

BayRICS Authority
STAFF REPORT

DATE: Thursday, September 8, 2022
TO: BayRICS Board of Directors
FROM: Corey Reynolds, General Manager
SUBJECT: Item 8 – BayRICS Fiscal Year (FY) 2022-2023 Budget
RECOMMENDATION: Approve the attached FY 2022-2023 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 the previous seven fiscal years based on this plan.

Now, the Authority faces a decrease in revenues due to the loss of grant funding support. However, anticipating this environment, the Board and Staff worked together to identify strategies for further decreasing Authority expenses while ensuring BayRICS continues to perform its most critical functions.

Staff has prepared a draft budget for FY 2022-2023 based on these strategic planning discussions and the Board's direction.

II. BayRICS Financial Position Projected for June 30, 2021

- Revenues: BayRICS anticipates meeting its revenue targets for FY 2021-2022, to include \$84,000 from member fees and \$59,000 in UASI grant funding support, which was used to offset the cost of the General Manager's services. Lastly, based on interest accrued from the Authority's reserve fund in previous year, BayRICS anticipates receiving approximately \$2,500 in interest.
- Expenses: In FY 2021-2022, most of the Authority's expenses remained mostly consistent with previous years, save for a slight increase in expenses for the Authority's required external audit. Additionally, a \$5,000 cost savings was realized when General Manager Reynolds absorbed the responsibilities of the Secretary during the COVID-19 pandemic.
- Reserve Funds: BayRICS began the 2021-2022 Fiscal Year with a Reserve Fund of \$292,035. Though the original FY 2021-2022 budget adopted by the Board in June 2021 anticipated a \$19,000 deficit that would draw from our reserve fund, the Authority's increased grant revenues and decreased expenses led to only a \$4,320 deficit and draw from the reserve fund. See more about the Authority's reserve fund in Section 4 of this report.
- An external auditor is currently conducting an audit of BayRICS FY 2021-2022 financials. Staff will provide the Board with the audited financial statements once

complete.

III. FY2022-2023 Proposed Budget

Revenues	FY21-22 (Approved) (1)		FY22-23 (Proposed)		FY23-24 (Projected)	
Annual Member Fees		\$ 84,000		\$ 84,000		\$ 84,000
Interest		\$ 2,500		\$ 2,500		\$ 2,500
Administration Grant		\$ 59,000		\$ -		\$ -
Total Revenues		\$ 145,500		\$ 86,500		\$ 86,500

Expenses	FY21-22 (Approved) (1)		FY22-23 (Proposed)		FY23-24 (Projected)	
General Manager	\$ 115,000		\$ 80,500		\$ 80,500	
Secretary	\$ -		\$ -		\$ -	
Administration (2)		\$ 115,000		\$ 80,500		\$ 80,500
Audit		\$ 8,520		\$ 9,000		\$ 9,000
Legal		\$ 12,000		\$ 10,000		\$ 10,000
Insurance		\$ 13,300		\$ 13,300		\$ 13,300
Miscellaneous		\$ 1,000		\$ 500		\$ 500
Total Expenses		\$ 149,820		\$ 113,300		\$ 113,300

Reserve Fund	FY21-22 (Approved) (1)		FY22-23 (Proposed)		FY23-24 (Projected)	
Balance - beginning		\$ 292,035		\$ 287,715		\$ 260,915
Increase in reserve fund (est)						
Draw on reserve (est)		\$ (4,320)		\$ (26,800)		\$ (26,800)
Balance - ending		\$ 287,715		\$ 260,915		\$ 234,115

(1) Pending approval of Agenda Item 7 "Revised BayRICS Authority 2021-2022 Budget"

(2) Administration budget reflects a 30% decrease in costs for General Manager services (700 hours for General Manager (~14 hours/week for 50 weeks at \$115/hour) and no hours for Secretary.

IV. FY 2022-2023 Budget Highlights

- Annual member fee remains at FY 2014-15 level (\$7,000/year), with total fee revenues remaining at \$84,000.
- FY 2022-2023 represents the first year since 2014 that BayRICS has gone without grant funding support for its administration. This represents a significant decrease in the Authority's revenues.
- Given the decrease in revenues, this budget proposes a 30% decrease in the Authority's contract for General Manager services. Though this will lead to a decrease in the Authority's activities, staff is confident the Authority's critical functions—identified through discussions with the Board and BayRICS advisory groups—can continue without major impacts. \$80,500 for General Manager services represents 700 hours, or approximately 14 hours per week. Hourly rates remain at FY 2018-2019 levels.
- In FY 2021-2022, as BayRICS migrated to almost completely virtual operations, the General Manager absorbed the responsibilities of the Secretary, leading to a \$5,000 cost savings. This budget proposes to continue this arrangement.

- Over the past four years, costs for the Authority’s legal services have come in under budget. As such, this budget proposes a decrease in the Authority’s legal services expense. Staff does not anticipate any impact to the Authority’s operations.
- Even with these significant cost savings, these changes result in a **projected \$26,800 deficit** and draw on the Authority’s reserve fund. For reference, in FY 2017, the Authority’s reserve fund held approximately \$254,000 and has steadily increased to its current estimated \$287,000.
- Staff has projected a budget for 2023-2024, based on these same assumptions.

VI. Staff Recommendation

Staff recommends that the Board adopt the FY 2022-2023 Proposed Budget (shaded columns in the budget presented above).