

BayRICS Authority
STAFF REPORT

DATE: Thursday, June 13, 2019
TO: BayRICS Board of Directors
FROM: Corey Reynolds, General Manager
SUBJECT: Item 6 – BayRICS Fiscal Year (FY) 2019-2020 Budget
RECOMMENDATION: Approve the Attached FY 2019-2020 BayRICS Authority Budget.

I. Background

At the April 9, 2015 BayRICS Board meeting, the Board approved a financial plan that reflected a transition to part-time general manager and limited grant funding support. The Board subsequently approved final budgets for FY 2015-2016, 2016-2017, 2017-2018, and 2018-2019 based on this plan.

Staff has prepared a draft budget for FY 2019-2020 based on this financial plan for the Board’s review and approval. As discussed below, the plan includes several minor adjustments to address changing circumstances of the JPA.

II. BayRICS Financial Position Projected for June 30, 2019

- **Revenues:** BayRICS met its revenue targets for FY 2018-2019 revenue with all member annual fees paid in full. In addition, BayRICS again received a UASI grant totaling \$59,000 for broadband and LMR interoperability planning.
- **Expenses:** The Authority incurred additional costs of transitioning to a new general manager and related COLA adjustments, as well as cost to retain the previous general manager for up to 120 hours during a three-month transition period. These changes result in an increase in administration expenses of \$6,723 from last year.
- **Reserve Funds:** BayRICS began the 2018-2019 Fiscal Year with a Reserve Fund of \$275,558¹. Due to the increased expenses noted above, the Authority should end the fiscal year with \$270,835 in reserves (drawing \$4,723 on the reserves as per the approved FY18-19 budget). See more about the Authority’s reserve fund in Section 4 of this report.
- BayRICS FY 2017-2018 Audit is available here:
http://www.bayrics.net/uploads/1/2/4/6/12466172/bayrics_final_financial_statements_06-30-2018.pdf
- Staff will provide an update on Budget Projections vs. Actuals in the next meeting, following the end of the fiscal year.

¹ Audit reflects \$254,658 beginning reserve fund balance for FY18-19, however \$20,900 of FY17-18 grant revenue was received after audit was completed, and therefore was not included in the audited Reserve Fund Beginning Balance.

III. FY 2019-2020 Budget Highlights

- Annual member fee remains at FY 2014-15 level (\$7,000/year), with total fee revenues remaining at \$84,000.
- Assumes grant revenues of \$69,000 from awarded UASI 2019 Grant. Increased UASI Grant revenue is anticipated to cover the deficit realized due to the General Manager transition and COLA adjustments for the new General Manager.
- Administration expenses have been adjusted to reflect the Standard Services Agreement for the BayRICS General Manager: 1020 hours over the FY at \$115/hour. This increase is partially offset by slight reductions in other line item expenses and slight growth in interest revenue from the reserve fund. Secretary expenses remain the same.
- These changes result in a projected \$3,200 increase in reserves, designed to partially make up for the FY18-19 draw on reserves.
- Staff resources will remain focused primarily on achieving the goals established in the BayRICS Strategic Plan Update approved by the Board in April 2018.
- For reference, Staff has projected a budget for 2019-2020, based on these same assumptions.

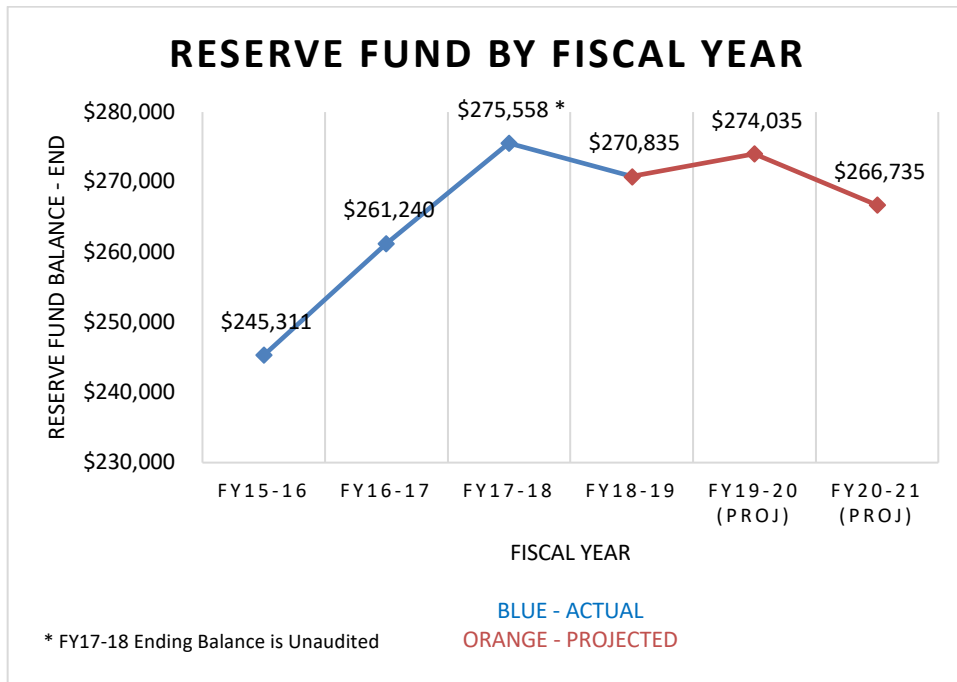
Revenues	FY18-19 (Approved Budget)		FY19-20 (Proposed)		FY20-21 (Projected)	
Annual Member Fees		\$84,000		\$84,000		\$84,000
Interest		\$1,500		\$2,000		\$2,000
Administration Grant		\$59,000		\$69,000		\$59,000
Total Revenues		\$144,500		\$155,000		\$145,000
Expenses	FY18-19 (Approved Budget)		FY19-20 (Proposed)		FY20-21 (Projected)	
General Manager	\$ 114,223		\$ 117,300		\$ 117,300	
Secretary	\$ 5,000		\$ 5,000		\$ 5,000	
Administration (1)		\$ 119,223		\$ 122,300		\$ 122,300
Audit		\$ 6,000		\$ 6,000		\$ 6,000
Legal		\$ 12,000		\$ 12,000		\$ 12,000
Insurance		\$ 10,000		\$ 10,000		\$ 10,000
Miscellaneous		\$ 2,000		\$ 1,500		\$ 1,500
Total Expenses		\$ 149,223		\$ 151,800		\$ 151,800
Reserve Fund	FY18-19 (Approved Budget)		FY19-20 (Proposed)		FY20-21 (Projected)	
Balance - beginning (2)		\$ 275,558		\$ 270,835		\$ 274,035
Increase in reserve fund (est)				\$ 3,200		
Draw on reserve (est)		(\$4,723)				(\$6,800)
Balance - ending		\$ 270,835		\$ 274,035		\$ 267,235

(1) Includes 1020 hours for General Manager (20 hours/week for 51 weeks at \$115/hour) and 100 hours for Secretary (approx 8 hours/month for 12 months at \$50/hour)

(2) Audit reflects \$254,658 beginning reserve fund balance for FY18-19, however \$20,900 of FY17-18 grant revenue was received after audit was completed, and therefore was not included in Reserve Fund Beginning Balance

IV. Reserve Fund

- Since the transition to the financial plan adopted in 2015, BayRICS has seen significant annual increases in its reserve fund, due to a focus on cost savings.
- These annual increases have plateaued, and a three-year budget projection presented to the Board in October 2018 show the potential for significant (i.e., \$10,000) draws on the reserve in future years, assuming no changes in revenue or expenses.
- This stress on the reserve fund is driving BayRICS’ strategy to increase revenues through increased membership (or increased member fees), and also recognizes the potential for decreased grant support.



IV. Staff Recommendation

Staff recommends that the Board adopt the FY 19-20 Proposed Budget (center columns in the table below).

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