

**RICHARDSON'S BAY REGIONAL AGENCY**  
**STAFF REPORT**

For the meeting of: February 10, 2022

**To:** Board of Directors

**From:** Beth Pollard, Project Consultant  
Steve McGrath, Interim Executive Director

**Subject:** Mid-Year Budget Review

**STAFF RECOMMENDATION:**

This report is for information only.

**BACKGROUND:**

On May 14, 2021, the Board of Directors adopted a Fiscal Year 2021-22 (aka FY22) budget of \$1,336,600 in projected revenue funds and authorized expenditures. The purpose of this report is to advise the Board on estimated revenues and expenditures compared to budget at this mid-year junction.

**FISCAL IMPLICATIONS/BUDGET STATUS:**

Below is a table on budget comparisons as well as revised budget recommendations under development.

In summary, RBRA is projected to meet, and slightly exceed, the projected FY22 budgeted revenues. Costs for expenditures anticipated in the adopted FY22 budget are estimated to be within the overall budget authorization.

Variations on to-date actuals and projections are explained below, along with recommendations for budget expenditure modifications through the remainder of the fiscal year to address changing needs. While sufficient funds are available to support the staffing structure changes authorized by the Board on January 13, 2022, an estimated additional \$50,000 will be needed to fund costs associated with the placement of moorings required in the settlement agreement with the Bay Conservation & Development Commission.

**Fiscal Year 2021-22 Adopted Budget, Mid-year Actuals, Projections, and Recommended Revisions under Development**

	Adopted Budget FY 2021-22	Mid-Year To date	% Budget	Projected Actual	Recommended	Budget Difference	Est. Unspent Funds Available: <b>\$54,729</b>
<b>Revenue Funds</b>							
Operating Revenue	2,000	17,710	886%	22,000	22,000	20,000	
Member Dues	586,169	0	0%	586,169	586,169	0	
Grant Revenue	698,431	81,762	12%	698,431	698,431	0	
<b>Total Revenues</b>	<b>1,286,600</b>	<b>99,472</b>	<b>8%</b>	<b>1,306,600</b>	<b>1,306,600</b>	<b>20,000</b>	
Use of fund balance	50,000	0	0%	50,000	50,000	0	
<b>Total Funds Available:</b>	<b>1,336,600</b>	<b>198,944</b>	<b>15%</b>	<b>1,356,600</b>	<b>1,356,600</b>	<b>20,000</b>	
<b>Expenditures</b>							
General Operating Expenses	119,169	50,013	42%	105,843	105,843	-13,326	
Legal Expenses	35,000	37,890	108%	70,000	70,000	35,000	
Staffing/Administration	379,000	192,615	51%	326,697	427,597	48,597	
Grant-related expenses	698,431	245,553	35%	698,431	698,431	0	
Contingency/fund balance	105,000	0	0%	0	0	-105,000	
<b>Total Expenditures:</b>	<b>1,336,600</b>	<b>526,071</b>	<b>39%</b>	<b>1,200,971</b>	<b>1,301,871</b>	<b>-34,729</b>	<b>-54,729</b>

**Revenue:**

Grants: Grant funding accounts for more than half (52%) of RBRA’s budgeted revenue, and will exceed even this threshold with the recent award of a two-year marine debris removal grant from the National Oceanic & Atmospheric Administration (NOAA). Staff will return with a proposed budget amendment to add this revenue and associated expenses into the FY 22 budget. The other two grants are from the Ocean Protection Council’s Coastal Resilience Grant Program and the State of California’s Surrendered & Abandoned Vessel Exchange program (SAVE).

Member Agency Dues & Misc. Operating Revenue: The second largest revenue category – member agency dues – comprises 44% of the budget. Payment on the dues invoices will be received in the second half of this fiscal year. Operating revenue, which is essentially interest on invested funds and payment for recyclable materials, is expected to exceed budget by approximately \$20,000.

**Miscellaneous operating services & supplies:**

This category of operating costs includes supplies and services such as office supplies, insurance, water testing, audit, RBRA vessel repairs and operations, non-reimbursed debris retrieval/disposal, training, meetings, subscriptions/dues, and office and slip rental. These costs are expected to be slightly lower this year than budget allocations.

**Grant-related expenditures:**

Costs eligible for grant reimbursement are noted separately in the expenditure table. These costs are for work performed to implement the Eelgrass Protection & Management Plan and to abate vessels as eligible under the SAVE program. As noted under revenue, a budget amendment is forthcoming to reflect revenue and expenses provided for in the grant from NOAA.

**Legal costs:**

There have been additional legal costs necessitated by the negotiation, execution, and commencement of implementation of the settlement agreement BCDC, and other related activities. The current estimate is approximately \$35,000 in additional costs this fiscal year, and includes work underway to update RBRA's ordinances, and related policies and procedures.

**Staffing/Administration:**

Budget savings from the vacancy in the Assistant Harbormaster position, anticipated through the remainder of the fiscal year, total \$135,803. A portion of these savings can be considered to be utilized in the current \$80,000 contract with Regional Governmental Services for a part-time Interim Executive Director for a portion of the fiscal year, leaving \$55,803 undesignated.

On a parallel track with the development of this budget review, the RBRA Board has authorized restructuring of staffing and administration for the Agency. The column in the budget comparison table titled "recommended" reflect this restructuring and other additional and currently unbudgeted support, including:

Executive Director:

Full-time position effective 5/15/22, part-time interim to this date: \$56,300

Recruitment: Up to \$15,000

Administrative Technician:

Part-time position effective 4/15/22: \$24,600

Recruitment: Up to \$5,000

Communications: \$15,000

Total: \$115,900

**Contingency/Use of Fund Balance:**

A total of \$55,000 was budgeted as contingency against unanticipated costs. Funds

not utilized in this line item become available for allocation near fiscal year end – when the amount and further risk of unanticipated expenditures comes into clearer focus.

Anticipating costs associated with further implementation of the RBRA Transition Plan and the potential for cost impacts from the outcome of discussions with BCDC, the adopted RBRA FY 22 budget allows for the use of fund balance (also known as “carryover funds.”). While \$50,000 was programmed into the budget, it is a place holder pending the completion of the FY 2019-20 and 2020-21 financial audit currently underway.

**RECOMMENDATIONS UNDER DEVELOPMENT:**

The implementation of the settlement agreement with BCDC calls for the placement of up to 20 moorings in the Anchoring Area of Richardson’s Bay. Estimates to date for environmental, engineering and related “soft costs” are \$150,000 – of which approximately \$105,000 would be needed in FY 22. Once the outcome of the RBRA audit is available, staff will return with a recommendation on a source of funds to augment funds available in the FY 22 budget. It is optimistically anticipated that budget contingency and use of fund balance can be utilized to support at least a portion of this expenditure.

**NEXT STEPS:**

Information item only. Staff will return with an action for the Board to approve budget amendments to reflect changed conditions and commitments that have emerged since adoption of the FY22 budget.