

BayRICS Authority
STAFF REPORT

DATE: Thursday, June 10, 2021
TO: BayRICS Board of Directors
FROM: Corey Reynolds, General Manager
SUBJECT: Item 8 – BayRICS Fiscal Year (FY) 2021-2022 Budget
RECOMMENDATION: Approve the attached FY 2021-2022 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, 2018-2019, 2019-2020, and 2020-2021, based on this plan.

Staff has prepared a draft budget for FY 2021-2022 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, 2021

- Revenues: BayRICS anticipates meeting its revenue targets for FY 2020-2021. In addition to member fees, BayRICS received a UASI grant totaling \$59,000 for broadband and LMR interoperability planning (a decrease of \$10,000 over last year’s one-time \$69,000 grant), which was used to offset the cost of the General Manager’s services. Lastly, BayRICS anticipates receiving \$2,500 in interest on our reserve fund.
- Expenses: In FY 2020-2021, BayRICS saw increased expenses related to its annual audit (from \$6,000 to \$8,200) and its insurance premiums (from \$10,000 to \$12,000). Other expenses remain constant.
- Reserve Funds: Per audited financial statements, BayRICS began the 2019-2020 Fiscal Year with a Reserve Fund of \$289,735. The Authority anticipates adding \$2,300 to the reserve fund in FY 2020-2021. See more about the Authority’s reserve fund in Section 4 of this report.
- BayRICS FY 2019-2020 Audited Financial Statements were presented to the Board on March 11, 2021, and are available [here](#).

III. FY2021-2022 Proposed Budget

Revenues	FY20-21 (Final - June '21) (1)		FY21-22 (Proposed)		FY22-23 (Projected)	
Annual Member Fees		\$84,000		\$84,000		\$84,000
Interest		\$2,500		\$2,500		\$2,500
Administration Grant		\$59,000		\$49,000		\$39,000
TICP Application Grant		\$50,000				
Sustainment Strategy Grant		\$16,000				
Total Revenues		\$211,500		\$135,500		\$125,500

Expenses	FY20-21 (Final - June '21) (1)		FY21-22 (Proposed)		FY22-23 (Projected)	
General Manager	\$	115,000	\$	115,000	\$	115,000
Secretary	\$	5,000	\$	5,000	\$	5,000
Administration (2)		\$ 120,000		\$ 120,000		\$ 120,000
Audit		\$ 8,200		\$ 8,200		\$ 8,200
Legal		\$ 12,000		\$ 12,000		\$ 12,000
Insurance		\$ 12,000		\$ 13,300		\$ 13,300
Miscellaneous		\$ 1,000		\$ 1,000		\$ 1,000
Professional Services		\$ 56,000		\$ -		\$ -
Total Expenses		\$ 209,200		\$ 154,500		\$ 154,500

Reserve Fund	FY20-21 (Final - June '21) (1)		FY21-22 (Proposed)		FY22-23 (Projected)	
Balance - beginning		\$ 289,735		\$ 292,035		\$ 273,035
Increase in reserve fund (est)		\$ 2,300				
Draw on reserve (est)				\$ (19,000)		\$ (29,000)
Balance - ending		\$ 292,035		\$ 273,035		\$ 244,035

(1) Pending approval of Agenda Item 6

(2) 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).

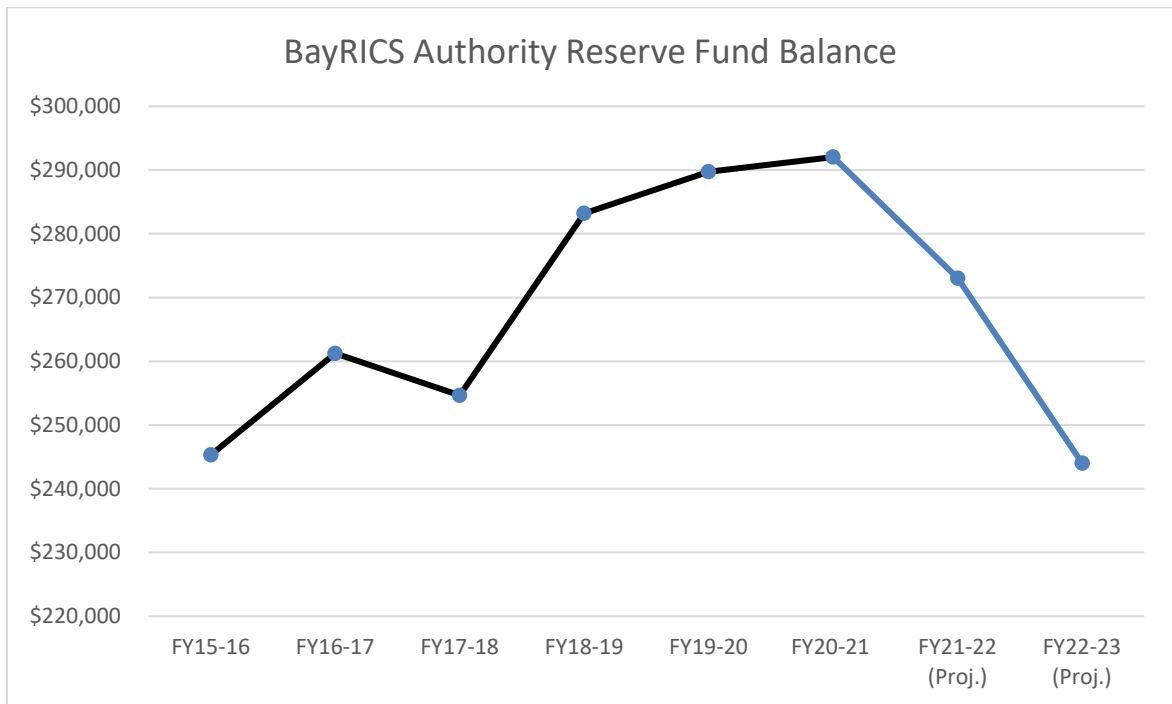
IV. FY 2021-2022 Budget Highlights

- Annual member fee remains at FY 2014-15 level (\$7,000/year), with total fee revenues remaining at \$84,000.
- Assumes grant revenues of \$49,000 from awarded UASI 2021 Grant. This represents a \$10,000 decrease from the \$59,000 received with the 2020 grant.
- BayRICS faces regular increases in insurance expenses. According to the Authority's insurance broker, these increases are because "public entities and the insurance industry have witnessed dramatic increases in liability loss development in recent years."
- Administration expenses remain constant, and include \$115,000 (1000 hours) for General Manager services and \$5,000 (100 hours) for Secretary services. Hourly rates remain at FY 2018-19 levels.
- These changes result in a **projected \$19,000 deficit** and draw on the Authority's reserve fund.

- For reference, Staff has projected a budget for 2022-2023, 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 a 19% total increase in its reserve fund, due to a focus on cost savings.
- These annual increases have plateaued, and budget projections show the potential for draws on the reserve in this and 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 2021-2022 Proposed Budget (shaded columns in the budget presented above).