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## Executive Committee Minutes

**Friday, June 19, 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, ZeeLaura Page, Patricia Zapanta

Chair Pamela Simms-Mackey called the meeting to order at 9:02 AM.

### AGENDA ITEM

#### 1. Public Comment

There was no public comment.

#### 2. Approval of Minutes from May 22, 2009 meeting

The Executive Committee minutes from May 22, 2009 were not approved because there was not a quorum. The minutes will need to be approved at the next meeting.

#### 3. Long Range Financial Plan Recommendation – Action

Patricia Zapanta, Acting Director of Finance and Administration presented the Long Range Financial Plan Recommendation.

Ms. Zapanta stated that an update to the Long Range Financial Plan is especially important now, as conditions have changed significantly in the year since the last approved revisions to the plan. She stated that the factors having an especially large impact are the combination of the new federal tobacco tax to support SCHIP (State Children's Health Insurance Program) program expansion and continued declines in state tobacco tax collections. These factors are expected to cause a 10.5% drop in tobacco tax revenues allocated to First 5 Alameda County in FY 2009-10.

A budget has been approved for FY 2009-11, requiring the Long Range Financial Plan to be updated to align with the budget. The budget incorporates the fiscal impact of ACERA and other employee benefit cost increases, shift of TCM (Targeted Case Management) revenues to Children's Hospital Oakland and the receipt of new grants. The Long Range Financial Plan now needs to be aligned with the 2009-13 Strategic Plan that was approved by the Commission in March 2009.

Ms. Zapanta presented two Long Range Financial Plan scenarios. Appendix B, the "cliff" scenario which shows the effect if spending at FY 2009-10 budgeted levels is

continued throughout the four year period covered by the new strategic plan. Under that scenario, the sustainability fund would be depleted by 2013, resulting in a “cliff” whereby total expenditures would need to be cut by \$13.4 million (52%) in FY 2013-14. Ms. Zapanta presented a second scenario which was prepared to create a more “sloping” reduction that spread the funds in the Sustainability Fund over a longer time horizon. Under this scenario, 20% reductions in program expenditures would be made at the beginning of each two-year budget cycle as well as periodic reductions in evaluation and administrative costs.

She stated that the “slope” scenario presented in Appendix C enables a more systematic scaling back of program and administrative costs, and stretches the Sustainability Fund for an additional four years (through FY 2016-17) until it is depleted to a level required to be maintained as an annual operating reserve to cover ongoing cash flow needs.

Chair Mackey stated that she is in favor of the “slope” scenario.

#### **4. Investment Policy Revision Recommendation – Action**

Ms. Zapanta stated that each year First 5 Alameda County Finance staff meets with the money managers to discuss any proposed changes to the policy or changes in California Government Code Section 53600, which guides the investment of public funds.

She stated that the recommendation for this year’s revision to the Investment Policy is as follows:

Section VI. 2. a. (page 5) Addition of a new authorized investment category called FDIC (Federal Deposit Insurance Corporation) insured notes under the TLGP (Temporary Liquidity Guarantee Program). This is classified under Other Federal Government Agency securities since they are backed by the full faith and credit of the U.S. government.

Ms. Zapanta stated that this specific language will be added to the policy manual.

#### **5. Personnel Policy Amendment Recommendation – Action**

Ms. Zapanta presented the yearly revisions to the Personnel Policies. She stated that revisions are necessary periodically due to changes in practice or law, and that proposed revisions have been reviewed by outside counsel. First 5 engages the employment law firm of Wiley Price & Radulovich when consultation is needed on issues of employment, including revision of personnel policies. Ms. Zapanta reviewed the proposed revisions to the policy as listed below:

1. Year-end Manual Clean Up and Reformatting – This represents changes that clarify policy but do not change policy.

2. Employee Classifications, page 2 – Regular part-time employee status was changed from 15 hours to 20 hours, and the general length of temporary employee assignments was increased from 6 months to 12 months, to better reflect agency practices and allow for additional flexibility in short term staffing assignments.
3. Addition of Paid Family Leave section, page 11 – This section adds information about Paid Family Leave, an employee-paid benefit administered by the Employee Development Department.
4. Vacations, pages 11-12: An accrual category for years 21+ was added, consistent with our practice and the Alameda County vacation policy. A cap on total vacation time accrual was substituted for the cap on vacation roll-over at year end, based on the recommendation of legal counsel.
5. Paid Time Off (PTO), pages 12-13 – Based on the recommendation of legal counsel, the policy was changed to provide for pay out of unused PTO at the time of termination of employment.
6. Bilingual Pay, page 20 – The language was changed from a specified dollar amount to an amount consistent with Alameda County, and language was added requiring annual need for supervisor reauthorization of bilingual pay to ensure the second language continues to be utilized in the employee's work.

First 5 Alameda County currently has 9 employees eligible for bilingual pay of \$45 per pay period per employee. The second languages are Spanish and Chinese.

7. Breastfeeding-Friendly Workplace, page 22 – This section, based on a model template from LA Best Babies Network, was added to reflect the agency's support of employees who breastfeed when they return to work.
8. Attire and Personal Hygiene, pages 23-24 – The definition of business casual was clarified to include professional-appearing denim skirts and dark jeans.
9. Addition of Reduction in Workforce Policy, approved by Commission 12/11/2008 and amended 3/26/09 with the addition of severance pay cap, pages 29-31 - Additional changes, based on the advice of legal counsel, were made in the policy to reflect changes in Federal law related to the temporary COBRA subsidy, to build in cost-control measures on benefits payments in the event of employee furloughs, to ensure the language in the policy is consistent with the waiver employees must sign to receive severance pay, and to clarify the Agency's right to alter or terminate the policy.

Vice Chair Mendel asked for clarification on the Bilingual pay revision. Ms. Zapanta stated that a few First 5 employees receive bilingual pay for using a second language to

communicate at least 20% of their work time. She stated that the bilingual pay policy is consistent with Alameda County.

Vice Chair Mendel suggested having the number of employees who receive this benefit and the languages they speak included in the commission presentation.

## **6. 2009-10 Contract Authorizations - Action**

Ms. Zapanta presented the following contract authorizations for FY 2009-10:

Patel & Associates - \$32,900

Melinda Martin - \$32,000

Mills College – \$297,548

Interactive Parenting Media (Childhood Matters) - \$362,240

Laurin Mayeno – \$33,840

Vice Chair Mendel suggested researching the possibility of retaining pro bono auditors in the future.

## **7. 2008-09 May 31, 2009 Financial Report – Information**

Ms. Zapanta presented the 2008-09 May 31, 2009 financial report. She stated that the highlights were the financial audit for which so far there were no significant issues or findings. She stated that the results of the audit will be reported and presented at the September 2009 Commission meeting. She stated that we received an invoice for the MRMIB contract and that First 5 will be able to process a payment before the end of the fiscal year.

## **8. 2008-09 May 31, 2009 Investment Report – Information**

Ms. Zapanta presented the 2008-09 May 31, 2009 Investment report highlights. She stated that in September, the money managers from MBIA will conduct a presentation at the Commission meeting. She stated that the money managers have resumed purchasing investments on First 5's behalf. She stated that recent indicators tentatively show that the pace of economic decline is moderating and this slow growth will remain during the remaining quarter of FY 2008-2009.

## **9. Emergency Response Fund – Action**

Mark Friedman, CEO presented the Emergency Response Fund recommendation. He stated that with Proposition 1D failing in the May 2009 election, the recommendation is to set up a process for an Emergency Response Fund for our community partners. He stated that the recommendation is to appoint a joint Commission-Staff task force to develop the program and make recommendations during the summer of 2009. The task force would have two Commissioners appointed by the Chair of the Commission and three staff members appointed by the Chief Executive Officer.

Commissioner Mendel asked how much First 5 will be investing in this program. Mr. Friedman stated that the fiscal impact will depend upon the level of funding the Commission decides upon for the Emergency Response Fund. He stated that any funds allocated for this fund will have to come out of the Sustainability Fund and will impact the Commission's long range financial plan. Commissioner Mendel suggested asking the State First 5 to contribute to this effort.

Deputy Director Janis Burger stated that she thinks that if the planning task force is strategic, the Emergency Response Fund can also be used as an opportunity to make systems change in the community.

Chair Simms Mackey stated that she supports the creation of the task force and that there will be Commissioners that will need to recuse themselves from the process due to conflicts of interest

## **10. Adjournment**

Chair Simms-Mackey adjourned the meeting at 10:09 AM.