

**FIRST 5 VENTURA COUNTY
ADMINISTRATION/FINANCE COMMITTEE
MINUTES**

March 2, 2018

Present: Commissioner Stenslie, Commissioner Mantooth, Kara Ralston

Staff Present: Jennifer Johnson

I. Call to Order/Welcome/Introductions

Commissioner Mantooth called the meeting to order at 9:37 a.m.

II. Approval of Minutes from January 12, 2018

A motion was made by Kara Ralston, seconded by Commissioner Stenslie, to approve the minutes from the January 12, 2018 meeting. The motion carried unanimously.

III. Approval of Agenda

A motion was made by Commissioner Stenslie, seconded by Kara Ralston, to approve the agenda. The motion carried unanimously.

IV. Public Comments

There were no comments from the public.

V. Review of Financial Reports as of December 31, 2017

Jennifer Johnson referred the financial statements of December 31, 2017. Jennifer provided an overview of the balance sheet and statement of revenues and expenditures, noting the amount of the fund balance currently being used to support expenditures in the current year.

VI. Recommendation to Maintain Commission Investments

Jennifer Johnson stated that the Commission adopted an Investment Policy in 2009. As part of the annual review, the Committee needs to determine for FY 2018-19 whether funds beyond the 1 year operating requirement should be maintained in the County Pool, Local Agency Investment Fund (LAIF), or be invested externally. The Committee reviewed data on current market rates for both long term securities and investment pools and determined that the County Pool is currently yielding a higher rate than LAIF and that our cash flow needs do not support the external investment of funds in longer term securities with higher yields. Staff recommended and the Committee agreed that funds be maintained in the Ventura County Treasury Pool for FY 2018-19.

A motion was made by Kara Ralston, seconded by Commissioner Stenslie, to maintain the Commission's investments in the Ventura County Treasury Pool for FY 2018-19. The motion passed unanimously.

VII. Review and Consideration of Long-Range Financial Planning Scenarios

Jennifer Johnson presented four long-range financial plan scenarios for consideration in preparation for determining funding levels for year 4 and 5 of the current strategic plan. Jennifer referred to Scenario A and highlighted the updates made to the plan to reflect the FY 2016/17 audited actuals and the forecast of revenues and expenditures for FY 2017/18 and FY 2018/19. She reviewed the new assumptions used for projecting Proposition 10 tax distributions, which take into account the one year delay in backfill from Proposition 56. The Committee agreed with the methodology used to estimate revenues. Jennifer reported that interest earnings have been forecasted at 0.75%. She indicated that Scenario A proposes \$49.6 million in total funding dollars for FY 2016/17 through FY 2020/21, with \$2.9 million leveraged from external funding sources. The plan maintains the revolving Community Investment Loan Fund at \$1.3 million and utilizes resources from the Sustainability Fund to support programs at their current capacity until the fund is depleted in FY 2018/19. This scenario utilizes a spending level of \$6.5 million annually for FY 2019/20 and FY 2020/21, which is year 4 and 5 of the current strategic plan. Subsequent to the completion of the current strategic plan in June 2021, Scenario A proposes a spending level for the next five year period that is commensurate with annual revenues, which gradually decreases each year. The plan maintains the minimum fund balance of 6 months for working capital and includes a new proposal to maintain a reserve/safety net (beyond the minimum fund balance) - the amount proposed in Scenario A is \$2 million.

Jennifer continued her presentation of the scenarios by reviewing Scenario B, which increases the spending level to \$6.8 million for year 4 and 5 and reduces the reserve/safety net to \$1 million rather than \$2 million, which allows for annual spending to be slightly higher than annual revenues in the next five year plan period. Jennifer moved on to review Scenario C and noted the difference between Scenario B considers that available resources are divided evenly in the next five year plan period, rather than a gradual decrease in spending based on revenues. Jennifer noted past feedback from funded partners has indicated it would be a challenge to implement programs when the budget decreased each year and that level funding is preferable. Jennifer presented the final scenario, Scenario D, which allocates projected resources evenly over the next seven years at a spending level of \$5.65 million beginning in year 4 of the current strategic plan (FY 2019/20). This would eliminate the need for yet another reduction to occur in two more years (FY 2021/22).

The Committee discussed reserve levels and agreed that based on industry standard for similar public entities, a \$1 million (or 20%) reserve/safety net would be recommended, rather than \$2 million (or about 40%). The Committee considered the various scenarios and felt that just two needed to be presented to the Commission for discussion at their March meeting. The Committee eliminated Scenario B and C in which the spending level was increased to \$6.8 million for year 4 and 5, noting that it widens the gap even further and they would not advise a funding level higher than the \$6.5 million. The Committee advised Scenario A maintain a \$6.5 million spending level for year 4 and 5 but decrease the reserve/safety net from \$2 million to \$1 million (beyond the 6 month already required for working capital) and then evenly divide available resources over the next five year plan period to provide level funding. Jennifer estimated this would be about \$5.3 million. For Scenario D, it would remain the same as presented, but renamed to Scenario B since the other two scenarios were eliminated. Staff will present the scenarios to the Commission and report their comments and input at the next Committee meeting.

VIII. Update on Commission Activities

Jennifer Johnson stated that the Commission did not meet in February. Jennifer reported that, in January, the Commission approved the Policy Platform, authorized administrative leave with pay for staff absent due to the Thomas Fire, and also authorized payments to F5VC's preschool contractors closed due to the Thomas Fire. She informed the Committee that the Commission approved the release of a Request for Letters of Interest to administer the QRIS Hub Region 7 Assessor Pilot Project and that they approved a contract with Diane Kellegrew to expand the Ventura County Early Childhood and Child Welfare Workgroup project with funds F5VC received from the Center for the Study of Social Policy. Jennifer provided an update on the strategic planning process and reported that Teresa Gutierrez from Accountemps is currently filling the vacant Fiscal Administrator position.

IX. New Business/ Miscellaneous

There was no new business.

X. Closure

Commissioner Mantooth closed the meeting at 10:41 a.m.

XI. Next Meeting

Next Meeting: Friday, April 6, 2018, 9:30 a.m. – 11:30 a.m. at First 5 Ventura County.