50% Based on Direct Labor
- 50% Based on Program Budget Cost

Allocation of Occupancy Costs

- To Business Units based on:
  - Main Admin Building – Square Footage used
  - Office Equipment – Effective Usage
  - Telecom – Units Assigned

- To Projects/Programs
  - Based on Direct Labor
A & G Cost Comparison per Mwh

Administrative cost per Mwh (plants only)

- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017

$6.40
$6.08
$6.77
$6.41
$6.64
$3.17
$3.24
$3.61
$3.34
$3.41
Questions?
Supporting Details
A & G Budget 2016/17
Outside Services

General Counsel
Annual Audit
Actuary Services
Trustee Fees
Banking & Payroll Services
Financial Advisor
Bond Counsel
Rating Agencies
Temporary Staffing
Other Consulting:
  Human Resources
  Property Taxes
  Risk Management
NERC Consulting

17% of Budget
($765,000)
A & G Budget 2016/17
Software & Hardware Maintenance & Supplies

Various (41) Software & Hardware systems including:

Oracle
ACES
Sharepoint
Great Plains
SCADA
Microsoft
Hewlett Packard
etc..

22% of Budget
($966,000)

and maintenance of hardware
A & G Budget 2016/17
Building Occupancy

10% of Budget ($448,000)
A & G Budget 2016/17
Communications, Office Supplies, Postage & Annual Report

Office Supplies
Postage
Special mailings
Annual Report
Records production
Communications

7% of Budget
($314,000)
A & G Budget 2016/17

Travel & Staff Development

- Travel to member offices
- Travel to various NCPA sites
- Travel to NCPA meetings
- Travel to CAISO meetings
- Travel to DC for members
- Staff Training
- Travel for Rating Agency Trips
- Local travel

5% of Budget
(233,000)
A & G Budget 2016/17
Employee Recruitment & Retention

Supervisor Training
Relocation
Tuition Reimbursement
Flex Spending Fees
Physicals
Recruitment
Employee Appreciation
Safety Awards
Retiree Medical Opt Out Program

4% of Budget
($185,000)
A & G Budget 2016/17
Meetings

Strategic Issues Conference
Regular Commission & Committee meetings
Risk Oversight Meetings

2% of Budget
($91,000)
A & G Budget 2016/17 - Other

General Manager Contingency $250,000

Projects:

- Computer software projects $232,000
- Computer hardware $123,000
- Office furniture $16,000
- Copiers $65,000

6% of Budget ($250,000)
10% of Budget ($436,000)