
Executive Committee Minutes

Wednesday, February 18, 2009

9:00 AM – 10:30 AM

1100 San Leandro Blvd.

Conference Room E

COMMISSIONERS PRESENT: Chair: Pamela Simms-Mackey, M.D., Vice Chair: Helen Mendel, CMD (via phone)

COMMISSIONERS NOT PRESENT: Alex Briscoe

STAFF PRESENT: Janis Burger, Mark Friedman, Rebecca Gebhart, ZeeLaura Page, Patricia Zapanta

Chair Pamela Simms-Mackey, called the meeting to order at 9:02am

AGENDA ITEM

1. Public Comment

There was no public comment.

2. Approval of Minutes from January 16, 2009 meeting

The Executive Committee minutes from January 16, 2009 were not approved because there was no quorum. The minutes will need to be approved at the next meeting.

3. 2008-09 Budget Modification

Rebecca Gebhart, Director of Finance and Administration presented the 2008-09 Budget modification.

Ms. Gebhart stated that the annual budget is approved by the Commission in May and that in January, a mid year budget modification is conducted to recognize any changes in revenue and expenditures.

Ms. Gebhart stated that the most significant change to revenue is the proposed reduction of the Tobacco Tax revenue projection to reflect the current year's actual trend based on the first six months of revenue. The effect of this change is a decrease of \$940,406 from the original projection.

Commissioner Helen Mendel asked why there is a decline from the projected amount of Tobacco Tax. She asked if we have double checking to make sure that the tobacco tax allocation is accurate.

Ms. Gebhart stated that there are numerous factors that could contribute to the decline, including the Board of Equalization withholding more funds from the counties due to

their increased costs, or if there are more births in other counties, it could reduce Alameda County's allocation.

Ms. Gebhart reported that the original 2008-09 budget projected expenses totaling \$26,395,320. The proposed budget modification changes this amount to \$28,037,554, an increase of \$1,642,234.

Ms. Gebhart stated that the COLA adopted in December 2008 was added to the salaries of regular full and part time staff. However, salaries and benefit costs showed a decrease of \$8,385. This is due to staff turnover in Family Support Services, Early Care and Education and Support Strategies. She stated that there were seven staffing changes wherein longer term employees with higher salaries were replaced with new employees, which offset the total cost of the COLA.

The remaining changes were.

- a. The Family Support Services' contracts line decreases by \$58,888.
- b. The Early Care and Education contracts line item increases by \$908,872.
- c. The Support Strategies' contracts line item increases by \$705,635.
- d. The Support Strategies Training Supplies line item increases \$25,000 to cover initial costs of custom items for the new Asian language Parent Kits.
- e. The Evaluation & Technology contracts line item increases by \$60,000 to include evaluation expenses associated with the SART Pathways data system.
- f. The Administration General Expenses Professional Services line item increases to \$10,000 to cover costs of the single audit of federal funds.

Ms. Gebhart stated that the fiscal impact of the budget modification is an increase of \$1,642,234 to revenue/available funds and expenses, bringing both to \$28,037,554. She stated that funds from the Sustainability Fund are projected to increase to \$6,592,043, due to decreases in revenue and increases in expenses.

Janis Burger arrived at the meeting

Patricia Zapanta, Controller reported that an additional CARES invoice was just submitted yesterday and is projected to be received in the current year. It will be added to the budget modification proposal prior to the Commission meeting.

4. Operating Reserve Recommendation

Ms. Gebhart stated that at the January Commission meeting, Commissioner Baldovinos requested staff to research and prepare a recommendation to create an operating reserve of funds sufficient to lay off all staff. While the likelihood of such a mass layoff is extremely low, it is prudent to consider reserving these funds to ensure the organization's ability to meet the obligation outlined in the Personnel Policies.

Ms. Gebhart stated that First 5 Alameda County Financial Policies, Section 2.B on Financial Reserves and Goals, allows the Commission to specify use of reserves. She reviewed the Governmental Accounting Standards Board Codification basic rules for reporting reservations and designations of fund balances and net assets. According to the GASB definitions, the purpose proposed would not be a liability, nor a restriction of assets, nor a formal reservation of the fund balance. It would be shown as a “designated fund balance” on the balance sheets, and could be referenced in the Notes to Financial Statements and the Management’s Discussion & Analysis.

Ms. Gebhart stated that the fiscal impact of the recommendation to designate a Reduction in Workforce reserve is to decrease the Sustainability Fund by \$960,000, which is the estimated cost to lay off the entire staff, at their current levels of salary and years of service.

5. 2009-13 Long Range Financial Plan

Ms. Gebhart reported that she did not go into great detail on the proposal based on the decisions that are currently being made in the legislature. She stated that the Long Range Financial Plan was approved in June 2008 and was revised in January 2009, to align with the 2009-13 Strategic Plan Funding Allocation proposal.

Ms. Gebhart stated that at the January meeting, Commissioner Wang requested a presentation of a more sloping reduction that had the result of keeping more funds in the Sustainability Fund for a longer time horizon. This next version shows a more gradual use of the Sustainability Fund. The gradual use allows an additional two years, 2017-19, for use of the reserve. She stated that the sloping scenario of the Sustainability Fund involves a large decrease at the beginning of 2011-12.

Ms. Gebhart stated that it is important to note that these scenarios do not consider a redirection of Proposition 10 funds by the California Legislature and the voters of the state of California. In the event of this possibility, new Long Range Financial Plan scenarios will be brought before the Commission for consideration.

Ms. Gebhart stated that another issue to consider is that the lease in this building ends in May 2013. It is possible that we will be a smaller organization in 2013 and will not have need for 20,000 square feet of space.

Mr. Friedman stated that he would like to give an update on the state budget before Commissioner Mendel has to leave the meeting.

Mr. Friedman reported that the senate republicans replaced their leader with Senator Hollingsworth. He stated that they’ll still need one more republican vote. He stated that there is an attempt to modify the language of the bill. He stated that currently the bill is written to imply that funds will be used for direct services and that \$268 million a years will be redirected. He stated that First 5 was initially told that 50% on the funds would be

redirected and that because the funds are a declining source placing a set dollar amount could potentially mean a redirection of more than 50% in the future.

He stated that the Association is in touch with James Harrison the lawyer to find out what can and can't be done in terms of a political campaign.

6. Contract authorizations

Ms. Gebhart presented the Contract Authorizations to the Executive Committee. She stated that Kidango and Bananas went through a competitive process.

- \$40,000 contract with Kidango to provide training and support to identified Early Care and Education providers. The addition of \$40,000 brings the aggregate 2008-09 contract amount to \$100,000 for which Commission approval is needed.
- \$25,000 contract with Bananas, Inc. to serve as lead agency to develop and deliver training to Child Welfare Workers. Bananas, Inc. currently receives \$370,500 in other awards from First 5. The addition of \$25,000 brings the aggregate 2008-09 contract amount to \$395,500 for which Commission approval is needed.

7. 2009-13 Strategic Plan

Janis Burger, Deputy Director stated that the draft of the 2009-13 Strategic Plan is complete. She stated that all of this information has been collected and approved by the Commission and has been synthesized and integrated into the Draft Strategic Plan 2009-2013 for Commissioner review and input. She stated that the Accountability Plan which will be approved at the March, 2009 Commission meeting will be included in future versions.

Mr. Friedman reported that there will not be any action taken on the Strategic Plan at the February Commission meeting. He stated that Commissioners need additional time to review the accountability plan which will not be approved until March.

8. Adjournment

Chair Simms-Mackey adjourned the meeting at 9:40am.