

**BayRICS Authority**  
**STAFF REPORT**

**DATE:** Thursday, May 14, 2020  
**TO:** BayRICS Board of Directors  
**FROM:** Corey Reynolds, General Manager  
**SUBJECT:** Item 7 – BayRICS Fiscal Year (FY) 2020-2021 Budget  
**RECOMMENDATION:** Approve the attached FY 2020-2021 BayRICS Authority budget.

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**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, 2018-2019, and 2019-2020, based on this plan.

Staff has prepared a draft budget for FY 2020-2021 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, 2020**

- Revenues: BayRICS anticipates meeting its revenue targets for FY 2019-2020; only one member fee is still unpaid. In addition, BayRICS again received a UASI grant totaling \$69,000 for broadband and LMR interoperability planning (an increase of \$10,000 over previous years to offset expenses incurred during the General Manager transition), and a secondary UASI grant for professional services related to the Tactical Interoperable Communications Plan (TICP) application development. Lastly, BayRICS anticipates receiving \$3,200 in interest on our reserve fund, \$1,200 more than our projections.
- Expenses: BayRICS saw increased expenses related to its annual audit (from \$6,000 to \$6,500) and its insurance premiums (from \$10,000 to \$10,650). Other expenses remain constant.
- Reserve Funds: BayRICS began the 2019-2020 Fiscal Year with a Reserve Fund of \$274,002<sup>1</sup>. Though the Authority anticipated needing to draw \$4,723 from the reserve in FY 2019-2020, revenue increases and optimal timing of member fee payments and grant reimbursements led to an increase of \$3,250 in the reserves. See more about the Authority’s reserve fund in Section 4 of this report.
- BayRICS FY 2018-2019 Audited Financial Statements were presented to the Board on February 13, 2020, and are available [here](#).

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<sup>1</sup> Audit reflects \$283,202 beginning reserve fund balance for FY19-20, 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. FY2020-2021 Proposed Budget

Revenues	FY19-20 (Revised Budget)		FY20-21 (Proposed)		FY21-22 (Projected)	
Annual Member Fees		\$84,000		\$84,000		\$84,000
Interest		\$3,200		\$2,500		\$2,500
Administration Grant		\$69,000		\$59,000		\$49,000
TICP Application Grant		\$50,000		\$0		\$0
<b>Total Revenues</b>		<b>\$206,200</b>		<b>\$145,500</b>		<b>\$135,500</b>

Expenses	FY19-20 (Revised Budget)		FY20-21 (Proposed)		FY21-22 (Projected)	
General Manager	\$ 117,300		\$ 115,000		\$ 115,000	
Secretary	\$ 5,000		\$ 5,000		\$ 5,000	
Administration (1)		\$ 122,300		\$ 120,000		\$ 120,000
Audit		\$ 6,500		\$ 6,500		\$ 6,500
Legal		\$ 12,000		\$ 12,000		\$ 12,000
Insurance		\$ 10,650		\$ 10,000		\$ 10,000
Miscellaneous		\$ 1,500		\$ 1,000		\$ 1,000
Professional Services		\$ 50,000				
<b>Total Expenses</b>		<b>\$ 202,950</b>		<b>\$ 149,500</b>		<b>\$ 149,500</b>

Reserve Fund	FY19-20 (Revised Budget)		FY20-21 (Proposed)		FY21-22 (Projected)	
Balance - beginning (2)		\$ 274,002		\$ 277,252		\$ 273,252
Increase in reserve fund (est)		\$ 3,250				
Draw on reserve (est)				(\$4,000)		(\$14,000)
<b>Balance - ending</b>		<b>\$ 277,252</b>		<b>\$ 273,252</b>		<b>\$ 259,252</b>

(1) Includes 1000 hours for General Manager (20 hours/week for 50 weeks at \$115/hour) and 100 hours for Secretary (approx 8 hours/month for 12 months at \$50/hour).

(2) Audit reflects \$283,202 beginning reserve fund balance for FY19-20, however \$9,200 of General Manager services expenses were not applied to the FY19-20 audit, and thus the Authority's beginning reserve fund balance should read \$274,002.

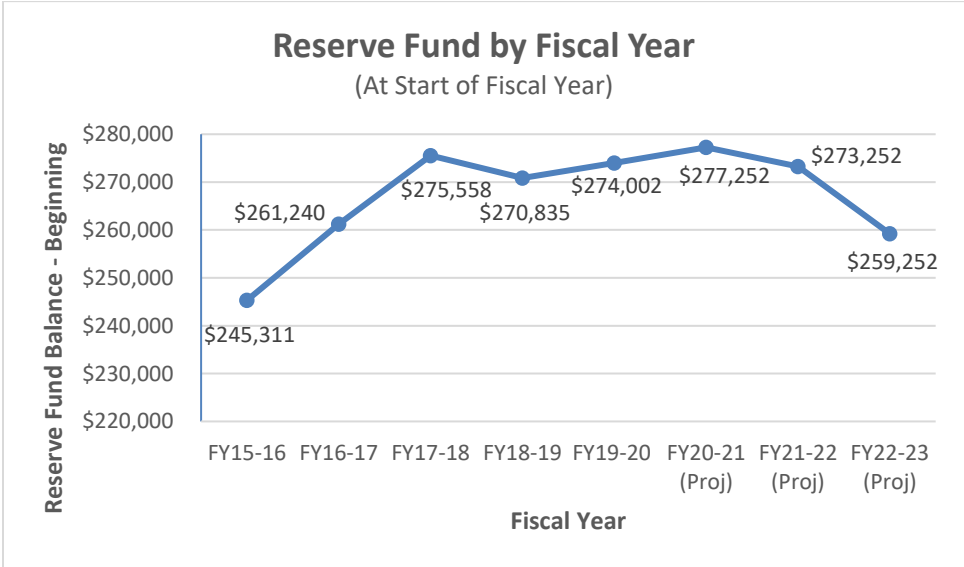
### IV. FY 2020-2021 Budget Highlights

- Annual member fee remains at FY 2014-15 level (\$7,000/year), with total fee revenues remaining at \$84,000.
- Assumes grant revenues of \$59,000 from awarded UASI 2020 Grant. This represents a decrease from the \$69,000 received with the 2019 grant, as that increase was intended to cover the deficit realized due to the General Manager transition and COLA adjustments for the new General Manager.
- Per Section II. BayRICS Financial Position Projected for June 30, 2020, BayRICS is seeing an increase in audit and insurance expenses. These increases have been carried over to the FY 2020-2021 Proposed Budget.
- Administration expenses have been adjusted to reflect the Standard Services Agreement for the BayRICS General Manager: 1000 hours over the FY at \$115/hour. This represents a 20 hour/year decrease in hours for the General Manager, which is not anticipated to impact BayRICS operations. 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 2021-2022, based on these same assumptions, while taking into account the potential for decreased grant revenue.

**V. 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.



**VI. Staff Recommendation**

Staff recommends that the Board adopt the FY 2020-2021 Proposed Budget (center columns in the budget presented above).