

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

May 11, 2020

Present: Commissioner Mantooth, Commissioner Stenslie, Pamela Grothe, Kara Ralston, Joseph Richards

Staff Present: Petra Puls, Jennifer Johnson, Fahim Farag

I. Call to Order/Welcome/Introductions

Commissioner Mantooth called the meeting to order at 11:08 a.m.

II. Approval of Minutes from April 15, 2020

A motion was made by Kara Ralston, seconded by Pamela Grothe, to approve the minutes from the April 15, 2020 meeting. The motion carried unanimously.

III. Approval of Agenda

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

IV. Public Comments

There were no public comments.

V. Recommendation to Increase FY 2019-20 Equipment Budget

Jennifer Johnson stated that the Commission appropriated \$5,000 in fiscal year 2019-20 for the Equipment budget to address projected equipment needs. Due to unanticipated needs resulting from the pandemic and implementing telework practices, a revision to the current fiscal year's equipment budget is needed. To work remotely, certain staff with desktop computers are set up with secure, remote software and use their personal computers. By converting these desktops to laptops, which are nearing the time for replacement, Jennifer noted that 1) the monthly, per user remote software cost would be avoided because laptops use a VPN, which simply involves a minimal one-time set-up fee; 2) the lag-time faced when working through the remote software app would be eliminated, thereby improving efficiency; and 3) the amount of funds needed for equipment in the next one to two years would be minimized.

Jennifer referred to the proposed revised Equipment budget. She reported on the available balance at July 1, 2019 within the Commission's Equipment Replacement Fund. Expenditures incurred to date are just under \$4,000. The additional funds would be used to purchase four laptops in order to convert desktop workstations. There are sufficient resources available in this fund to cover the requested increase of \$6,500, bringing the total Equipment Budget for FY 2019-20 to \$11,500. Commissioner Mantooth asked about the impact to the equipment replacement fund as of July 1, 2020. Jennifer reported that, with the proposed change, the balance in the equipment replacement fund is estimated to be \$17,760 at July 1, 2020.

A motion was made by Joe Richards, seconded by Kara Ralston, to increase the FY 2019-20 Equipment budget to \$11,500. The motion carried unanimously.

VI. Recommendation to Approve FY 2020-21 Annual Budgets

Jennifer Johnson began the discussion on the FY 2020-21 budgets by stating that two models were prepared for the Committee's consideration. She reported that as staff worked through the budgeting process over the past month, needs emerged related to the Help Me Grow program and support for the administrative infrastructure. Therefore, staff prepared a recommended model and an alternative model. Petra Puls provided the rationale for the proposed changes contained within the recommended budget. Petra reviewed the proposal to bring the parent navigation component of Help Me Grow in-house and to allocate the Executive Director's time to multiple cost centers. Petra reviewed the results of her recent time study and discussed the challenges faced by having limited capacity/staffing in the Administrative cost center. By making the adjustment to allocate the Executive Director, Administrative resources would be used to hire an additional position to divide the role of the current Director of Operations position. Petra referred to the budget comparison chart that reflects the financial impact of the two models. She reviewed the variances and noted that the dollars budgeted for the Administrative cost center would decrease due to salary differences.

Jennifer referred to the budget packet for the recommended model. She reviewed the overall Operating Budget, inclusive of the Operating Fund and the Community Investment Loan Fund. She discussed revenue projections for Prop 10 tax distributions and leveraged funding as well as inflows for the Community Investment Loan Fund. She reviewed proposed expenditures of \$7.5 million for the Operating Fund, which includes the approved allocations for program strategies, grant expenditures, evaluation, administration, and equipment. Jennifer stated the proposed expenditures and outflows for the Community Investment Loan Fund is budgeted at \$535,000, which projected loan disbursements of \$500,000 and up to \$35,000 for loan implementation costs. She discussed the utilization of the fund balance, stating that \$1.6 million is anticipated to be used in FY 2020-21 to maintain program services.

Jennifer referred to the updated narrative assumptions for the internal budgets and reviewed the proposed staffing pattern and operating costs, noting costs that were reduced or eliminated. She explained the methodology for allocating shared operating costs and the shift in percentages. Jennifer summarized the proposed staffing pattern and explained the modifications for FY 2020-21. Jennifer proceeded to review detailed budgets for Administration, Program & Systems Integration, Results-Based Accountability, Help Me Grow, and Equipment. She summarized these budgets, highlighting the variances and providing explanations as to the proposed budgeted amounts. Based upon the proposed operating budget, the projected administrative cost rate is 8.0%.

Jennifer highlighted the differences between the alternative budget model and the recommended budget model. She discussed the financial impact in terms of dollars and on the administrative cost percentage. The committee expressed support for the recommended budget model. There was discussion about First 5 Commissions being a voter-initiative and not subject to the State budget process, however the current economic climate may have an impact on tobacco revenues.

The operating budget shall be the final budget, if there are no substantive comments by the Community Commission of Ventura County and the Board of Supervisors after their reviews.

A motion was made by Commissioner Stenslie, seconded by Kara Ralston, to approve the recommended budget model for FY 2020-21. The motion carried unanimously.

VII. Recommendation to Approve Updated Financial Plan

Jennifer Johnson presented the long-range financial plan that has been updated as part of the budgeting process. Jennifer reviewed updates that have been made to the plan, including audited actuals for FY 2018-19, a forecast for FY 2019-20, and the proposed budget for FY 2020-21. For FY 2019-20, the plan forecasts Proposition 10 distributions using an 8% overall rate of decline due to the current trend in distribution amounts and unknown fund management costs for the California Department of Tax and Fee Administration (CDTFA). For FY 2020-21 and beyond, the plan continues the Commission's typical practice of estimating the annual rate of decline at 4%. Recognizing costs rise over time and the associated potential loss of capacity with level spending amounts, the Committee previously recommended increasing annual spending levels for relevant initiatives/contracts as a long-term financial planning strategy. Jennifer reported that available resources were utilized to increase spending levels for the two-year strategic plan extension period (FY 2021-23) to mitigate the potential loss of capacity due to costs rising over time. She reviewed the application of the 5% year-over-year increase for the strategic plan extension period of FY 2021-23. Staff attempted to carry forward the increase for future years, but a shortfall resulted. Therefore, any available resources to increase spending levels for the subsequent three year period (through June 2026) would be determined after closing FY 2019-20 and assessing the extent of revenue declines for Proposition 10. The plan preserves the revolving Community Investment Loan Fund at \$1.3 million. She reported that the minimum fund balance of 6 months for working capital and \$1 million (or 20%) for a reserve/safety net are maintained.

A motion was made by Kara Ralston, seconded by Joe Richards, to approve the updated Financial Plan. The motion carried unanimously.

VIII. Recommendation to Approve FY 2020-21 Administrative Cap

Jennifer Johnson stated that county commissions are required to adopt a policy establishing a limit on the percentage of the Commission's operating budget that may be spent on administrative functions. Jennifer referred to the formal policy on administrative costs. She stated that the cap is set on an annual basis. The staff recommendation for FY 2020-21 is to maintain the targeted administrative cap of 12% of the total operating budget. Jennifer referred to the administrative cost policy and, following the review of the policy, stated that no changes are necessary at this time.

A motion was made by Pamela Grothe, seconded by Commissioner Stenslie, to approve the administrative cap of 12% for FY 2020-21. The motion carried unanimously.

IX. Review of Financial Reports as of February 29, 2020

Jennifer Johnson presented the Expenditure Report as of February 29, 2020. Jennifer noted that the February Expenditure Report largely reflects activity as of Quarter 2. Jennifer highlighted areas of the report, providing explanations for variances.

X. Update on Commission Activities

Petra Puls referred to the April 2020 Report from Commission Staff. Petra provided an update on digital NFL services and how staff and funded partners are responding to the COVID-19 pandemic. She gave an update on preschool and child care provider closures, noting F5VC has

a policy in place to support providers who are closed but are still incurring normal operating costs. She also outlined upcoming recommendations that will be presented to the Commission in May to adjust contracts for F5VC-funded preschool spaces to meet current needs. Petra noted a draft strategic plan extension will also be presented to the Commission in May for input. She concluded her report with an update on efforts to shift how we support providers and families as providers prepare to re-open.

XI. New Business/ Miscellaneous

There was no new business.

XII. Closure

The meeting ended at 12:35 p.m.

XIII. Next Meeting

Friday, June 5, 2020, 9:30 a.m. – 11:30 a.m. at First 5 Ventura County
(This meeting was subsequently cancelled)