



2016 Fee Schedule – Higher Tier Phase In Proposal

Background

- Feedback received during ARIN 37 indicated that organizations subject to a significant 2016 Fee Schedule increase may not have had adequate time in their budgetary planning process to consider the increased fees
- Board requested staff evaluate a phase-in approach for those organizations significantly impacted (higher tier services categories) and present an option for softening their financial impact

Analysis

Summary of the top two populated service categories, projected financial impact to customer organizations¹, and projected ARIN revenue impact assuming a 1 year waiver of increased fees:

| Service Category | Number of Organizations | Current Fee | Projected Fee | Revenue Impact w/1 year waiver |
|------------------|-------------------------|-------------|---------------|--------------------------------|
| 4X-Large | 7 | \$32,000 | \$128,000 | \$672,000 |
| 3X-Large | 26 | \$32,000 | \$64,000 | \$832,000 |
| | | | Total | \$1,504,000 |

- 2016-2017 approved budget did not include projected 4X-Large or 3X-Large fee categories, thus no adverse operating revenue shortfall
- Instead, we will not receive unbudgeted windfall revenue for the 4X-Large and 3X-Large for 2016-2017, but delayed one year

¹ Data as of 25 April 2016 – note there are presently no 5X-Large organizations

Recommended Solution

- For organizations that fall in either the 4X-Large and 3X-Large service categories, implement an automatic waiver adjustment for the difference between the existing and projected fee – for a period of one (1) year between 1 July 2016 and 1 July 2017 based on their renewal month –
 - Fee schedule will otherwise continue to be implemented effective 1 July 2016
 - Organizations subject to the one-year waiver will receive an email in advance of the 1 July 2016 implementation indicating a one-year Board approved waiver for renewals occurring within the first year
 - The new fee schedule website page will reflect the waiver details
 - Invoices for these organizations will reflect both the total new fee schedule amount and the offsetting adjustment line for clarity
 - Organization will thus know that the waiver the reason for the reduced invoice this one-time and plan for the full amount the following years
 - Renewals after 1 July 2017 waiver period will be at the full fee schedule amount

Discussion?