

ICANN BOARD SUBMISSION No. 2020

TITLE: September 2022 ICANN Meeting Venue Contracting

PROPOSED ACTION: For Board Consideration and Approval

EXECUTIVE SUMMARY:

Confidential Negotiation Information

PROPOSED RESOLUTION:

Confidential Negotiation Information

Confidential Negotiation Information

Resolved (2020.05.07.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article 3, section 3.5(b) of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

Confidential Negotiation Information

Confidential Negotiation Information

Submitted by: Nick Tomasso
Position: VP, Global Meeting Operations
Date Noted: 22 April 2020
Email: nick.tomasso@icann.org

Confidential Negotiation Information

REFERENCE MATERIALS TO BOARD SUBMISSION No. 2020-xx-xx-xxx

TITLE: September 2022 ICANN Meeting Venue Contracting

Confidential Negotiation Information

Confidential Negotiation Information

Confidential Negotiation Information

Submitted by: Nick Tomasso
Position: VP, Global Meeting Operations
Date Noted: 14 April 2020
Email: nick.tomasso@icann.org

ICANN BOARD SUBMISSION No. 2020.05.07.1b

TITLE: March 2023 ICANN Meeting Venue Contracting

PROPOSED ACTION: For Board Consideration and Approval

EXECUTIVE SUMMARY:

The Board is being asked to authorize the organization to take all steps necessary to complete contracting for the host venue in Cancun, Mexico for the March 2023 ICANN Public Meeting, which requires Board approval as it will exceed US\$500,000. The Reference Materials for this paper summarizes the steps taken to locate a site for the March 2023 Public Meeting and outlines the facility costs.

As adopted in the November 2016 modifications to ICANN's Delegation of Authority Guidelines, it is the responsibility of the ICANN President and CEO, and Senior Management to identify and select sites for ICANN's Public Meetings within the budget and meetings strategy approved by the Board.

ICANN ORGANIZATION RECOMMENDATION:

ICANN organization recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions necessary to enter into a contract, and make expense disbursements pursuant to that contract, for the host venue in Cancun, Mexico, where ICANN will hold the March 2023 Public Meeting.

BOARD FINANCE COMMITTEE (BFC) RECOMMENDATION:

The BFC recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions necessary to enter into a contract, and make expense disbursements pursuant to that contract, for the host venue in Cancun, Mexico, where ICANN will hold its March 2023 Public Meeting.

PROPOSED RESOLUTION:

Whereas, ICANN intends to hold its first Public Meeting of 2023 in the Latin America/Caribbean region.

Whereas, ICANN organization has completed a thorough review of the available venues in the Latin America/Caribbean region and finds the one in Cancun, Mexico to be the most suitable.

Resolved (2020.05.07.xx), the Board authorizes the President and CEO, or his designee(s), to engage in and facilitate all necessary contracting and disbursements for the host venue for the March 2023 ICANN Public Meeting in Cancun, Mexico, in an amount not to exceed ^{Confidential Negotiation Information}

Resolved (2020.05.07.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article 3, section 3.5(b) of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

As part of ICANN’s Public Meeting strategy, ICANN seeks to host a meeting in a different geographic region (as defined in the ICANN Bylaws) three times a year. ICANN76 is scheduled for 11-16 March 2023. Following a search and evaluation of available venues, the organization identified Cancun, Mexico as a suitable location for the ICANN Public Meeting.

The organization performed a thorough analysis of the available locations and prepared a paper to identify those that met the Meeting Location Selection Criteria (see <http://meetings.icann.org/location-selection-criteria>). Based on the proposals and analysis, ICANN has identified Cancun, Mexico as the location for ICANN76. Selection of this Latin America/Caribbean location adheres to the geographic rotation guidelines established by the Meeting Strategy Working Group.

The Board reviewed the organization’s briefing for hosting the meeting in Cancun, Mexico and the determination that the proposal met the significant factors of the Meeting Location Selection Criteria, as well as the related costs for the facilities selected, for the March 2023 ICANN Public Meeting. ICANN conducts Public Meetings in support of its mission to ensure the stable and secure operation of the Internet's unique identifier systems, and acts in the public interest by providing free and

open access to anyone wishing to participate, either in person or remotely, in open, transparent and bottom-up, multistakeholder policy development processes.

There will be a financial impact on ICANN in hosting the meeting and providing travel support as necessary, as well as on the community in incurring costs to travel to the meeting. But such impact would be faced regardless of the location and venue of the meeting. This action will have no impact on the security or the stability of the DNS.

This is an Organizational Administrative function that does not require public comment.

Submitted by:	Nick Tomasso
Position:	VP, Global Meeting Operations
Date Noted:	22 April 2020
Email:	nick.tomasso@icann.org

REFERENCE MATERIALS TO BOARD SUBMISSION No. xxxx.xx.xx.xx

TITLE: March 2023 ICANN Meeting Venue Contracting

DETAILED ANALYSIS:

1. Background:

In 2018, ICANN org conducted an extensive search and analysis of less costly venues for ICANN Meetings that still provide for an excellent meeting experience. Staff recommends the Cancun International Convention Center (CICC) for ICANN76 in March 2023.

2. Site Visit:

- Cancun, Mexico: A preliminary site visit was conducted in February 2018.

3. Discussion of Issues:

- Meeting Rooms: The CICC has excellent conference facilities for an ICANN Meeting.
- Host Hotels: The Aloft Hotel, adjacent to the CICC will serve as the host hotel for the Meeting.
- Area Hotels: Many nearby hotels, all accessible via a short walk, public transportation or a short taxi ride, offer a wide variety of guest room accommodations at varying price points.
- Food & Beverage Outlets: The CICC will provide food for sale for Meeting delegates at a reasonable cost. In addition, there are several restaurant options in close proximity to CICC.
- Air Travel: Air access to Cancun is good, with direct flights from some major European cities and most large US cities, all arriving at Cancun International Airport. However, most international itineraries will require one stop in route.
- Ground Transportation: Cancun International Airport is 27 kilometers/35 minutes from the meeting venue and area hotels. Taxi fare is approximately US\$35.
- Safety & Security: A risk assessment by ICANN security has not identified any areas of concern for Cancun that would require other than standard security measures provided for an ICANN Meeting.

Staff recommends that the board approve Cancun, Mexico as the location of the March 2023 ICANN Meeting.

Confidential Negotiation Information

Confidential Negotiation Information

Submitted by: Nick Tomasso
Position: VP, Global Meeting Operations
Date Noted: 14 April 2020
Email: nick.tomasso@icann.org

ICANN BOARD PAPER NO. 2020.05.07.2a

TITLE: **FY21 Operating Plan and Budget and FY21-25 Operating and Financial Plan Update Approval**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

As required by Section 22.4 (a) of the Bylaws, on 20 December 2019 the Internet Corporation for Assigned Names and Numbers (ICANN) organization posted for public comment a draft FY21 Operating Plan and Budget and draft FY21-25 Operating and Financial Plan. In addition, other consultations were held with ICANN organization, Board and community members. All of the received comments have been taken into consideration, and where appropriate and feasible, have been incorporated into a Proposed FY21 Operating Plan and Budget and Proposed FY21-25 Operating and Financial Plan. Further, per section 3.9 of each of the three currently effective Registrar Accreditation Agreements, and as needed to develop the budget, the Board must establish the Variable Accreditation Fee that the Registrars are required to pay. The Registrar Variable Fees are set forth in the FY21 Operating Plan and Budget.

Since concluding the Public Comment process, the economic impact of the COVID-19 pandemic has had a significant and ongoing impact on the world. ICANN org has recently developed new plans that are reflected in the Proposed FY21-25 Operating and Financial Plan and Proposed FY21 Operating Plan and Budget plans. These new plans were developed by applying a limited number of changes to the draft documents published for public comments. The ICANN organization has held 2 webinars to present the new plans, answer questions and receive comments from participants.

The Board is now being asked to approve the ICANN Proposed FY21 Operating Plan and Budget and the Proposed FY21-25 Operating and Financial Plan. A Board decision that is the subject of a rejection power by the Empowered Community (EC) becomes effective 28 days after the ICANN Secretary notification to the EC of Board approval, absent any rejection

process being initiated. Once in effective, the ICANN FY21 Operating Plan and Budget and the FY21-25 Operating and Financial Plan will be posted on ICANN's website.

BOARD FINANCE COMMITTEE (BFC) RECOMMENDATION:

After careful consideration of the public comments received and the corresponding responses, and evaluation of the changes applied to the draft plans in light of the COVID-19 pandemic, the BFC has recommended that the Board approve the Proposed for Adoption FY21 Operating Plan and Budget and the Proposed for Adoption FY21-25 Operating and Financial Plan. Such recommendation was approved by the BFC prior to and pending the outcome of the 2 webinars held on the new plans.

PROPOSED RESOLUTION:

Whereas, the draft FY21 Operating Plan and Budget and draft FY21-25 Operating and Financial Plan were posted for public comment in accordance with the Bylaws on 20 December 2019.

Whereas, comments received through the public comment process were discussed by a few Board members and ICANN organization during a remote public session during ICANN 67 and during conference calls with representatives of the bodies that submitted public comments to help ensure the comments were adequately understood and appropriate consideration was given to them.

Whereas, the public comments received were considered and revisions were applied as appropriate to the draft FY21 Operating Plan and Budget and the draft FY21-25 Operating and Financial Plan.

Whereas, in addition to the public comment process, ICANN organization actively solicited community feedback and consultation with the ICANN Community by other means, including a remote public session during ICANN 67.

Whereas, the COVID-19 pandemic has created a situation of economic uncertainty, potentially affecting ICANN's current and planned work, leading to the development of new plans that are reflected in ICANN's Proposed FY21 Operating Plan and Budget and Proposed FY21-25 Operating and Financial Plan.

Whereas, at each of its recent regularly scheduled meetings, the Board Finance Committee (BFC) has discussed, and guided ICANN organization on the development of the final FY21 ICANN Operating Plan and Budget and final FY21-25 Operating and Financial Plan.

Whereas, the BFC reviewed and discussed suggested changes to the ICANN FY21 Operating Plan and Budget and FY21-25 Operating and Financial Plan resulting from public comment and consultations, and the changes resulting of the COVID-19 pandemic, and recommended that the Board approve the final FY21 Operating Plan and Budget and final FY21-25 Operating and Financial Plan.

Whereas, the BFC and the Board have received from ICANN organization an overview of the topics discussed and the questions addressed during the 2 webinars that were held on the new plans updated after the public comment process concluded, which did not require that any change is made to the proposed new plans.

Whereas, per section 3.9 of the 2001, 2009 and 2013 Registrar Accreditation Agreements, respectively, the Board is to establish the Registrar Variable Accreditation Fees, which must be established to develop the annual budget.

Whereas, the description of the Registrar fees, including the recommended Registrar Variable Accreditation Fees, for FY21 has been included in the FY21 Operating Plan and Budget.

Resolved (2020.05.07.xx), the Board adopts the FY21 ICANN Operating Plan and Budget, including the FY21 ICANN Caretaker Budget that would be in effect in the event the FY21 ICANN Operating Plan and Budget is not in effect at the beginning of FY21.

Resolved (2020.05.07.xx), the Board adopts the FY21-25 Operating and Financial Plan which describes the activities ICANN org will undertake and the resources needed to achieve the ICANN Board adopted ICANN's Strategic Plan for Fiscal Years 2021-2025.

PROPOSED RATIONALE:

In accordance with Section 22.4 of the ICANN Bylaws, the Board is to adopt an annual budget and publish it on the ICANN website. On 20 December 2019, drafts of the ICANN

FY21 Operating Plan and Budget and the FY21-25 Operating and Financial Plan were posted for public comment. The Public Technical Identifiers (PTI) Board approved the PTI Budget on 08 January 2020, and the PTI Budget was received as input into the FY21 IANA Budget.

The published draft ICANN FY21 Operating Plan and Budget and the FY21 IANA Budget were based on numerous discussions with members of ICANN organization and the ICANN Community, including extensive consultations with ICANN Supporting Organizations, Advisory Committees, and other stakeholder groups throughout the prior several months.

The comments received from the public comment process resulted in no revisions to the 20 December 2020 draft ICANN FY21 Operating Plan and Budget, however, since concluding the Public Comment process, the economic impact of the COVID-19 pandemic has had a significant and ongoing impact on the world. ICANN org has recently developed new plans that are reflected in the Proposed FY21-25 Operating and Financial Plan and Proposed FY21 Operating Plan and Budget plans. As the changes reflected in the new plans were defined after the public comment process was concluded, the ICANN organization organized 2 webinars on 28 April 2020 to present to the attendees the new plans and highlight the changes that have been made to the draft documents published in December 2019. The webinars were well attended, by more than 100 different participants, as well by most BFC members. The topics addressed, questions asked and answered, and the input received during 2 webinars did not lead to identify any change to the new plans presented.

The following consultation activities were carried out:

- 12 September 2019 and 13 September 2019 – Community webinar on the FY21 Planning Schedule.
- 08 March 2020, the comments received through the public comment process were discussed by Board members and ICANN organization members during a remote public session on public comments during ICANN 67 with representatives of the ICANN bodies that submitted them to help ensure the comments were adequately understood and appropriate consideration was given to them.
- In addition to the public comment process, ICANN actively solicited community feedback and consultation with the ICANN Community by other means, including remote public sessions during ICANN 67.

- 28 April 2020, Community webinars on the new projections that are contained in the Proposed for Adoption FY21-25 Operating and Financial Plan and Proposed for Adoption FY21 Operating Plan and Budget plans.

All comments received in all manners were considered in developing the final ICANN FY21 Operating Plan and Budget and the FY21-25 Operating and Financial Plan. Where feasible and appropriate these inputs have been incorporated into the final FY21 Operating Plan and Budget and the FY21-25 Operating and Financial Plan proposed for adoption.

In addition to the day-to-day operational requirements, the FY21 Operating Plan and Budget includes the FY21 new gTLD budget items and amounts allocated to various FY21 budget requests received from community leadership. The FY21 Operating Plan and Budget also discloses financial information on the New gTLD Program, relative to expenses, funding and net remaining funds. Further, because the Registrar Variable Accreditation Fee is key to the development of the budget, the FY21 Operating Plan and Budget sets out and establishes those fees, which are consistent with recent years, and will be reviewed for approval by the Registrars.

The FY21 Operating Plan and Budget and the FY21-25 Operating and Financial Plan, all will have a positive impact on ICANN in that together they provide a proper framework by which ICANN will be managed and operated, which also provides the basis for the organization to be held accountable in a transparent manner.

This decision is in the public interest and within ICANN's mission, as it is fully consistent with ICANN's strategic and operational plans, and the results of which in fact allow ICANN to satisfy its mission.

This decision will have a fiscal impact on ICANN org and the Community as is intended. This should have a positive impact on the security, stability and resiliency of the domain name system (DNS) with respect to any funding that is dedicated to those aspects of the DNS.

This is an Organizational Administrative Function that has already been subject to public comment as noted above.

Submitted By: Xavier Calvez, SVP & Chief Financial Officer

Date Noted: 28 April 2020

Email: xavier.calvez@icann.org

ICANN Board

**Proposed FY21-25 Operating Plan and Financial Plan and
Proposed FY21 Operating Plan and Budget**



ICANN Board Information
30 April 2020

Agenda

- ⊙ Propose for Board Adoption: Summary of Changes
 - FY21 Operating Plan and Budget
 - FY21-25 Operating & Financial Plan
- ⊙ Propose for Board Adoption: Backup Schedules
 - FY21 Operating Plan and Budget
 - FY21-25 Operating & Financial Plan

Appendix

Planning Approach “Proposed for Adoption”

Introduction

- ⦿ On 22 December 2019, ICANN org published a draft FY21-25 Operating & Financial Plan and FY21 Operating Plan and Budget for public comment. These drafts were developed based on the approved FY21-25 Strategic Plan.
- ⦿ Since concluding the public comment process, the COVID-19 pandemic is having a significant and ongoing impact on the world's economy.
- ⦿ ICANN org expects that its planned activities and financial position for the remainder of fiscal year FY20 (ending 30 June 2020) and FY21 will be impacted.
- ⦿ ICANN org has developed a new set of financial projections, outlined in a second set of draft planning documents, as “proposed for Board adoption”, which have been published on the Public Comment page.
- ⦿ ICANN org held two webinars to share the revised plans and to seek participation and feedback from the Community.

FY21 Operating Plan and Budget “Proposed for Adoption”

FY21 Proposed for Adoption – Basic Principles

- The effective operation of the Internet is of crucial importance, as online communication has become indispensable.
- The security, stability, and resiliency of the Internet is even more so critical now and ICANN's operations are a necessary contribution to it.
- During this crisis, ICANN attempts to perform most, if not all, of the functions it is in its charge that can reasonably and practically be performed.
- Most of ICANN's stakeholders' engagement activities are not possible to be carried out in the same fashion as they had previous to the COVID-19 crisis. But alternative means of engagement are available and used.
- The collective productivity of ICANN's stakeholders, Board, and org is inevitably lower as a result of this crisis than it would have been without it.
- ICANN expects no face-to-face meetings to occur before September 2020. ICANN expects face-to-face meetings to resume slowly through FY21 under new health and safety conditions.

FY21 Published Draft vs Proposed for Adoption

- ⦿ ICANN org plans to balance its expenses with its projected reduced funding
- ⦿ A Base case scenario presented to the BFC on 10-April, included several key changes made to the FY21 Proposed for Adoption Operating Plan and Budget compared to the draft plan:
 - Conservative assumptions of year-on-year reduction in domain name registrations of 7% compared to a growth of 3%, and an accelerated reduction of the number of contracted parties, due to potential business decisions of withdrawal.
 - Slower hiring of new positions, with an average headcount of 395 versus 410 previously. Current year budget is 410 and current headcount is 387.
 - Less Travel & Meetings expenses due to travel restrictions through Q1 and reduced rates thereafter, but 3 face-to-face ICANN Meetings planned
 - Proposed changes in functions supporting the work of the community through capacity-building, education, training, and communication
 - Delay into FY22 of Operating Initiatives requiring incremental resources (full amount will still be incurred over the five-year period)
 - Revert approach to increase Reserve Fund based on potential actual excess after year-end (around October timeframe), rather than budgeting in advance for excess.

FY21 Published Draft vs Proposed for Adoption

In Millions, USD	FY21 Proposed for Adoption Budget	FY21 Draft Budget	Under/(Over) vs. FY21 Draft Budget	
	Total ICANN Operations	Total ICANN Operations	Total ICANN Operations	%
Funding	\$129.3	\$140.4	(\$11.1)	-8%
Personne	76.0	78.3	2.3	3%
Trave & Meet ngs	12.4	15.6	3.2	20%
Profess ona Svcs.	17.0	20.2	3.2	16%
Adm n strat on ⁽¹⁾ & Cap ta	18.7	18.1	(0.6)	-3%
Cont ngency ⁽²⁾	5.2	5.2	0.0	0%
Cash Expenses	\$129.3	\$137.4	\$8.1	6%
Excess/(Deficit) Before Contribution	(\$0.0)	\$3.0	(\$3.0)	-100%
Reserve Fund Contribution	\$0.0	\$3.0	(\$3.0)	-100.0%
Net Operating Excess/(Deficit)	(\$0.0)	(\$0.0)	\$0.0	n/a
Average Headcount	395	410	-15	-4%

(1) ICANN Operat ons cash expenses exc udes Deprec at on and Bad Debt.

(2) The FY21 cont ngency expense represents an amount of budgeted expenses una ocated to spec f c act v t es or departments. \$1.5M earmarked for GDPR ega fees n Cont ngency.

- Funding \$11.1M lower due to fewer domain registrations and lower fixed fees due to less contracted parties
- Personnel \$2.3M lower due to slower hiring of new positions
- Travel & Meetings \$3.6M lower due to travel restrictions
- Maintaining same levels of Contingency of \$5.2M
- ICANN org recommends to not budget for a contribution to the Reserve Fund but evaluate on basis of potential excess.

FY21 Proposed for Adoption Budget vs FY20 Forecast

In Millions, USD	FY21 Proposed for Adoption Budget	FY20 Forecast	Under/(Over) vs. FY20 Forecast	
	Total ICANN Operations	Total ICANN Operations	Total ICANN Operations	%
Funding	\$129.3	\$137.5	(\$8.2)	-6%
Personne	76.0	72.4	(3.6)	5%
Trave & Meetngs	12.4	8.0	(4.4)	54%
Profess ona Svcs.	17.0	18.8	1.8	10%
Adm n strat on ⁽¹⁾ & Cap ta	18.7	18.1	(0.6)	3%
Contngency ⁽²⁾	5.2	4.3	(0.9)	20%
Cash Expenses	\$129.3	\$121.6	(\$7.7)	-6%
Excess/(Deficit) Before Contribution	(\$0.0)	\$15.9	(\$15.9)	-100%
Reserve Fund Contribution	\$0.0	\$0.0	\$0.0	n/a
Net Operating Excess/(Deficit)	(\$0.0)	\$15.9	(\$15.9)	-100%
Average Headcount	395	389	6	1%

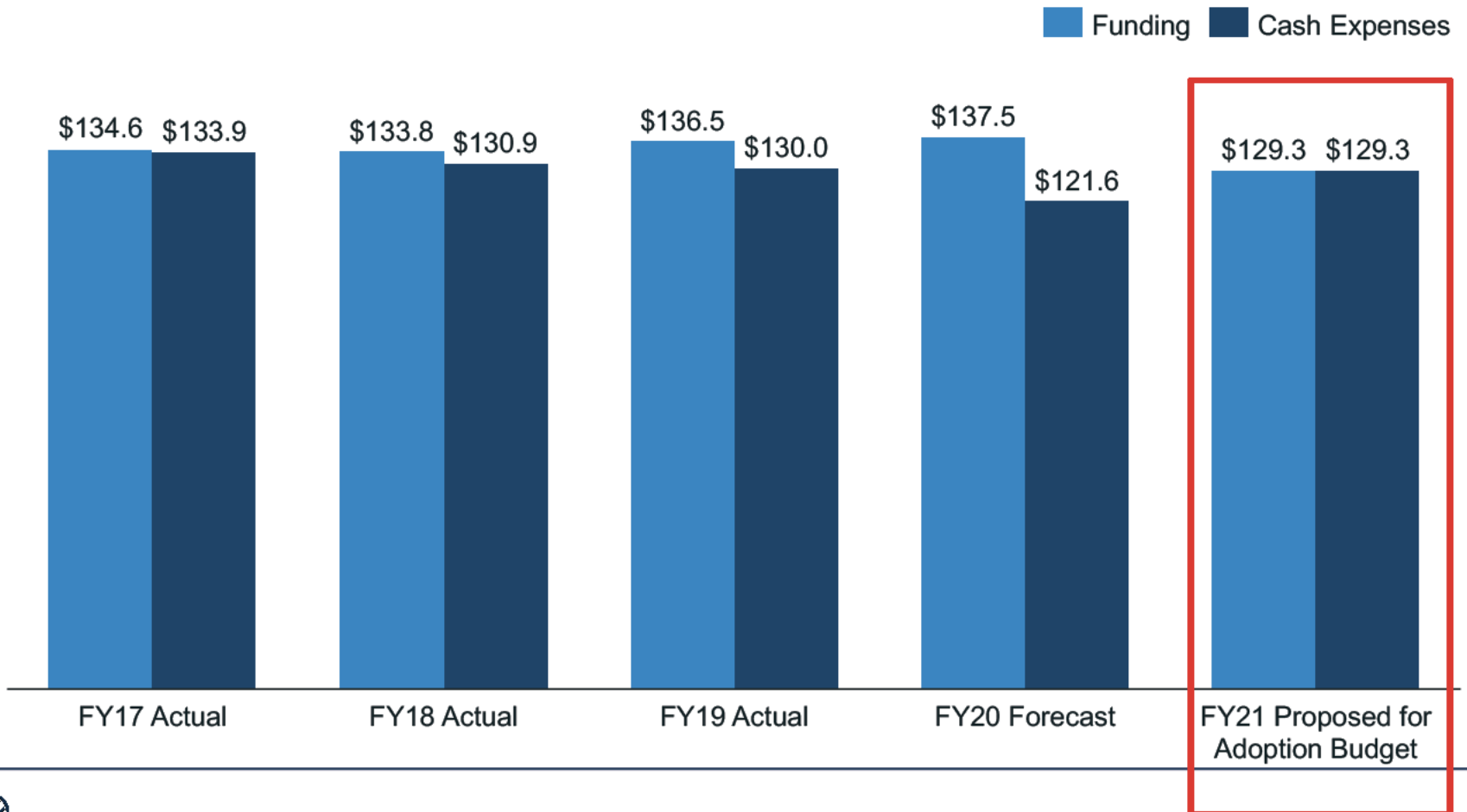
(1) CANN Operations cash expenses excludes Depreciation and Bad Debt

(2) The FY21 contingency expense represents an amount of budgeted expenses unallocated to specific activities or departments \$1.5M earmarked for GDPR legal fees in Contingency

- FY20 is forecasted to end with a net excess of \$15.9M due to higher funding (despite an assumption of reduction in Q4) and lower expenses than the FY20 Adopted Budget
- FY21 Funding is projected to be 6% lower than FY20 Forecast as the economic impact is projected to affect ICANN org funding beginning in FY20-Q4
- FY21 Personnel costs are projected to increase due to inflationary increases and a modest increase in headcount
- FY21 Travel is higher as it assumes travel restrictions being relaxed and holding all 3 face-to-face ICANN Meetings whereas FY20 includes 1 face-to-face and 2 virtual meetings

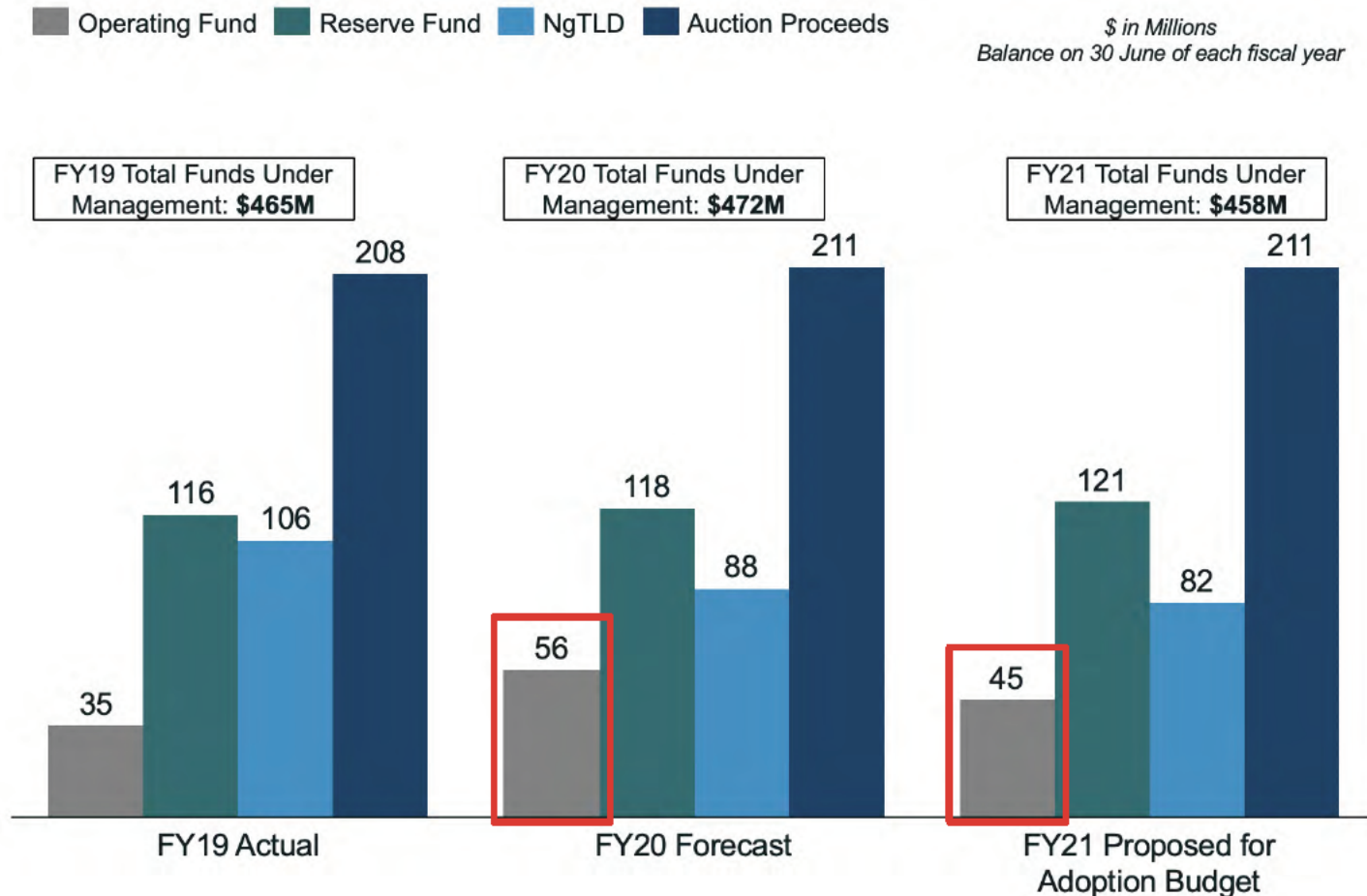
Funding and Cash Expense Trends

- FY21 Funding reflects economic crisis impact resulting from the pandemic
- FY21 Cash Expenses are balanced with Funding and are achievable given the trend of expenses in recent years



Funds Under Management FY21 Proposed for Adoption

- FY21 Operating Fund balance is projected, in the base case scenario, to be above the target balance of \$35M despite the economic crisis primarily due to ending FY20 with a surplus



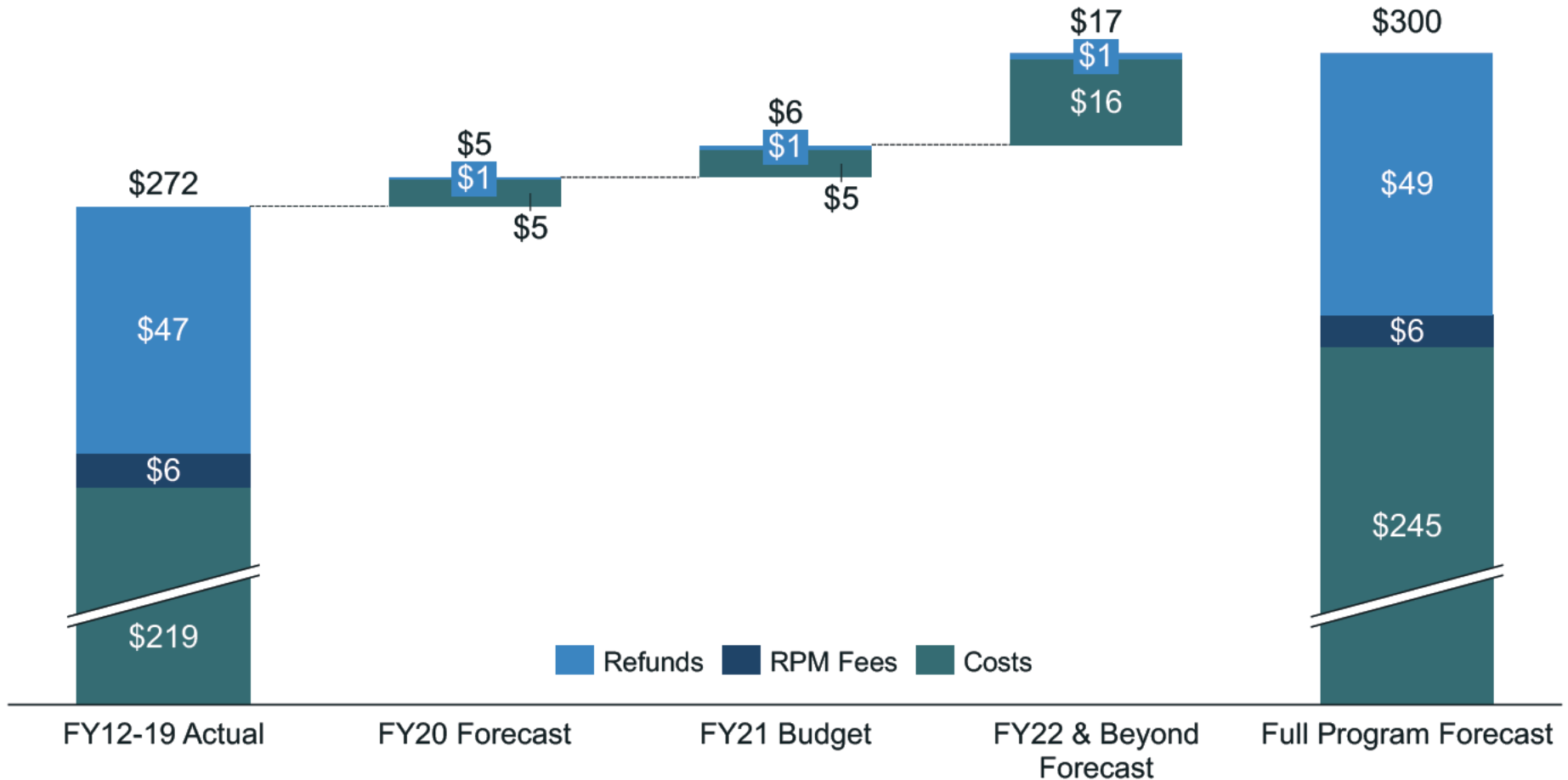
Contingency and Activities in Progress

- Only activities supporting the implementation of Board-approved policies or review recommendations are specifically included in the FY21 Proposed for Adoption Budget
 - Implementation activities for policies or review recommendations not yet approved by the Board will be scheduled, if and when approved by the Board, on the basis of resources reallocated from other activities
- Contingency is an amount of expenses included in the budget, but not allocated to any specific activities
- The progress of the following key projects will be supported by staff and may trigger unbudgeted third-party expenses which would require contingency funding:
 - Operating Initiatives requiring resources incremental to prior years
 - New gTLD Subsequent Procedures policy development process (PDP)
 - Adopted recommendations from Specific and Organizational Reviews
 - Policy development and compliance required by GDPR.
 - The Cross-Community Working Group on Enhancing ICANN Accountability, Work Stream 2
 - Other unanticipated expenses

New gTLD Program – Multi-year Forecast *(as of Dec 2019)*

- Application Fees Collected: \$361M
- Projected Evaluation Costs: \$300M
- **Projected Remaining Funds (to cover risks): \$61M**

Remained unchanged vs published draft



FY21-25 Operating & Financial Plan “Proposed for Adoption”

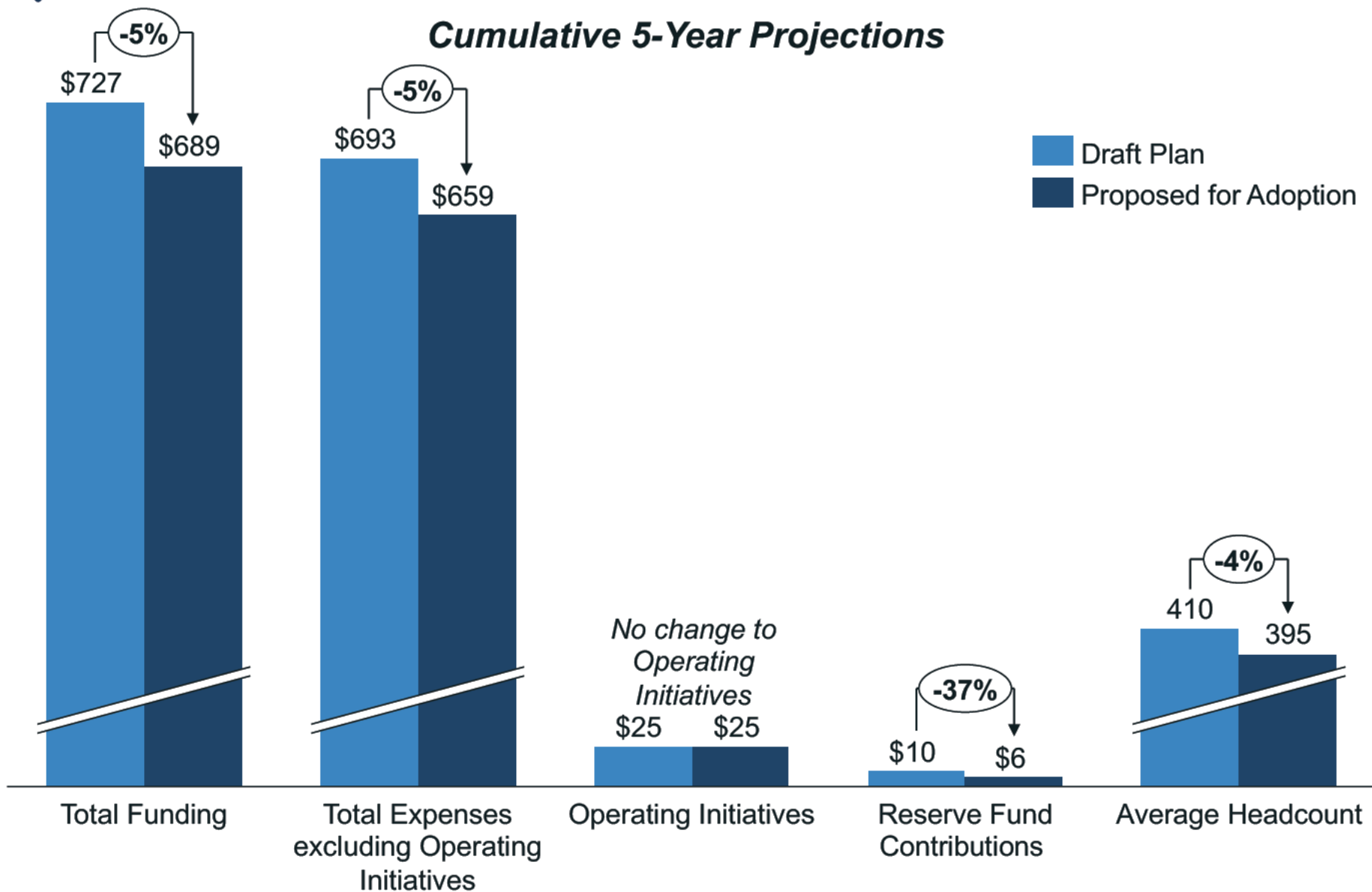
5-Year Plan Summary of Changes

- ⦿ The FY21-25 Draft Operating & Financial Plan, published in December 2019, is still a useful reference point
 - ICANN plans to perform most, if not all, of the work in the plans
 - The Draft plans have been published with updates from the Public comments received
- ⦿ Reduction in Funding
 - Funding is expected to be -5% lower over the 5-year period
 - This is due to a reduction in domain name registrations and contracted parties in FY21 the first year of the 5-year plan.
 - Modest growth in funding is included in the 5-year plan for FY22 – FY25, however there is much uncertainty
 - The plans include recent development in funding on initiatives related to the security, stability, and resiliency of the DNS over the next five years
 - Updates to the 5-year Funding will take place during the FY22 planning process starting shortly.

5 Year Plan Summary of Changes – cont'd

- ⦿ ICANN org plans to balance its expenses with its projected reduced funding
- ⦿ Reduction in Travel Expense
 - ICANN expects no face-to-face meetings to occur before September 2020. Travel and Meetings to resume slowly through FY21 under new health and safety conditions.
- ⦿ New plan for proposed operations changes of functions supporting the work of the community through capacity-building, education, training, and communication
- ⦿ Personnel Costs: Stability through the 5 years of headcount at the lower level of 395 (vs 410)
- ⦿ Delay of Operating Initiatives requiring incremental resources into FY22 (full amount will still be incurred over the five-year period)
- ⦿ Reserve Fund: allocation based on potential actual excess in FY21/FY22, and based on budgeted excess for remainder of the 5-year period.

5-Year Plan - Proposed for Adoption vs Draft



\$ in millions, with headcount expressed in "full-time equivalent"

FY21-25 Financial Projections

(in Millions USD)

5-Year Projections	FY21 Projections	FY22 Projections	FY23 Projections	FY24 Projections	FY25 Projections	5-Year Total
Funding	\$129.3	\$136.5	\$138.8	\$141.0	\$143.2	\$688.8
Expense						
Personnel	76.0	76.8	77.5	78.3	79.1	387.7
Professional Services	17.0	17.0	17.0	17.0	17.0	84.8
Travel and Meetings	12.4	16.1	16.1	16.1	16.1	76.9
Administrative	17.1	17.1	17.1	17.1	17.1	85.3
Capital	1.7	1.7	1.7	1.7	1.7	8.3
Contingency	5.2	5.5	5.6	5.7	5.8	27.7
Cost Savings Initiatives	0.0	-3.0	-3.2	-3.3	-2.9	-12.4
Total	129.3	131.1	131.7	132.5	133.7	658.3
Funding Less Expenses	0.0	5.5	7.0	8.5	9.5	30.5
Allocation to the Reserve Fund	0.0	0.0	1.0	2.0	3.0	6.0
Operating Initiatives Envelope	0.0	5.5	6.0	6.5	6.5	24.5
Net Excess	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Average Headcount	395	395	395	395	395	395

Operating Initiatives Financial Projections

- A high and low scenario envelope was estimated for all Operating Initiatives; for modeling purposes the midpoint is used
- Financials were estimated for initiatives that require incremental efforts; it is assumed that some initiatives are already being worked on with existing budget

(in Millions USD)

	Operating Initiatives	5-Year Financial Estimate (Low)	5-Year Financial Estimate (Midpoint)	5-Year Financial Estimate (High)	Assumptions for Midpoint Scenario
1	Support the evolution of the Root Server system	\$ 3.0	\$ 4.5	\$ 6.0	2 headcount for the 5-year period and meeting facilitation costs
2	Facilitate improvements of the DNS Ecosystem	4.0	6.0	8.0	1 headcount for the 5-year period along with costs for engagement and research. This excludes outcomes from the policies that will result from EPDP Phase 1 and 2.
3	Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policy-making	3.0	4.3	5.5	Project Manager role to facilitate and advise similar to current Multistakeholder Model initiative. Includes consultant cost and funds for implementation relating to the recommendations and outcomes.
4	Evolve and strengthen the CANN community's decision-making processes to ensure efficient and effective policy making	1.0	1.5	2.0	1 headcount for the 5-year period
5	Develop internal and external ethics policies	0.5	0.8	1.0	3rd party costs to help administer the tracking and facilitation of the program
6	Promote and sustain a competitive environment in the Domain Name System	-	-	-	See note below
7	Universal Acceptance	1.5	2.0	2.5	CANN org is already investing in Universal Acceptance. This assumes we will spend another \$500K/yr.
8	Continue the Root Zone Management evolution	3.0	4.5	6.0	Hardware and connectivity costs based on Singapore cluster
9	Evaluate, align and improve engagement in the internet ecosystem	-	-	-	See note below
10	Targeted engagement to improve government and GO engagement and participation in CANN	-	-	-	See note below
11	Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the CANN mission	-	-	-	See note below
12	Formalize the CANN org funding model and improve understanding of the long-term drivers of the domain name market	0.5	1.0	1.5	1 headcount for the 5-year period and funds for 3rd party research
13	Implement New gTLD auction proceeds recommendation	-	-	-	See note below
14	CANN Planning	-	-	-	See note below
15	CANN Reserves	-	-	-	See note below
	Total	\$ 16.5	\$ 24.5	\$ 32.5	

Note: Resources for these initiatives are included within the functional activities of the financial plan core budget and therefore no incremental resources are needed.

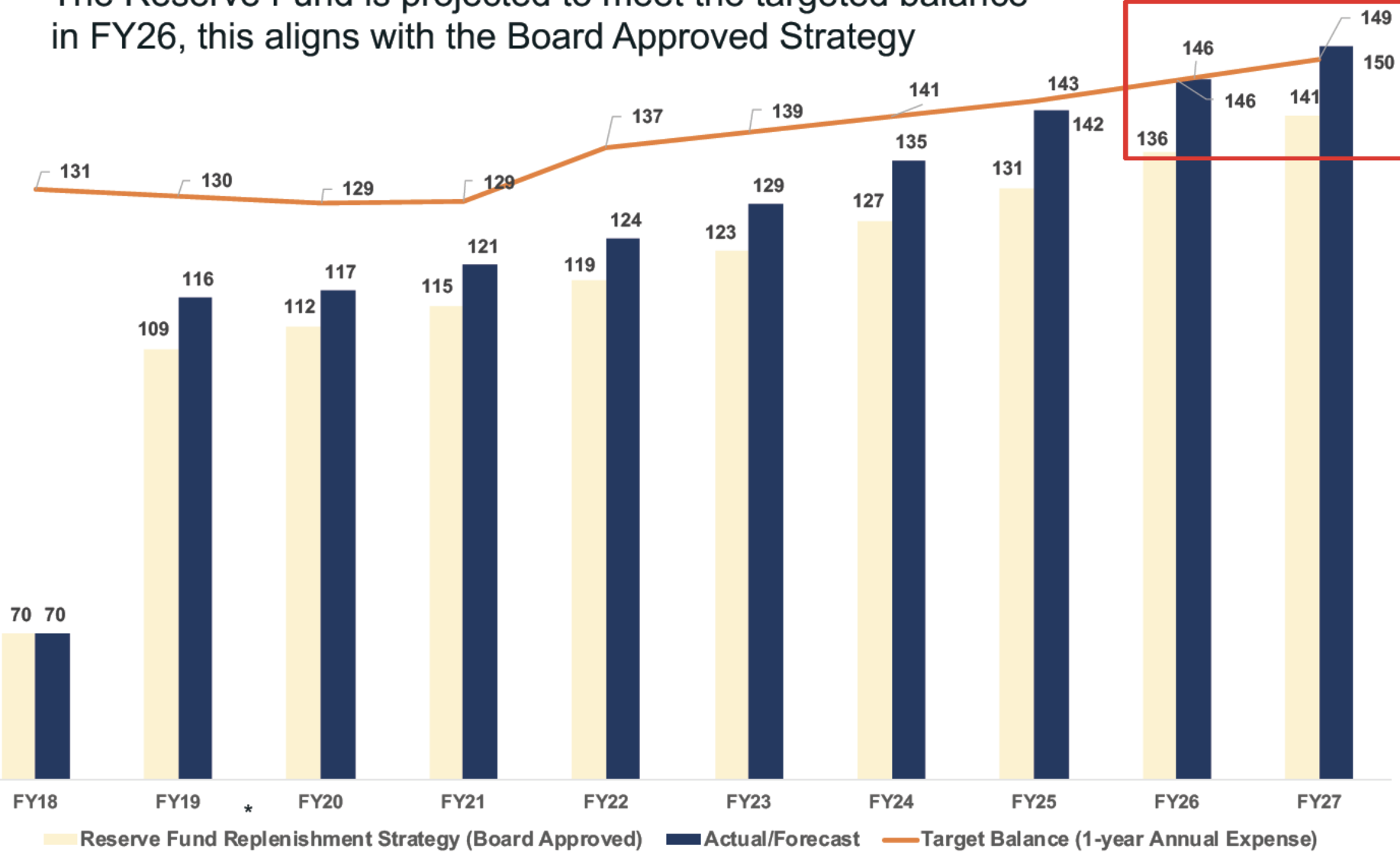
Reserve Fund Replenishment Overview

- The Board approved the Reserve Fund Replenishment Strategy at ICANN 63:
 - a transfer of \$36M from Auction Proceeds
 - planned annual contributions from ICANN org totaling \$32M over 8 years (FY19 to FY26).
- The targeted balance of the Reserve Fund is 1-year of Operating Expense
- Due to the economic impact of the COVID-19 pandemic, ICANN org has developed a new set of financial projections
- ICANN org has removed our planned contribution to the Reserve Fund in the FY21 budget and reduced the planned contributions in FY22-FY25.
- For FY21/FY22, allocation of potential actual excess after year end, and resume budgeting an excess for allocation in subsequent years. Provides flexibility to manage replenishment based on economic reality.
- Current assumption uses minimum transfers which can be increased based on our financial position.

Based on these assumptions, we are still projecting to meet the targeted balance in FY26 as per the approved strategy.

Reserve Fund Replenishment Strategy

- The Reserve Fund is projected to meet the targeted balance in FY26, this aligns with the Board Approved Strategy



Recommendation

- ⦿ The **Proposed for Adoption FY21 Operating Plan and Budget** and the **Proposed for Adoption FY21-25 Operating & Financial Plan** have been revised from the draft documents published in December 2019 to reflect lower funding and expenses
- ⦿ All comments received during the public comment period on the draft planning documents were addressed and did not require any material changes to such documents. Input collected during webinars on updated documents did not require any changes.
- ⦿ ICANN org and BFC recommend to the ICANN Board the approval of the FY21 Operating Plan and Budget and the approval of the FY21-25 Operating & Financial Plan
- ⦿ See attached draft Board resolutions
- ⦿ ICANN org recommends that CEO and Board Chair co-sign a blog stating the necessity to have updated the organization's plans due to COVID-19, acknowledging the absence of public comment on revisions, and emphasizing its commitment to transparency with the publication of documents and webinars in advance of Board decision.

Appendix

Potential Implementation Projects and Activities

- ICANN org supports the community-based activities, which leads to reviews recommendations and cross-community working group recommendations, policy drafts, and advice recommendations.
- At any point in time, there are such recommendations and policies that are at any of these stages of progress: initiation, development, finalization, board consideration, implementation planning, implementation.
- As recommendations and policies move forward and reach the stage of Board consideration, ICANN org can then design the expected implementation work.
- The resources supporting the implementation of these activities consist mainly of the ICANN org staff contributing as required based on the nature of implementation work.
- Some additional specific resources may be required on a case by case basis. During the annual planning cycle, the implementation activities expected to be occurring during the year planned for are incorporated into the annual operating plan.

FY21 SO/AC Additional Budget Requests

- Background:
 - Separate budget process to allow SO/AC to express funding requests customized to their specific needs
- Process includes the following phases:
 - Application phase (with evaluation criteria)
 - Evaluation phase with 2-step review process: one by the Staff Assessment and one by the Executive team members
 - Presented to the BFC for recommendation for approval as part of the approval of the FY21 OP&B
- A total of 35 Requests were submitted by 14 different organizations and evaluated by ICANN org
 - 16 requests are recommended for approval for a total of \$326K
- Additional Budget Requests recommended for approval will be evaluated as part of the FY21 Forecasting process

FY21 SO/AC Additional Budget Requests

- All requests that met the program criteria were approved

Organization	Yes	No	Total	FY21 Recommended Amount
ALAC	2	2	4	38,000
All*	1	-	1	30,000
BC	1	1	2	-
GAC	2	-	2	100,000
GNSO	3	-	3	92,500
IPC	-	1	1	-
NCSG	1	-	1	12,000
NCUC	2	-	2	8,000
Nom Com	-	2	2	-
NPOC	-	2	2	-
RALO	2	5	7	7,000
RrSG	1	1	2	19,135
RySG	1	4	5	19,135
SSAC	-	1	1	-
FY21 Total	16	19	35	325,770
FY20 Approved Requests	14	18	32	304,000

*All represents communication materials for multiple SO's and AC's

FY21 SO/AC Additional Budget Requests

Request Type (Internal Use)	Yes	No	Total	FY21 Recommended Amount
Administrative	-	1	1	-
Communications	3	2	5	30,000
Language Services	1	-	1	18,000
Outreach	6	7	13	91,000
Training	1	1	2	4,000
Travel	5	7	12	182,770
Website Dev	-	1	1	-
FY21 Total	16	19	35	325,770

Summary of Changes and Documents Published

- ⦿ See attached the documents that were published on the public comment page:
- ⦿ <https://www.icann.org/public-comments/draft-opplan-budget-fy21-25-2019-12-20-en>
 1. Proposed for Board Adoption Highlights Document Including a Summary of Changes
 2. Proposed for Board Adoption FY21-25 Operating and Financial Plan
 3. Proposed for Board Adoption FY21 Operating Plan and Budget.