

# Staff Report of Public Comment Proceeding

Draft PTI FY18 Operating Plan and Budget																					
<b>Publication Date:</b>	23 January 2017																				
<b>Prepared By:</b>	Elise Gerich																				
<table border="1"> <thead> <tr> <th colspan="2">Public Comment Proceeding</th> </tr> </thead> <tbody> <tr> <td>Open Date:</td> <td>24 October 2016</td> </tr> <tr> <td>Close Date:</td> <td>10 December 2016</td> </tr> <tr> <td>Staff Report</td> <td>23 January 2017</td> </tr> <tr> <td>Due Date:</td> <td></td> </tr> </tbody> </table>		Public Comment Proceeding		Open Date:	24 October 2016	Close Date:	10 December 2016	Staff Report	23 January 2017	Due Date:		<table border="1"> <thead> <tr> <th colspan="2">Important Information Links</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;"><a href="#">Announcement</a></td> </tr> <tr> <td colspan="2" style="text-align: center;"><a href="#">Public Comment Proceeding</a></td> </tr> <tr> <td colspan="2" style="text-align: center;"><a href="#">View Comments Submitted</a></td> </tr> </tbody> </table>		Important Information Links		<a href="#">Announcement</a>		<a href="#">Public Comment Proceeding</a>		<a href="#">View Comments Submitted</a>	
Public Comment Proceeding																					
Open Date:	24 October 2016																				
Close Date:	10 December 2016																				
Staff Report	23 January 2017																				
Due Date:																					
Important Information Links																					
<a href="#">Announcement</a>																					
<a href="#">Public Comment Proceeding</a>																					
<a href="#">View Comments Submitted</a>																					
<b>Staff Contact:</b>	Becky Nash	<b>Email:</b>	<a href="mailto:controller@icann.org">controller@icann.org</a>																		
<b>Section I: General Overview and Next Steps</b>																					
<p>PTI was incorporated in August 2016, and became operational in October 2016. Under PTI’s Bylaws, PTI must submit a draft Operating Plan and Budget to its Board nine months before the start of each fiscal year. In the same month that PTI became operational, a draft budget for FY18 was presented to the PTI Board and published for Public Comment.</p> <p>PTI and ICANN conducted an extensive consultation process that included community input on the schedule, this Public Comment process, and face-to-face and other meetings with various stakeholder groups at ICANN57 and other community events. Tables documenting the consultation process are included as Appendix B.</p> <p>PTI and ICANN solicited questions seeking clarification on the published draft, to better enable the community to understand it and provide comments if they had any. Three questions were received and responses were published in the Comment Forum during the request for Public Comments. We published the responses in the Comment Forum and publicized this using community mailing lists.</p> <p>Four comments were received and those four included comments on a variety of topics. When we categorized the topics mentioned within the four individual comments, we identified six categories (themes) of topics.</p> <p>When the document was initially posted for comment, PTI anticipated that there could be a high volume of questions, and planned to host at least one webinar to address the questions and provide clarifications. However, due to the relatively low volume of comments, and the general level of understanding of the document evidenced in those comments, it was not necessary to hold calls with the community to improve PTI’s understanding of the community concerns and questions.</p> <p>The FY18 Operating Plan and Budget will be presented to the PTI Board for consideration towards the end of January 2017. As required under the ICANN Bylaws, the PTI Operating Plan and Budget</p>																					

will also be presented to the ICANN Board as an input into ICANN’s budget process, and will also be the basis for the required IANA Services Budget.

Each year ICANN and PTI use comments and other feedback on draft planning documents to identify areas of strength and areas where improvements are needed. Inputs help identify specific changes to the next year’s planning process. This analysis is a part of our commitment to continuous improvement.

## Section II: Contributors

*When the comment period ended, four (4) community submissions had been posted to the Comment Forum. The contributors are listed below in chronological order by posting date with initials noted.*

### Organizations and Groups:

<b>Name</b>	<b>Submitted by</b>	<b>Initials</b>
Registries Stakeholder Group	Stephane Van Gelder	RySG
Business Constituency	Steve DelBianco	BC

### Individuals:

<b>Name</b>	<b>Affiliation (if provided)</b>	<b>Initials</b>
Allan MacGillivray	None	AMcG
Stefania Milan and Edward Morris	GNSO Councilors, Non-Commercial Stakeholders Group	S MEM

In addition to these comments, ALAC filed a comment after the comment period closed. Staff has reviewed the comment and it echoes the other comments submitted.

## Section III: Summary of Comments

*General Disclaimer: This section is intended to broadly and comprehensively summarize the comments submitted to the Comment Forum. It does not address every specific position stated by every contributor.*

We segmented comments thematically, and not based on the group or individual submitting them, to gain a better understanding of the comments. The comment themes are listed here in alphabetical order and the analysis section provides a high-level assessment of the observations, questions, and requests. Responses to individual comments are provided in the appendix.

The specific comments and our responses will also be published as an Excel spreadsheet, to better enable structured analysis by the community.

- Budget Development Process (2 comments)
- Caretaker IANA Budget (2 comments)
- Document Quality (3 comments)
- Engagement (3 comments)
- Financial Management (10 comments)
- Separability (1 comment)

## **Section IV: Analysis of Comments**

*General Disclaimer: This section is intended to provide an analysis and evaluation of the comments submitted along with explanations regarding the basis for any recommendations provided within the analysis.*

A large proportion of the comments received were queries. There were also a few suggestions, along with some comments noting support or concern for the proposed budget.

### **Budget Development Process**

There was recognition that ICANN and PTI published a draft budget well before the start of FY18, and that this represents a valuable test of the process. There was also a suggestion that PTI and ICANN align the terminology for their Project and Portfolio Management Systems. We will strive to align PTI terminology with ICANN's to make it easier for people to understand what is planned.

### **Caretaker IANA Budget**

There was a comment that the FY18 budget should not remain the Caretaker IANA Budget in perpetuity. Instead, the most recently approved budget should always become the Caretaker IANA Budget. There was also a suggestion that the ccNSO and GNSO Councils should be consulted separately from the public comment and Bylaws' mandated budget development process. Because of the unique operational role of PTI, and the approved scope of the Caretaker IANA Budget, all of the operational activities within the PTI FY18 budget are appropriate items for the Caretaker IANA Budget. While this might not always be the case for PTI, this is appropriate for PTI's limited operational scope as implemented. Neither the ICANN Bylaws nor the PTI Bylaws support the development of an additional and separate budget consultation process with the GNSO and ccNSO Councils.

### **Document Quality**

There were comments regarding the use of punctuation, applying a consistent order to the IANA Services, and suggestions for different wording for section titles. We will make changes to improve the readability of the document.

### **Engagement**

There was a question asking whether PTI's travel and meetings budget is likely to increase in future years. There was also a question about the nature of PTI's engagement activities, and whether PTI would be creating its own engagement strategy. The different committees created that require PTI participation (such as the CSC), as well as the existence of the PTI Board have resulted in the increase of the travel and meetings budget. We anticipate future increases will be smaller. PTI's engagement strategy is consistent with the engagement activities carried out by ICANN's IANA department in previous years. Future discussions on PTI's strategy will come out of the development of PTI's four-year strategic plan.

### **Financial Management**

Comments acknowledged that the planned budget increase is not large, considering the extra activities to be carried out. There was also a request for the clarification given on the formula to

calculate PTI support function costs to be included in the updated document. A clarification will be added to the updated document. There were some questions about:

- the amount budgeted for merit awards
- IT and research and development
- depreciation costs associated with assets built by ICANN
- insurance
- legal costs

The approaches applied in all these cases are fairly standard. They are designed to fulfill the IANA Stewardship Transition Coordination Group's (ICG's) Proposal to Transition the Stewardship of the Internet Assigned Numbers Authority (IANA) Functions from the U.S. Commerce Department's National Telecommunications and Information Administration (NTIA) to the Global Multistakeholder Community in a fiscally responsible way.

### **Separability**

There was a comment stating a preference for creating PTI as "an entity capable of providing most of its operational capabilities independently." However, that was not what the ICG recommended, and this plan is designed to meet the legal separation model while balancing fiscal responsibility.

### **Appendices**

Appendix A below provides a specific response to each individual comment. Appendix B describes the program of communication undertaken in support of the overall planning process.

**APPENDIX A**

**Budget Development Process**

#	Comment	Contributor	Response / Action Taken
<p>Section Summary: This section excerpts comments and questions relating to the Budget Development Process and provides responses to them, along with whether a change will be made in the final documents.</p>			
<p>1.</p>	<p>"The RySG sincerely appreciates the fact that ICANN and PTI followed through on short notice to meet the deadline for publishing a draft PTI Operating Plan &amp; Budget for public comment nine months in advance of the start of FY 18.</p> <p>We believe that this inaugural instance of applying the PTI budget development process is especially important to test the process and set the stage for future fiscal years so we thank you for this opportunity to contribute."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html</a></p>	<p>RySG</p>	<p><b>Response</b>                      Comment does not call for response.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b>                      None</p>
<p>2.</p>	<p>"Recognizing that PTI's finances will be managed using the same system as ICANN's, we suggest the same terminology be used for the PTI Budget as is used for ICANN's Budget. Because ICANN's budget is broken down into strategic objectives, goals, portfolios and projects, transitioning from the PTI budget development process into the full ICANN budget process will be much easier if consistent terms are used in both. For example, in the Draft PTI Budget, the term 'program' is used; how does 'program' fit into the overall ICANN budget management system?</p> <p>We also recommend that an explanation be provided in the PTI Budget that explains where its elements fit in the ICANN strategic objectives, goals and portfolios. In addition, it will be helpful if costs are identified by ICANN project."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html</a></p>	<p>RySG</p>	<p><b>Response</b>                      All PTI work fits within Goal 2.1 of ICANN's strategic plan. This was described in the first paragraph of Section 5, starting on p12.</p> <p>As all of PTI's work sits within ICANN's strategic plan and was previously described in two portfolios of a single Strategic Goal, we wanted to provide more detail and structure to help the community understand the shape of the work. A program is just a way to describe several related projects with a common theme.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b>                      None</p>

## Document Quality

#	Comment	Contributor	Response / Action Taken
<p>Section Summary: This section excerpts comments and questions relating to Document Quality and provides responses to them, along with whether a change will be made in the final documents.</p>			
3.	<p>"For ease of readability and referencing, we recommend that instead of bulleting the points, it could be numbered."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b></p> <p>Our current style guide suggests using a numbered list only when order is important. We see the sense in allowing items in a list to be individually identified and so will update the document and review the style guide.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>Use numbers for long lists to better support the individual items to be referenced.</p>
4.	<p>"On IANA Services overview, there is no consistent priority ordering for the 3 IANA services provided. It is therefore recommended that the IANA Services be prioritized as follows:</p> <ol style="list-style-type: none"> <li>1. IANA Protocol Parameter Services</li> <li>2. IANA Numbering Services and</li> <li>3. IANA Names Services"</li> </ol> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b></p> <p>The IANA Services are not prioritized as each is equally important.</p> <p>However, the document will be updated to order the IANA Services consistently, using an alphabetical listing to avoid any impression that one service is more important than another.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>Alphabetize the IANA Services when they appear in lists</p>

#	Comment	Contributor	Response / Action Taken
5.	<p>"Specifically, item 5.1.2 (Improvement Activities) and 5.2 (PTI System Enhancements) have similar workflow and may be better understood if they are renamed as 5.1.2 (General Improvement Activities), 5.2 to be 5.1.3 (System Improvement Activities) and 5.1.3 becomes 5.1.4. "</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b></p> <p>The title for 5.1.2 fits within the overall context given by 5.1, which is PTI Operations. 5.2 is an equivalent level aggregation activity focused on the IT systems used to deliver the IANA Services. The titles can be amended for clarity, with descriptions provided in addition to the titles to add clarity.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>Review document titles and consider improvements where currently language is ambiguous</p>

## Financial Management

#	Comment	Contributor	Response / Action Taken
<p>Section Summary: This section excerpts comments and questions relating to the Financial Management and provides responses to them, along with whether a change will be made in the final documents.</p>			
6.	<p>"As already committed to by staff in response to preliminary questions regarding Section 5.3, we look forward to inclusion of clear definitions of 'support functions', 'PTI direct costs' and the associated formula to calculate PTI support function costs."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html</a></p>	RySG	<p><b>Response</b></p> <p>The text of 5.3 will be updated to improve the clarity of the explanation for the formula to calculate PTI support function costs.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>Update the text in 5.3</p>

#	Comment	Contributor	Response / Action Taken
7.	<p>"Considering that the IANA functions have been transitioned from a departmental function within ICANN to an affiliate of ICANN along with new corporate requirements and the need to work with new organizations such as the CSC and the RZERC, the RySG is pleased to see that the budget for FY 18 PTI costs only exceeds the FY 17 IANA services costs by about \$700,000 (a 7.5% increase)."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00002.html</a></p>	RySG	<p><b>Response</b> Comment does not call for response.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b> None</p>
8.	<p>"On merit awards for the existing Full Time Equivalent (FTE) personnel, what are the details for the award / breakdown?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b> The FY18 Budget includes a 5% increase applied to all personnel. This covers cost of living adjustment, promotion, and fringe benefits. This is a standard operating procedure and in-line with ICANN's budget.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b> None</p>
9.	<p>"On Administration, the 2.4% increase is attributed to IT System and \maintenance support. The question here is, Is this to be handled in-house or outsourced? The preposition "to" is missing in the sentence - "...2.4% due to IT system..." "</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b> The IT system and maintenance support is a mix of both internal and external resources in support of PTI's business operations.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b> None</p>



#	Comment	Contributor	Response / Action Taken
10	<p>"On contingency for potential insurance, we would like to know what category of risks are anticipated in FY18 (outside already identified risks) requiring insurance?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b></p> <p>The contingency is a provision for unforeseen future events or circumstances. As these cannot be predicted with certainty, we have not identified specific additional types of costs or risks that will be covered by the contingency in the Draft Operating Plan and Budget.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>
11	<p><b>Referring to depreciation</b></p> <p>"On the 7th bullet, when is this scenario expected to cease in view of IANA service independence of ICANN?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b></p> <p>This is not expected to cease. The assets will not be transferred from ICANN to PTI but the cross charge of depreciation will continue.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>
12	<p>"There is no fund for R &amp; D. Is there any consideration for R &amp; D in view of the sensitivity of this operation?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b></p> <p>Section 5.2 (PTI Systems Enhancements) describes a series of planned development activities associated with improvements to registry workflow and the iana.org website. Additional development funding is embedded in the Direct Shared and Shared Services costs.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>

#	Comment	Contributor	Response / Action Taken
13	<p>"Finally, based on Appendix B, we would like to know why it is costing more to manage names. Is this in anticipation of the next round of gTLD?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00003.html</a></p>	BC	<p><b>Response</b></p> <p>The categories that drive the higher cost for the IANA Names Service include:</p> <ul style="list-style-type: none"> <li>• the need for extra Audit Reviews</li> <li>• Key Signing Ceremonies</li> <li>• Key Management Facilities</li> <li>• Request Handling.</li> </ul> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>
14	<p>"Merit awards for existing employees are responsible for an increase of \$200,000 in personnel costs in FY18 from the FY17 baseline. With a staff FTE of just 22.6 this seems to be rather generous. Would you please be more specific about the merit rewards program (i.e. basis of rewards, spread amongst x number of employees etc.)?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html</a></p>	SMEM	<p><b>Response</b></p> <p>The FY18 Budget includes a 5% increase applied to all personnel. This covers cost of living adjustment, promotion, and fringe benefits. Doing so is a standard operating procedure and in-line with ICANN's budget.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>

#	Comment	Contributor	Response / Action Taken
15	<p>"An additional \$70,000 is budgeted for outside legal expenses surprising given that FY17 costs incurred for setting up the PTI as a legal entity were increased budgeted cost, the total amount budgeted for external legal expenses in FY18, the reasons it is anticipated these costs will be incurred? We would also like to know whether PTI automatically contracts with ICANN's external counsel, or whether it retains the ability to select its own external provider of legal services?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html</a></p>	SMEM	<p><b>Response</b></p> <p>ICANN legal still provides services to PTI, and those services come at a cost. Those services that are unique to PTI are therefore allocated as part of this budget. Some of those services include the regular legal expenses incurred in PTI's work, and there are future expenses that are anticipated, such as potential contract modifications arising out of the CSC process or the IANA Functions Reviews.</p> <p>Legal services will also be needed to support PTI's moving from a secondment arrangement with ICANN to directly employing staff members. This may require significant legal resources as reflected in this FY18 budget. Obtaining the proper legal resources for any given task remains a priority, whether those resources are already engaged by ICANN or will be newly retained to perform work for PTI.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>

## Caretaker IANA Budget

#	Comment	Contributor	Response / Action Taken
<p>Section Summary: This section excerpts comments and questions relating to the Caretaker IANA Budget and provides responses to them, along with whether a change will be made in the final documents.</p>			
<p>16</p>	<p>This draft FY18 Operating Plan and Budget represents the complete set of activities required to provide a reliable and resilient set of IANA Services. As such, it is proposed that the FY18 Operating Plan and Budget be adopted as the "Caretaker IANA Budget" described in Annex F to ICANN's Bylaws"</p> <p>Should there be disagreement on the PTI budget in 2025, the FY18 budget would clearly be inadequate as the 'caretaker budget'. If, on the other hand, the intention was that the most recent budget approved by PTI, and which has not been objected to by the community should represent the caretaker budget then this should be proposed.</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00001.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00001.html</a></p>	<p>AMcG</p>	<p><b>Response</b></p> <p>The intention is that this FY18 Operating Plan and Budget should be considered the Caretaker IANA Budget for this until another Caretaker IANA Budget has been identified, which should be part of the annual budget development process. This will be made clear in the updated document.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>Update appendix on Caretaker IANA Budget to clearly state the intention that the most recently adopted PTI should become the adopted Caretaker Budget.</p>

#	Comment	Contributor	Response / Action Taken
17	<p>"Caretaker Budget. We also express our concern over the establishment of the initial Caretaker Budget by the ICANN Chief Financial Officer for FY18 without prior consultation with the community regarding vision and priorities. While we understand that this budget might largely retrace the proposed budget for the operation of the IANA Services and not much flexibility may be possible here, we would like to observe that the Caretaker Budget comes into use only if the community rejects the proposed budget itself. It makes little sense for the Caretaker IANA Budget to be identical to the budget which has been rejected by the community.</p> <p>We recognize that this initial Caretaker Budget proposal may be a result of FY18 being the first full budgetary cycle for the PTI. As such, as a matter of good faith and form, we suggest that the Caretaker Budget proposed for FY18 be submitted to both the GNSO Council and CCNSO Council for feedback and approval. These two groups have enhanced status with regards the PTI (see, for example, section 19.1.b.2 of the ICANN Bylaws), and if the PTI budget were to be rejected by the Empowered Community the legitimacy of the initial Caretaker Budget would be enhanced by prior approval of the GNSO and CCNSO."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html</a></p>	SMEM	<p><b>Response</b></p> <p>As PTI is still within its first months of operation as an entity, the vision and priorities for PTI are set out in the CWG-Stewardship Proposal as implemented. That Proposal was subject to numerous rounds of public input and consideration. The Caretaker IANA Budget definition was also subject to public consultation prior to being adopted in the ICANN Bylaws. Identifying the FY18 Caretaker IANA Budget, for PTI as an operational entity developed to perform key Internet technical functions, is appropriately tailored to the Caretaker IANA Budget principles laid out at Annex F of the ICANN Bylaws.</p> <p>If there are specific items within the Caretaker IANA Budget that the community does not agree with, ICANN and PTI are interested in learning what those items are so that specific attention can be paid to those items. No specific line items have been flagged during the public consultation process, which was open to the ICANN Community, including the ccNSO and GNSO Councils. As there is no specific process set out in the ICANN or PTI Bylaws on submitting a proposed Caretaker IANA Budget to the ccNSO and GNSO Councils separate from the broader consultations, it would not be appropriate to develop an extra approval mechanism outside of the Bylaws.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>



## Separability

#	Comment	Contributor	Response / Action Taken
Section Summary: This section excerpts comments and questions relating to Separability and provides responses to them, along with whether a change will be made in the final documents.			

<p><b>18</b> "Independence from ICANN and accountability of the PTI. Concerning more specifically the budget, we note that the grand total, including support services, of the PTI operational budget shows that a majority of budgeted items are either shared costs or ICANN support service allocations attributed to the PTI: \$5,000,000 of the PTI's \$9,600,000 operational budget consist of costs shared with ICANN or are support services provided to the PTI by ICANN. The \$2,800,000 in support services provided to PTI by ICANN is particularly troublesome. We would prefer PTI to develop into an entity capable of providing most of its operational capabilities independently or, at the very least, openly shared with ICANN. The PTI should not be dependent upon staff employed exclusively by ICANN to function.</p> <p>As an example, we have become aware of the status of the Ombudsman with PTI. The Ombudsman provides his services on a contractual basis to ICANN; he is not an ICANN employee. Our understanding is that he will be providing his services to PTI as well, when or if needed, through his contract with ICANN. This is wrong. The Ombudsman should be independently and directly contracted by PTI for any services he shall undertake for the company, in order to safeguard its independent role. The same holds true for any other independent contractor, particularly those providing professional services."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html</a></p>	<p>SMEM</p>	<p><b>Response</b></p> <p>The IANA Stewardship Transition Coordination Group (ICG) proposal required that PTI be formed as a separate legal entity "that will be an affiliate controlled by ICANN"<sup>1</sup> to "[allow] for possible separation from ICANN in the future, if necessary".<sup>2</sup></p> <p>The ICG proposal also required that PTI's costs be transparent and include itemization of all IANA Functions operations costs to the project level and below as needed. The proposal specified that "[an] itemization of IANA costs would include "Direct Costs for the IANA department", "Direct Costs for Shared resources", and "Support functions allocation."<sup>3</sup> During the implementation of the ICG proposal, ICANN <a href="#">incorporated this requirement</a>, including a listing of services provided by ICANN to PTI into the Services Agreement.</p> <p>This agreement was developed in consultation with the CWG-Stewardship and included reviews by the CWG-Stewardship external legal counsel. PTI's draft FY18 Operating Plan and Budget is consistent with the ICG proposal requirement and the Services Agreement. It reflects the costs of services specified in the Services Agreement provided by ICANN to PTI in direct, direct shared, and support allocation categories. The Services Agreement also contains an employee transition provision to enable PTI to offer direct employment to personnel performing the IANA functions by 30 September 2019.</p> <p>The ICG proposal specifically referred to the Ombudsman having a role in the complaint resolution escalation process.<sup>4</sup> This is reflected in the IANA Naming Function Contract during the implementation of the ICG proposal.<sup>5</sup> There has never been a requirement that PTI has its own separate Ombudsman. <a href="#">More information</a> about the evolution of the ICANN Ombudsman role is available through Work Stream 2 discussions.</p>
--	-------------	---



#	Comment	Contributor	Response / Action Taken
			<p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>

## Engagement

#	Comment	Contributor	Response / Action Taken
Section Summary: This section excerpts comments and questions relating to Engagement and provides responses to them, along with whether a change will be made in the final documents.			
19	<p>"We note that travel and meeting expenses are slated to rise 42.3% from FY17 to FY18 due to money budgeted for three Board meetings per annum as well as "incremental" community engagement. Given the rather limited remit of the PTI, can we be assured this budgeted amount is not expected to escalate so rapidly in coming years?"</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html</a></p>	SMEM	<p><b>Response</b></p> <p>The bulk of the increase in travel and meetings expenses are due to costs associated with new oversight mechanisms such as the PTI Board and newly established committees (such as the CSC). For this reason, it is not anticipated to rise in future years.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b></p> <p>None</p>

<sup>1</sup> <https://www.icann.org/en/system/files/files/iana-stewardship-transition-proposal-10mar16-en.pdf>, paragraph 1105

<sup>2</sup> <https://www.icann.org/en/system/files/files/iana-stewardship-transition-proposal-10mar16-en.pdf>, paragraph 41

<sup>3</sup> <https://www.icann.org/en/system/files/files/iana-stewardship-transition-proposal-10mar16-en.pdf>, paragraph 1106

<sup>4</sup> <https://www.icann.org/en/system/files/files/iana-stewardship-transition-proposal-10mar16-en.pdf>, Annex I of the CWG-Stewardship proposal

<sup>5</sup> [https://www.icann.org/iana\\_pti\\_docs/151-iana-naming-function-contract-v-30sep16](https://www.icann.org/iana_pti_docs/151-iana-naming-function-contract-v-30sep16)

#	Comment	Contributor	Response / Action Taken
20	<p>"Following from the above, we notice that no specific outreach efforts are mentioned in the document and no further indication of their overall purpose, target and content is provided. We wonder what outreach activities are the PTI planning, and what professional figure within PTI will be in charge of planning said activities."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html</a></p>	SMEM	<p><b>Response</b>  "5.1.1 – Operational Activities” refers to "Customer-related activities in which PTI participates, such as Public Speaking, Conferences, Meetings and other community events."</p> <p>PTI plans to attend and present updates at the RIRs' meetings. PTI also attends IETF meetings, to support document authors, coordinate project work with the IESG, and present updates. PTI also engages with the names communities at ICANN meetings as well as regional TLD operator meetings.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b>  None</p>
21	<p>"The same goes for the community engagement activities. We wonder whether PTI will have the ability to create its own community engagement strategy, or whether this will be derived from ICANN's."</p> <p>See full comment: <a href="https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html">https://forum.icann.org/lists/comments-fy18-pti-24oct16/msg00004.html</a></p>	SMEM	<p><b>Response</b>  PTI's community engagement strategy is a continuation of the engagement strategy executed by ICANN. It is fully in support of the IANA Services and is consistent with ICANN's updated mission.</p> <p><b>Changes to be made in final FY18 Operating Plan and Budget</b>  None</p>

## Appendix B

### Consultation

ICANN and PTI conducted an extensive consultation on the development of PTI's Operating Plan and Budget for FY18. The consultation began by seeking community input on both the structure and schedule for the development process. Following the development of the draft Operating Plan and Budget, we held this Public Comment proceeding. This Public Comment proceeding was supplemented by face-to-face and other meetings with community stakeholder groups at ICANN57 and other relevant community events, inviting participation in the public comment process.

The tables below summarize the steps in the process.

#### Webinars consulting on the schedule for the development process

Date	Time	Recording	Transcript
2016-09-08	00:15 UTC	<a href="https://icann.adobeconnect.com/p4ayo6pzbjl/">https://icann.adobeconnect.com/p4ayo6pzbjl/</a>	
2016-09-13	15:00 UTC	<a href="https://icann.adobeconnect.com/p4ypnmov1zx/">https://icann.adobeconnect.com/p4ypnmov1zx/</a>	<a href="#">EN</a>
2016-09-26	15:00 UTC	<a href="https://icann.adobeconnect.com/p2pjeplcl96/">https://icann.adobeconnect.com/p2pjeplcl96/</a>	<a href="#">EN</a> <a href="#">ES</a> <a href="#">FR</a>

#### Face-to-face meetings at ICANN57

Date	Constituency	Session page
2016-11-08	Budget WG	<a href="https://icann572016.sched.com/event/8cw7/budget-working-group">https://icann572016.sched.com/event/8cw7/budget-working-group</a>
2016-11-03	ALAC	<a href="https://icann572016.sched.com/event/8cy2/at-large-leadership-working-session-part-2">https://icann572016.sched.com/event/8cy2/at-large-leadership-working-session-part-2</a>
2016-11-04	ccNSO SOP	<a href="https://icann572016.sched.com/event/8cwH/ccnso-strategic-operational-planning-working-group">https://icann572016.sched.com/event/8cwH/ccnso-strategic-operational-planning-working-group</a>
2016-11-06	NPOC	<a href="https://icann572016.sched.com/event/8c wd/gnso-npoc-constituency-day">https://icann572016.sched.com/event/8c wd/gnso-npoc-constituency-day</a>
2016-11-06	BC	<a href="https://icann572016.sched.com/event/8cvf/gnso-commercial-and-business-users-constituency-public-meeting">https://icann572016.sched.com/event/8cvf/gnso-commercial-and-business-users-constituency-public-meeting</a>
2016-11-06	NCSG	<a href="https://icann572016.sched.com/event/8czq/non-commercial-stakeholder-group-open-meeting">https://icann572016.sched.com/event/8czq/non-commercial-stakeholder-group-open-meeting</a>

#### Post-ICANN57 webinar, based on scheduling constraints

Date	Constituency
2016-11-30	RySG

### Presentations and meetings held at other community events

Date	Constituency	Event	Recording
2016-09-30	ASO	LACNIC	<a href="http://www.lacnic.net/en/web/eventos/lacnic26-agenda-lacnic#viernes">http://www.lacnic.net/en/web/eventos/lacnic26-agenda-lacnic#viernes</a>
2016-10-05	ASO	APNIC	<a href="https://conference.apnic.net/42/program#/schedule/day/8">https://conference.apnic.net/42/program#/schedule/day/8</a>
2016-10-25	ASO	RIPE	<a href="https://ripe73.ripe.net/programme/meeting-plan/plenary/">https://ripe73.ripe.net/programme/meeting-plan/plenary/</a>
2016-12-04	ASO	AFRINIC	<a href="https://meeting.afrinic.net/afrinic-23/agenda">https://meeting.afrinic.net/afrinic-23/agenda</a>

### Other Consultations

Constituency	Event
IAB	E-mail discussion with Internet Administrative Director (for IETF and IAB)