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## Executive Committee Minutes

Friday, December 4, 2009

2:00 PM – 3:30 PM

1100 San Leandro Blvd.

Conference Room E

**COMMISSIONERS PRESENT:** Chair: Pamela Simms-Mackey, M.D., Vice Chair: Helen Mendel, CMD, Alex Briscoe

**STAFF PRESENT:** Mark Friedman, Janis Burger, Patricia Zapanta, Christine Hom

Chair Pamela Simms-Mackey called the meeting to order at 2:09 PM.

### AGENDA ITEM

#### 1. Public Comment

There was no Public Comment.

#### 2. Approval of Minutes from the September 18, 2009 meeting - Action

Chair Simms-Mackey stated on page 2 of the minutes, under Agenda Item 3: Emergency Response Fund Task Force Update it should state “what role First 5 will play” instead of “what role First 5 plays”.

Executive Committee Action: The Executive Committee approved the minutes from September 18, 2009 as amended upon motion by Vice Chair Mendel, seconded by Commissioner Briscoe and unanimously carried (3 in favor, 0 opposed).

#### 3. Emergency Fund Update – Information

Mark Friedman, Chief Executive Officer presented the Emergency Fund Update to the Executive Committee.

Mr. Friedman stated that the First 5 Emergency Fund Task Force met on December 3, 2009 by phone to discuss the three viable applications received from agencies in the County. Brighter Beginnings requested \$125,000, the Alameda County Dental Health Program requested \$50,000 and The Regional Center of the East Bay requested \$125,000 in emergency funding support. Mr. Friedman stated the First 5 Emergency Fund Task Force is in support of approving the three applications received and that First 5 staff is currently working with each of the agencies to finalize the scopes of work and budgets for their programs.

#### 4. Contract Authorizations – Action

Patricia Zapanta, Director of Finance and Administration presented the Contract Authorizations to the Executive Committee. She stated that the Executive Committee is being asked to recommend the following contracts to the Commission for approval:

- Asian Community Mental Health Services – an aggregate contract amount of \$53,600 for FY 2009-10
- Chabot College – an aggregate contract amount of \$313,800 for FY 2009-10
- Merritt College – an aggregate contract amount of \$111,500 for FY 2009-10
- Brighter Beginnings – an aggregate contract amount of \$1,059,291.70 for FY 2009-11
- Dental Health Foundation – an aggregate contract amount for \$125,000 for FY 2009-10
- The Regional Center of the East Bay – a contract in the amount of \$125,000 for FY 2009-11

Ms. Zapanta stated that although the contract recommendation for The Regional Center for the East Bay is through FY 2009-10, the funds will actually be spent beyond June 30, 2010 and that the recommendation should be changed to read that the contract is through FY 2010-2011.

Executive Committee Action: The Executive Committee recommended the Contract Authorizations to the Commission for approval upon motion by Commissioner Briscoe, seconded by Vice Chair Mendel and unanimously carried (3 in favor, 0 opposed).

## 5. Personnel Policies Recommendation – Action

Patricia Zapanta, Director of Finance and Administration presented the Personnel Policies Recommendation to the Executive Committee.

Ms. Zapanta stated that First 5 would like to modify the current sick leave policy, amending it to state that in the event an employee has exhausted all of their paid leave and needs additional time due to illness or injury, that First 5 will reduce the salary of the employee for that time off. Ms. Zapanta stated that there are not any staff at this point that have exhausted their sick leave, but that several staff may run out of sick leave they have accrued.

Vice Chair Mendel asked whether staff accrue sick leave every year. Ms. Zapanta responded that staff does accrue sick leave every year but that some staff get sick more than others and that this is First 5's effort to be proactive in having a clear policy in the event staff run out of sick leave.

Chair Simms-Mackey asked whether First 5 will pay staff for sick time if they exhaust their sick leave. Janis Burger, Deputy Director stated that staff will not be paid for any sick time after all of their accrued sick leave has been used.

Vice Chair Mendel asked if First 5 staff can donate sick time to a staff person who has exhausted all of their sick leave. Ms. Zapanta responded that the agency has a catastrophic leave policy that does allow for staff to donate paid leave to another staff in need and that it will be included in the recommendation to the Commission.

Ms. Zapanta also stated that due to agency cost savings measures, it is also being proposed to eliminate the Tools and Technology benefit effective January 2010. Mr. Friedman stated

that the Tools and Technology was a legacy Alameda County benefit that First 5 prefers not to continue so that the agency expenses can be reduced. Ms. Zapanta stated that the agency will not see the full impact of this cost saving measure until next fiscal year.

Executive Committee Action: The Executive Committee recommended the Personnel Policies Revisions to the Commission for approval upon motion by Vice Chair Mendel, seconded by Commissioner Briscoe and unanimously carried (3 in favor, 0 opposed).

## 6. Community Grants - Information

Janis Burger, Deputy Director presented the Community Grants Initiative 2009-11 Recommendations for Funding to the Executive Committee.

Ms. Burger stated that the FY 2009-11 grants cycle was delayed due to the FY 2009-13 strategic planning process. The FY 2009-11 grants term will begin January 1, 2010 and last eighteen months until June 30, 2011. Ms. Burger stated that within the three categories of funding: Community Support, Targeted and Neighborhood Partnership Grants, 92 applications were received totaling \$8,479,155.60 with the Commission allocating \$3,600,000 in funding.

Ms. Burger stated that three community review panels with 27 individuals received training and participated in the deliberation processes. Each reviewer had 8-10 proposals to read and each reviewer received a \$200 stipend for their participation.

Ms. Burger added that the recommendation to the Commission includes 10 Community Support grants with 7 of 10 being new grantees to First 5, 27 Targeted grants and 5 Neighborhood Partnership grants. Ms. Burger stated that 16 agencies currently receiving funding were not refunded and that each agency received a courtesy call from First 5 staff letting them know that they were not selected for funding. First 5 grants staff will be available to provide technical assistance and feedback to agencies that were not funded after the Commission meeting and formal notification is sent.

Chair Simms-Mackey stated that on the Geographic Service Area of Agencies Recommended for Funding chart the cities representing each of the geographic areas listed should be included. Chair Simms-Mackey also stated since 24% of the recommended grants serve the entire county, that the service areas should be represented clearly on the chart.

## 7. 2009-10 Financial Report (July 1, 2009 – September 30, 2009) - Information

Ms. Patricia Zapanta presented the 2009-10 Financial Report (July 1, 2009 – September 30, 2009) to the Executive Committee.

Ms. Zapanta stated that revenue and expenses are basically on target for the 1<sup>st</sup> quarter with the tobacco tax allocation being received 2 months in arrears and AB212 funding being received at the end of the year. MAA revenue is not included in the report but as of November 2009, approximately \$400,000 has been received. Ms. Zapanta stated that First 5 has received approval of two federal grants, one from the Substance Abuse and Mental Health

Services Administration (SAMHSA) in the amount of \$270,480 for the first year (with years 2 through 6 confirmed by Alameda County Behavioral Health Care Services at a later date) and the second from Project Launch in the amount of \$615,000 per year for the next 5 years. The addition of this revenue will be reflected in the budget modification in January.

Ms. Zapanta stated that First 5 expenses should be at approximately 25% spent for this time of year and that most line items are below 25% spent except for community grants which is at 33.9% spent due to the 2007-09 payment cycle of the Community Grants Initiative.

Vice Chair Mendel asked what is included in the membership and dues line item. Ms. Burger responded that the dues payable to the First 5 Association are included in that line item and that payment is made at the beginning of the fiscal year.

Mr. Friedman stated that at this time every year, the Commission is asked to consider a Cost of Living Adjustment (COLA) for staff but the recommendation this year is not being made for staff to receive a COLA due to the current economic climate. Vice Chair Mendel stated that the recommendation of the Commission to not grant a COLA to staff be included on the Commission agenda.

Vice Chair Mendel asked whether First 5 would be giving money to the Alameda County Community Food Bank as it has done in years past. Mr. Friedman stated that money would be donated to the Food Bank to support low income families with children age 0-5.

Commissioner Briscoe asked where budget savings due to under spending will be used. Ms. Zapanta responded that unspent funds are put in to the First 5 Sustainability Fund. Chair Simms-Mackey asked if funds from the Sustainability Fund will be used this fiscal year. Ms. Zapanta responded that if funding and expenses are similar this year as to last year, funds from the Sustainability Fund may need to be used.

## **8. 2009-10 Investment Report (July 1, 2009 – September 30, 2009) – Information**

Ms. Zapanta presented the 2009-10 Investment Report (July 1, 2009 – September 30, 2009) to the Executive Committee.

Ms. Zapanta stated that at the end of the first quarter, the market value of the portfolio was \$40,832,060, an increase of \$548,160. Ms. Zapanta stated that on the investment report, the activity line of gain (loss) on disposal is a total of \$267. She also stated for this time of year, all investment income is on track.

Mr. Friedman stated that the current yield for both the major money managers, MBIA Investors and Chandler Asset Management is at 3.5% and 3.6% respectively.

Ms. Zapanta stated that in regard to Commissioner Stark's request to have a presentation from the Alameda County Treasurer's Office on investment activity that they have not yet responded to her request. She stated that the Alameda County Treasurer's Office holds an annual meeting each January and that they will notify Mr. Friedman and her when the meeting will be held so that they can attend.

9. Adjournment

Chair Simms-Mackey adjourned the meeting at 2:53 PM.



**To:** First 5 Alameda County Executive Committee

**From:** Patricia Zapanta, Finance and Administration Director

**Date:** January 22, 2010

**Subject:** 2009-10 and 2009-11 Contract Authorizations

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#### REQUESTED ACTION

To review and recommend the following contract authorizations to the Commission for approval at their meeting on January 28, 2010.

#### BACKGROUND

Per our Financial Policies, Section VII, the Commission must approve contract amounts in excess of \$25,000. The following contracts require specific authorization from the Commission.

#### **THE CENTER TO PROMOTE HEALTHCARE ACCESS, INC. - \$858,678.00**

First 5 Alameda County is requesting approval of a contract amendment for FY2009-10 with The Center to Promote HealthCare Access, Inc. to provide enhancements to the Pathways Referral System, a web-based referral, service tracking follow up system for the Children's Screening, Assessment, Referral and Triage (SART) System of Care. (2009-13 Strategic Plan, page 20, 21). \$150,000.00 in federal funding was received through a grant to support these enhancements to the Pathways Referral System in Alameda County. The Center to Promote HealthCare Access, Inc. currently has a contract for FY2009-10 in the amount of \$708,678.00 to maintain and enhance the ECChange and ECCOnline data systems. The addition of a \$150,000.00 contract would bring the total contract amount to \$858,678.00 for which Commission approval is needed.

**FISCAL IMPACT:** None. All funds are budgeted and will be received from the Federal Grant.

**ACTION REQUESTED:** Recommend an increased contract amount of \$858,678.00 for The Center to Promote HealthCare Access, Inc. for FY 2009-10.

**FAMILY RESOURCE NETWORK (FRN) – \$201,000.00**

First 5 Alameda County is requesting approval of a sole source contract with the Family Resource Network (fiscal agent Bananas) to assist with the coordination between SART and the entitlement systems for children with special needs. The funding will allow Family Resource Network to support a policy and systems coordination consultant to liaison with the entitlement systems for children with special needs (2009-13 Strategic Plan, page 13).

The justification for sole source authorization is that the Family Resource Network has expertise navigating all three entitlement systems for children with special needs: the Regional Center, the SELPA/School Districts, and California Children’s Services and currently partners with these entities in multiple capacities. Family Resource Network would be best suited for oversight of any coordination efforts with the entitlement system entities.

The Family Resource Network currently has a FY 2009-10 contract in the amount of \$181,000 for Family Navigation and community support services, and the proposed contract for Entitlement System coordination will not exceed \$20,000 for FY2009-10, for an aggregate contract amount of \$201,000.00.

Fiscal Impact: None. All funds are budgeted.

Action Requested: Approve an aggregate contract amount of \$201,000.00 for Family Resource Network (fiscal agent Bananas) for FY 2009-10.

**CENTER FOR EARLY INTERVENTION ON DEAFNESS (CEID) - \$106,250.00**

First 5 is requesting approval of a FY 2009-11 contract in the amount of \$106,250.00 with CEID to provide hearing screenings to preschool age children and newborns (2009-13 Strategic Plan, page 14). In addition to audiology screenings, CEID will train pediatric residents on early identification of hearing loss and train healthcare and Early Start providers on components of a quality early intervention program, strategies for working with children who have cochlear implants, and strengthening relationships with current participating agencies and providers.

**FISCAL IMPACT:** None. All funds are budgeted.

**ACTION REQUESTED:** Recommend a contract of \$106,250.00 with CEID for FY 2009-11.

Submitted by:

Reviewed by:

\_\_\_\_\_  
Patricia Zapanta,  
Finance and Administration Director

\_\_\_\_\_  
Mark Friedman,  
Chief Executive Officer



**To:** First 5 Alameda County Executive Committee  
**From:** Patricia Zapanta, Finance and Administration Director  
**Date:** January 22, 2010  
**Subject:** Employee Salary Guidelines Revisions

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### REQUESTED ACTION

To review and approve the following revision to the Employee Salary Guidelines

### BACKGROUND

First 5 Alameda County's Employee Salary Guidelines, last revised in June, 2007, were developed to achieve three overall goals that are in the mutual best interests of the organization and the individual staff members. The goals are to:

1. Provide competitive market-based salaries to attract and retain high quality staff
2. Provide a fair and equitable system where compensation is commensurate with the level of responsibility and qualifications
3. Keep the compensation structure simple so it is clear, understandable and easy to administer.

### PROPOSED REVISION TO EMPLOYEE SALARY GUIDELINES

We are proposing the addition of a Senior Associate salary level. This addition is consistent with the above goals and, while it will add somewhat to the complexity of the structure, will enable First 5 to address current staffing and organizational issues by:

- Providing a vehicle to allow for retention of skilled Associates who have achieved educational goals and developed program content knowledge or management skills when no Manager position is available. The new level would allow for both an increase in responsibilities and potential salary growth.
- Enabling First 5 to better use our internal resources as we face a period of declining revenues and program contraction, proving us with flexibility to adjust the job responsibilities of our current employees as program needs change.

- Allowing for salary growth for employees that might otherwise be at the top of their salary range with no advancement potential, yet still allowing for cost control by setting a range for this position.
- Potentially realizing cost savings produced by utilizing staff currently on our payroll rather than recruiting externally for additional temporary or consultant positions to fulfill program needs.

The proposed level and salary range is shown in the tables that follow.

**First 5 Alameda County Job Levels (Not including Family Specialist levels)**

LEVEL	DESCRIPTION
<b>Director</b>	Responsible for management of an entire division or multiple major programmatic or functional areas, including resource deployment within those areas. Member of the executive team with significant duties in organizational planning and development. Three salary ranges are provided within the Director level to accommodate different levels of responsibility. May supervise any level.
<b>Division Administrator</b>	Responsible for planning, management and oversight of multiple divisions, including supervision of professional level employees. This classification differs from Directors because it does not exercise executive management duties.
<b>Administrator</b>	Responsible for overall planning, management and support of at least one program or functional area. When supervision is a responsibility of the position, strong management experience is required. May supervise Administrator, Specialist II, Manager, Specialist I, Associate and/or Assistant level positions.
<b>Manager</b>	Responsible for managing the day-to-day activities of at least one program or functional area, often involving a combination of hands-on duties and directing the activities of subordinate staff. May supervise Manager, Associate and/or Assistant level positions.
<b>Senior Associate</b>	Responsible for Manager level responsibilities of a defined, limited scope for an assigned program or functional area, generally not to exceed one-third of total duties, combined with a balance of Associate level responsibilities. Senior Associates must meet the educational requirements of the comparable Manager position. No supervisory duties.
<b>Associate</b>	Responsible for coordinating and performing the day-to-day activities within a program or functional area, requiring a moderate level of skills and prior experience. No supervisory duties.

<b>Assistant</b>	Responsible for performing day-to-day activities within a program or functional area, requiring a minimum to moderate level of skills and prior experience. No supervisory duties.
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LEVEL	SALARY RANGE
<b>Director</b>	
Chief Executive Officer	\$118,889 - \$160,849
Deputy Director	\$96,590 - \$130,681
Director	\$82,730 - \$111,929
<b>Division Administrator</b>	\$69,060 - \$93,450
<b>Administrator</b>	Base range: \$65,503 - \$88,622 Finance/Evaluation Administrator: \$63,295 - \$97,185 (varies by position)
<b>Family Service Manager II</b>	\$65,503 - \$88,622
<b>Family Service Specialist II</b>	\$61,281 - \$82,910
<b>Manager</b>	\$51,917 - \$74,181
<b>Family Service Manager I</b>	\$51,917 - \$74,181
<b>Family Service Specialist I</b>	\$48,315 - \$65,368
<b>Senior Associate</b>	<b>\$47,753 - \$61,273</b>
<b>Associate</b>	\$40,590 - \$54,916
<b>Assistant</b>	\$32,064 - \$43,381

**FISCAL IMPACT**

Modification of the Employee Salary Guidelines is not expected to result in any immediate significant fiscal impact, though there could potentially be salary increases up to 5% for 1-3 positions, the total of which would not be expected to exceed \$8100 annually plus benefits (total impact \$12,150). It is anticipated that the fiscal impact would be less than this, and would potentially be offset by eliminating the need to supplement our existing staff with additional temporary or consultant staff needed to support the programs at the level planned for in the Strategic Plan.

**RECOMMENDATION**

To review and approve the proposed revisions to the Employee Salary Guidelines

Submitted by:

Reviewed by:

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Patricia Zapanta  
Finance and Administration Director

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Mark Friedman  
Chief Executive Officer



**To:** First 5 Alameda County Executive Committee  
**From:** Patricia Zapanta, Finance and Administration Director  
**Date:** January 22, 2010  
**Subject:** 2009-10 Budget Modification Recommendation

**ACTION REQUESTED**

To review the following Budget Modification recommendation and to give feedback for clarifications or changes in preparation for presentation to the Commission on January 28, 2010

**BACKGROUND**

The operating budget for FY 2009-10 was first approved in May 2009 as the first year of the two-year, 2009-11 budget. It is First 5 Alameda County’s fiscal practice to adjust its budget halfway through each fiscal year to address changes in revenue that have occurred, or changes in expenditures that have been authorized by the Commission.

**REVENUE AND AVAILABLE FUNDS**

The approved 2009-10 budget projects revenue and available funding totaling \$26,449,294. The proposed budget modification changes this amount to \$27,581,298, an increase of \$1,132,004.

SOURCE OF FUNDS	ORIGINAL AMOUNT	PROPOSED AMOUNT	DESCRIPTION
Prop 10 Tobacco Tax	\$14,222,218	\$14,000,000	<p>The Tobacco Tax projection is reduced to reflect the current year’s actual trend based on the first five months of revenue. Last year the total Tobacco Tax funds received was \$15,938,842.</p> <p>The effect of this change is a decrease of \$222,218 from the original projection.</p>

SOURCE OF FUNDS	ORIGINAL AMOUNT	PROPOSED AMOUNT	DESCRIPTION
Income from Alameda County Agencies	\$1,159,993	\$2,225,983	<p>The SAMHSA (Substance Abuse Mental Health Services Administration) Project LAUNCH federal grant for a place-based strategy designed to promote the healthy development of young children within the targeted East Oakland community from Alameda County Public Health Department (PHD) was committed for \$608,237. PHD also committed \$74,700 and \$42,573 for ECChange system hosting and maintenance services and 50% share of costs for a Children’s Screening, Assessment, Referral, Treatment (SART) Child Development position, respectively.</p> <p>The SAMHSA Early Connections federal grant for a six-year project that creates an infrastructure for a system of care for children ages 0-5 and their families from Alameda County Behavioral Health Care Services (BHCS) was committed in the amount of \$340,480.</p> <p>These changes represent an increase to the line item of \$1,065,990.</p>
Grants	\$2,260,354	\$2,777,240	<p>The Federal Grant amount was adjusted to reflect the balance of reimbursable amount of the Early Care and Education federal earmark.</p> <p>The State Grant was increased by \$545,332 to show actual receipts from State First 5. Increases are \$232,360 for Comprehensive Approaches to Raising Educational Standards (CARES), \$297,309 for School Readiness and \$15,663 for Health Care for All.</p> <p>The effect of this line item change is an increase of \$516,886.</p>
Other Sources	\$ 0	\$ 120,568	<p>The Contra Costa Hospital Outreach Coordinator contract was confirmed from First 5 Contra Costa County.</p> <p>The total change is an increase of \$120,568.</p>

SOURCE OF FUNDS	ORIGINAL AMOUNT	PROPOSED AMOUNT	DESCRIPTION
Carry Over Restricted Funds	\$0	\$35,000	To reinstate the unspent balance of the Washington Mutual private grant which was not included in the original 2009-10 revenue budget.  The total change is an increase of \$35,000.
Sustainability Fund	\$7,331,729	\$6,947,507	If all funds are received and disbursed according to the budget, First 5 would need to use \$6,947,507 from the Sustainability Fund to cover expenses. The Sustainability Fund usage is projected to decrease due to there being more increases to revenues than to expenses during this Budget Modification.  The net decrease is \$384,222, which is the result of new and additional revenue despite the Emergency fund one-time support to community partners and decrease in the Tobacco Tax revenue projection.

**EXPENDITURES**

The original 2009-10 budget projected expenses was \$26,449,294. The proposed budget modification changes this amount to \$27,581,298, an increase of \$1,132,004. Please refer to the attached Proposed Expenditure Budget Modification worksheet. The notes to this narrative correspond to the letters indicated in the worksheet.

**Personnel - (Note A)**

Staff salaries are budgeted based on actual costs and unfilled positions are budgeted at the top of range. Due to the current economic condition and declining tobacco tax revenue, a Cost of Living Adjustment increase was appropriately not adopted for calendar year 2010.

The increase in Early Care and Education personnel expenses is due to the addition of the Quality Improvement Initiative manager position which was not included in the 2009-10 original budget. The Support Strategies division shows salaries increase of approximately \$193,000 due to the 1.) addition of a Local Child Wellness Coordinator (LCWC) position that will oversee all local Project LAUNCH activities and is funded by the SAMHSA federal grant and 2.) addition of 1.5 positions in the SART program and funded through a combination of program budget realignment and Alameda County PHD reimbursement.

Benefits are budgeted at 50% of salaries. The Commission approved an increase to the benefits ratio due to a projected significant increase in employer retirement costs during the approval of the original budget in May. Since then, the Alameda County Employees' Retirement Association (ACERA) adopted a 5-year smoothing, 60/140 corridor resulting in lower projected retirement benefits costs. However, budgetary savings from retirement benefits is offset by the significant increase of medical and dental insurance costs which are becoming more challenging every year as is being experienced by any other public entity.

In an effort to reduce First 5 Alameda's expenses, the elimination of the tools and technology benefit was approved in December 2009. The financial impact of this decision will not be evident until next fiscal year as we are still incurring costs related to the 2009 calendar year.

The remaining changes are explained below.

Note B. The Family Support Services' expenditure budget shows a net decrease of \$371,001. Aside from minor salary adjustments, the changes include:

- A decrease of \$113,116 in funds allocated for lactation contracts and consultation, based on actual expenses. Some of these funds were reallocated to other expenses
- The inclusion of \$125,000 emergency fund one-time support to Brighter Beginnings which is funded from the Sustainability fund
- A decrease of \$266,014 as funding shifts to Support Strategies/Child Development Strategies for 4 Early Childhood Mental Health contracts as well as training and general expenses
- A decrease of \$25,000 as funding shifts to Support Strategies/SART federal earmark for an ABCD expansion clinic consultant
- A decrease of funds allocated for training expenses by \$69,215, based on projected actual expenses

Note C. The Early Care and Education (ECE) budget changes are mainly in the Program Contracts/Grants/MOUs section and they include:

- A decrease of \$395,882 in contracts line item based on projected actual expenses. Some of these funds were reallocated to other budgetary line items as indicated by the second bullet below
- A \$522,855 increase in the grants budget line item due primarily to an increase of \$76,000 allocation for the Child Development Corps stipends and the inclusion of \$462,255 in Higher Education grants administered by the East Bay Community Foundation
- A decrease to the ECE training budget of \$77,800 based on actual projected expenses. Some of these funds were reallocated to fund the increase in the ECE grants line item above

- Note D. The Community Grants division shows a net decrease of \$30,222 in the Program Contracts/Grants/MOUs section due to the following changes:
- An increase of \$11,000 in the contracts line item to cover the costs of the Neighborhood Partnership lead consultant which was higher than anticipated
  - A decrease \$61,222 in the grants line item due to a \$31,000 extension payment to Emergency Shelter Program that was not made because of unspent funds that the grantee retained from a facilities grant and another \$30,222 decrease to adjust award costs for the 2009-11 cycle based on projected actual expenses
  - An increase of \$20,000 to cover the costs of the contract with Center for Digital Storytelling
- Note E. Support Strategies includes the following significant budget changes:
- The inclusion of the Alameda County BHCS contract which is funded by new revenue from SAMHSA Early Connections federal grant. The new expenses include \$152,500 in contracts, \$89,980 in training expenses and \$20,000 in computer and equipment expenses
  - The inclusion of emergency fund one-time support to the Regional Center of the East Bay for \$125,000 and to the Dental Health Foundation for \$50,000 which are funded from the Sustainability fund
  - An increase of \$266,014 as funding shifts from Family Support Services/Early Childhood Mental Health to Child Development Strategies for 4 Early Childhood Mental Health contracts as well as training and general expenses
  - The inclusion of the Alameda County PHD contract which is funded by new revenue from SAMSHA Project LAUNCH federal grant. Aside from the new LCWC position mentioned in the Personnel section, the new expenses include \$461,615 in contracts to expand Your Family Counts, Child Care Mental Health, Primary Care/Day Screening and Strengthening Families programs
- Note F. The Support Strategies Training Supplies line item increases \$24,300 to cover initial costs of cultural competency and social marketing supplies for the new Early Connections program. The increase in Support Strategies General Expenses Equipment Purchase is mainly for computer and equipment costs for Early Connections.
- Note G. The Evaluation & Technology's training expenses decrease by \$5,000 as a result of decreasing professional development expenses by 50%.
- It is important to note that all divisions decrease their professional development budgets by 50% as part of First 5 Alameda's cost savings measures.
- Note H. The Administration General Expenses Equipment Purchase line item is increased by \$10,000 to cover costs of office space reconfiguration and Space

Rental is increased by \$27,500 to cover First 5 Alameda's pro rata share of increase in operating expenses beyond the base year per our lease agreement with the landlord.

**SUSTAINABILITY FUND**

Funds from the Sustainability Fund are projected to decrease to \$6,947,507, due to increases in revenue. The Long Range Financial Plan figures approved in June 2009 will be updated to reflect these changes.

**FISCAL IMPACT**

The fiscal impact of the budget modification is an increase of \$1,132,004 to revenue/available funds and expenses, bringing both to \$27,581,298.

**RECOMMENDATION**

To review following Budget Modification recommendation and to give feedback for clarifications or changes in preparation for presentation to the Commission on January 28, 2010

Submitted by:

Reviewed by:

\_\_\_\_\_  
Patricia Zapanta, Finance and  
Administration Director

\_\_\_\_\_  
Mark Friedman, Chief Executive Officer

**First 5 Alameda County**  
**Proposed Revenue and Available Funds**  
**Budget Modification**  
**For the Period July 1, 2009 - June 30, 2010**

Agenda Item 5

Revenues	Approved FY 2009-10	Proposed FY 2009-10	Variance
<b>Prop 10 Tobacco Tax</b>	14,222,218	14,000,000	(222,218)
<b>Income from Alameda Co. Agencies</b>	1,159,993	2,225,983	1,065,990
<b>Grants</b>			
Federal	626,000	597,554	28,446
State	1,634,354	2,179,686	545,332
Private	0	0	0
	2,260,354	2,777,240	516,886
<b>Fiscal Leveraging</b>			
MAA	350,000	350,000	0
Title IV-E	0	0	0
	350,000	350,000	0
<b>Investment Revenue</b>	1,125,000	1,125,000	0
<b>Other Sources</b>	0	120,568	120,568
<b>TOTAL</b>	<b>19,117,565</b>	<b>20,598,791</b>	<b>1,481,226</b>

Available Funds			
<b>Sustainability Fund</b>	7,331,729	6,947,507	(384,222)
<b>Carry Over Restricted Funds</b>			
Washington Mutual	0	35,000	35,000
Total Carry Over Restricted Funds	0	35,000	35,000
<b>Total Available Funds</b>	<b>7,331,729</b>	<b>6,982,507</b>	<b>(349,222)</b>

<b>TOTAL REVENUES &amp; AVAILABLE FUNDS</b>	<b>26,449,294</b>	<b>27,581,298</b>	<b>1,132,004</b>
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**First 5 Alameda County**  
**Proposed Expenditure Budget Modification**  
**For the Period July 1, 2009 - June 30, 2010**

	Family Support Services		Early Care & Education		Community Grants		Support Strategies		Evaluation & Technology		Administration		T o t a l		Variance
	Approved FY 2009-10	Proposed FY 2009-10	Approved FY 2009-10	Proposed FY 2009-10	Approved FY 2009-10	Proposed FY 2009-10	Approved FY 2009-10	Proposed FY 2009-10	Approved FY 2009-10	Proposed FY 2009-10	Approved FY 2009-10	Proposed FY 2009-10	Approved FY 2009-10	Proposed FY 2009-10	
<b>Personnel</b>															
Personnel	485,807	482,838	768,160	853,735	352,060	352,061	525,735	718,705	624,526	631,534	979,447	958,772	3,735,735	3,997,644	261,909
Service Delivery Personnel	1,149,221	1,162,877	0	0	0	0	0	0	0	0	0	0	1,149,221	1,162,877	13,656
Benefits	817,514	822,857	384,080	404,712	176,030	176,030	262,868	335,703	312,263	315,767	489,724	472,386	2,442,478	2,580,260	137,782
<b>Sub-total Personnel</b>	<b>2,452,542</b>	<b>2,468,572</b>	<b>1,152,240</b>	<b>1,258,447</b>	<b>528,090</b>	<b>528,091</b>	<b>788,603</b>	<b>1,054,408</b>	<b>936,789</b>	<b>947,300</b>	<b>1,469,171</b>	<b>1,431,157</b>	<b>7,327,434</b>	<b>7,687,975</b>	<b>360,541 A</b>
<b>Program Contracts/Grants/MOUs</b>															
Contracts	5,840,290	5,584,738	4,372,518	3,976,636	103,718	114,718	2,349,021	3,375,022	294,388	294,388	33,400	33,400	12,993,335	13,378,902	385,567
Grants	0	0	947,885	1,470,740	2,661,222	2,600,000	0	0	0	0	0	0	3,609,107	4,070,740	461,633
Professional Services Contracts	61,914	28,664	65,854	65,854	80,000	100,000	232,840	228,090	5,000	5,000	7,000	7,000	452,608	434,608	(18,000)
<b>Sub-total Program Contracts/ Grants/MOUs</b>	<b>5,902,204</b>	<b>5,613,402</b>	<b>5,386,257</b>	<b>5,513,230 C</b>	<b>2,844,940</b>	<b>2,814,718 D</b>	<b>2,581,861</b>	<b>3,603,112</b>	<b>299,388</b>	<b>299,388</b>	<b>40,400</b>	<b>40,400</b>	<b>17,055,050</b>	<b>17,884,250</b>	<b>829,200</b>
<b>Training Expenses</b>															
Copying/Printing	49,000	40,400	21,500	17,300	1,500	1,500	24,000	26,000	1,500	1,500	2,000	2,000	99,500	88,700	(10,800)
Equipment Rental	2,500	1,000	0	0	500	500	3,400	3,400	400	400	250	250	7,050	5,550	(1,500)
Food/Hospitality	29,000	17,500	21,650	8,150	7,000	7,000	47,500	72,250	1,500	1,500	8,500	8,500	115,150	114,900	(250)
Honoraria	13,500	7,500	8,000	4,000	1,000	1,000	46,000	43,480	500	500	0	0	69,000	56,480	(12,520)
Postage	7,250	2,850	5,150	6,550	1,000	1,000	3,630	4,030	2,900	2,900	3,300	3,300	23,230	20,630	(2,600)
Professional Services	30,000	43,500	0	0	500	500	61,000	53,500	1,500	1,500	11,000	11,000	104,000	110,000	6,000
Space Rental	2,000	1,000	1,500	3,700	1,000	1,000	2,250	2,250	0	0	1,000	1,000	7,750	8,950	1,200
Supplies	100,000	56,000	110,300	58,600	5,000	5,000	164,350	188,650 F	12,600	12,600	58,700	58,700	450,950	379,550	(71,400)
Travel	38,790	23,700	10,500	9,000	3,000	3,000	9,400	34,900	9,500	9,500	1,500	1,500	72,690	81,600	8,910
Staff Development/Training	21,550	12,775 G	13,000	6,500 G	4,500	2,000 G	8,000	4,000 G	9,000	4,500 G	12,000	6,000 G	68,050	35,775	(32,275)
<b>Sub-total Training Expenses</b>	<b>293,590</b>	<b>206,225</b>	<b>191,600</b>	<b>113,800</b>	<b>25,000</b>	<b>22,500</b>	<b>369,530</b>	<b>432,460</b>	<b>39,400</b>	<b>34,900</b>	<b>98,250</b>	<b>92,250</b>	<b>1,017,370</b>	<b>902,135</b>	<b>(115,235)</b>
<b>General Expenses</b>															
Communications	18,262	17,894	9,880	9,880	3,272	3,272	5,450	5,818	2,836	2,836	3,782	3,782	43,482	43,482	0
Copying/Printing	2,161	2,051	1,524	1,524	802	802	914	1,024	311	311	415	415	6,127	6,127	0
Equipment Leases/Rentals/Maint.	13,861	13,118	10,261	10,261	5,397	5,397	6,161	6,904	2,093	2,093	2,794	2,794	40,567	40,567	0
Equipment Purchase	8,647	8,187	6,351	6,351	3,340	3,340	3,814	24,274 F	1,296	1,296	1,728	11,728 H	25,176	55,176	30,000
Insurance	27,541	26,069	20,320	20,320	10,688	10,688	12,200	13,672	4,144	4,144	5,528	5,528	80,421	80,421	0
Membership and Dues	8,543	8,083	6,351	6,351	3,340	3,340	3,814	4,274	1,296	1,296	1,728	1,728	25,072	25,072	0
Postage	533	505	381	381	200	200	228	256	78	78	103	103	1,523	1,523	0
Professional Services	69,392	65,638	51,816	51,816	27,254	27,254	31,111	34,865	10,567	10,567	14,096	14,096	204,236	204,236	0
Space Rental	97,687	94,402	60,139	60,139	25,030	25,030	297,533	300,818	42,120	42,120	86,021	113,521 H	608,530	636,030	27,500
Travel	0	0	0	0	0	0	0	0	0	0	4,000	4,000	4,000	4,000	0
Depreciation	3,423	3,239	2,540	2,540	1,336	1,336	1,525	1,709	518	518	963	963	10,305	10,305	0
<b>Sub-total General Expenses</b>	<b>250,050</b>	<b>239,186</b>	<b>169,563</b>	<b>169,563</b>	<b>80,659</b>	<b>80,659</b>	<b>362,750</b>	<b>393,614 E</b>	<b>65,259</b>	<b>65,259</b>	<b>121,158</b>	<b>158,658</b>	<b>1,049,439</b>	<b>1,106,939</b>	<b>57,500</b>
<b>TOTAL</b>	<b>8,898,386</b>	<b>8,527,385 B</b>	<b>6,899,660</b>	<b>7,055,040</b>	<b>3,478,689</b>	<b>3,445,968</b>	<b>4,102,744</b>	<b>5,483,593 E</b>	<b>1,340,836</b>	<b>1,346,847</b>	<b>1,728,979</b>	<b>1,722,465</b>	<b>26,449,294</b>	<b>27,581,298</b>	<b>1,132,004</b>



**To:** First 5 Alameda County Executive Committee

**From:** Patricia Zapanta, Finance and Administration Director

**Date:** January 22, 2010

**Subject:** Financial Report for July 1 – December 31, 2009

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#### REQUESTED ACTION

To review the Financial Report for the first six months of FY2009-10 and to give feedback regarding any clarifications in preparation for presentation to the Commission on January 28<sup>th</sup>

#### BACKGROUND

The following is a narrative report of Revenue and Expenses for the period of July 1 – December 31, 2009. Spreadsheets with Revenue and Expense information are attached. If all expenses and revenue were equally received and spent throughout the year, the revenue and expenses would be at 50% of the budget projection.

#### Revenue

As of December 31, revenue was \$8,233,627, or 31.1% of the revenue projection, for the reasons outlined below. Being below the budget projection at this time of year is not unusual; last year the revenue at this point was at 29.2% of the budget.

- First, the receipt of the monthly tobacco tax allocation is two months in arrear. \$5,326,978 was received for the first four months of the year, representing 37.5% of the budget projection. The November allocation has not yet been received but the amount (\$589,729) has been posted on the First 5 California website. If the trend of the first five months of tobacco tax revenue continues, the tobacco tax allocation at year end will be \$14,200,097, which is lower than our current budget projection of \$14,222,218. We will adjust the tobacco tax revenue projection to align with the actual revenue and the adjustment will be reflected in the proposed Budget Modification.
- With regard to Income from Alameda County agencies, currently only \$1,159,993 is budgeted which consists of \$986,320 from Alameda County Child Care Planning Council for AB212 funding for professional development and stipends for school-age

providers and \$173,673 from Alameda County Behavioral Health Care Services (BHCS) for the Children's SART (Screening, Assessment, Referral and Treatment) Pathways system. However, we have received confirmation from both BHCS and Alameda County Public Health Department (PHD) regarding the approval of 2 Substance Abuse Mental Health Administration (SAMSHA) federal grants. Changes to the revenue budget are included in the 2009-10 Budget Modification documents.

- As of December 31, there are no revenues to report for the 2 federal earmarks that we have budgeted for. The Federal Grants budget consists of a \$476,000 appropriation for the SART program and a \$150,000 earmark for the Early Care and Education division. Revenues were reported in 2008-09 and the budget will be adjusted to reflect actual reimbursable amounts for federal grants.
- For State Grants, we received payments from First 5 California for the School Readiness grant, in the amount of \$1,831,663, the last payment for the CARES program in the amount of \$232,360 and a \$15,663 reimbursement for Health Care for All program. The budget for State Grants will be updated to include these changes.
- There is a timing issue with regards to Fiscal Leveraging revenues. The revenue for Medi-Cal Administrative Activities (MAA) reported as of December 31 reflects income for FY 2008-09 which was not received at the time of fiscal closing. The \$350,000 budget is for 2009-10. We will prepare invoices for MAA in February 2010. It is quite challenging to project the timing of the MAA revenues which mainly depends on the situation at the State Department of Health Care Services which administers the MAA program for the State of California.
- Investment revenue is \$362,853 or 32.3% of the budget projection. This projection tends to run behind all year due to the reversal of the year-end accrual, and then will catch up at year-end.
- Other Sources of revenue reported for \$33,972 is revenue from First 5 Contra Costa for reimbursement of Hospital Outreach Coordinator expenses. There is no budget indicated for this line item due to pending contract negotiations at the time of the original budget approval. This budget change will be included in the Budget Modification.
- Sustainability funds are used at year-end to close the gap between revenue and expenses and are from the First 5 Alameda County Sustainability Fund reserve. The amount authorized by the Commission for use in 2009-10 is \$7,331,729.

## Expenses

Total Expenses are \$9,482,053, which is 35.85% of the budget amount of \$26,449,293. This amount is consistent with spending patterns from prior years; at this point last year Expenses were \$9,658,306 on a total budget of \$26,395,320, or 36.59% spent.

In most line items, the percentage spent is under 50%. Those that are not are explained below.

- Grant funds are 69.15% spent, primarily due to the payment schedules of the 2007-09 and 2009-11 grant cycles of the Community Grants Initiative.

It is important to note that General Expenses that are allocated to all programs are posted throughout the year to the Administration budget (which then appears to be going “over budget”). However, costs are allocated across programs at year-end.

- General Expenses, Membership and Dues are 53.05% spent primarily due to the payment of the annual First 5 Association dues (\$12,911).
- General Expenses, Professional Services are 53.40% spent due to the Strategic Planning consultation final payment and fees associated with the preparation of the annual audit.

**Summary**

The Revenue and Expenses are appropriate for this time in the fiscal year.

**Fiscal Impact**

The Revenue and Expenses are appropriate for this time of year; there is no additional fiscal impact.

**REQUESTED ACTION**

To review the Financial Report for the first six months of FY2009-10 and to give feedback regarding any clarifications in preparation for presentation to the Commission on January 28<sup>th</sup>

Submitted by:

Reviewed by:

\_\_\_\_\_  
Patricia Zapanta, Finance and  
Administration Director

\_\_\_\_\_  
Mark Friedman, Chief Executive Officer

**First 5 Alameda County  
Revenue and Available Funds  
For the Period July 1 - December 31, 2009**

Revenues	Budget	Actual	Variance	Percentage Received
<b>Prop 10 Tobacco Tax</b>	14,222,218	5,326,978	(8,895,240)	37.5% <b>A</b>
<b>Income from Alameda Co. Agencies</b>	1,159,993	36,422	(1,123,572)	3.1% <b>B</b>
<b>Grants</b>				
Federal	626,000	0	(626,000)	0.0% <b>C</b>
State	1,634,354	2,079,686	445,332	127.2% <b>D</b>
	2,260,354	2,079,686	(180,668)	92.0%
<b>Fiscal Leveraging</b>				
Medi-Cal Administrative Activities (MAA)	350,000	384,491	34,491	109.9% <b>E</b>
Title IV-E Child Welfare Education	0	0	0	0.0%
	350,000	384,491	34,491	109.9%
<b>Investment Revenue</b>	1,125,000	362,853	(762,147)	32.3%
<b>Other Sources</b>	0	33,972	33,972	-100.0% <b>F</b>
<b>Miscellaneous Income</b>	0	9,224	9,224	-100.0%
<b>Total Revenues</b>	<b>19,117,565</b>	<b>8,233,627</b>	<b>(10,883,938)</b>	<b>43.1%</b>

Available Funds	Budget	Actual	Variance	Percentage Received
<b>Sustainability Fund</b>	7,331,729	0	(7,331,729)	0.0%
<b>Carry Over Restricted Funds</b>				
Washington Mutual	0	0	0	0.0%
Total Carry Over Restricted Funds	0	0	0	0.0%
<b>Total Available Funds</b>	<b>7,331,729</b>	<b>0</b>	<b>(7,331,729)</b>	<b>0.0%</b>

<b>TOTAL REVENUES &amp; AVAILABLE FUNDS</b>	<b>26,449,294</b>	<b>8,233,627</b>	<b>(18,215,667)</b>	<b>31.1%</b>
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**Notes:**

- A - Tobacco tax revenues received include allocations up to October 2009.  
Tobacco tax revenues from the State are 2 months in arrears.
- B - A major portion of the budget is for AB212 funds from Alameda Co. General Services Agency Childcare Planning Council. This revenue is typically received at the end of the fiscal year.
- C - The budget includes federal earmarks for SART and ECE higher education. There are no revenues to report as of 12/31/09.
- D - Actual revenues consist of receipts from State First 5 for School Readiness, CARES and Health Care for All (please refer to details in the narrative).
- E - MAA revenues are reimbursements for invoices submitted in FY 2008-09.
- F - Indicates revenue from First 5 Contra Costa for Hospital Outreach Coordinator services

**First 5 Alameda County  
Budget vs. Actual Expenditures  
July 1 - December 31, 2009**

	Family Support Services		Early Care & Education		Community Grants		Support Strategies		Evaluation & Technology		Administration		T o t a l		Variance	Percentage Spent
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual		
<b>Personnel</b>																
Personnel	310,655	157,210	768,160	328,379	352,060	165,685	525,735	256,177	624,526	283,632	979,447	390,796	3,560,584	1,581,879	1,978,705	44.43%
Service Delivery Personnel	1,324,373	559,117							0	0	0	0	1,324,373	559,117	765,256	42.22%
Benefits	817,514	335,364	384,080	149,295	176,030	56,623	262,868	83,230	312,263	120,535	489,723	156,836	2,442,478	901,882	1,540,596	36.92%
<b>Sub-total Personnel</b>	<b>2,452,542</b>	<b>1,051,691</b>	<b>1,152,241</b>	<b>477,674</b>	<b>528,091</b>	<b>222,308</b>	<b>788,603</b>	<b>339,407</b>	<b>936,789</b>	<b>404,167</b>	<b>1,469,170</b>	<b>547,631</b>	<b>7,327,435</b>	<b>3,042,878</b>	<b>4,284,557</b>	<b>41.53%</b>
<b>Program Contracts/Grants/MOUs</b>																
Contracts	5,840,290	1,655,621	4,372,518	799,959	103,718	59,751	2,349,021	427,129	294,388	66,934	33,400	20,739	12,993,335	3,030,132	9,963,203	23.32%
Grants		185	947,885	791,401	2,661,222	1,840,292	0	0	0	0	0	0	3,609,107	2,631,877	977,229	72.92%
Professional Services Contracts	61,914	(2,625)	65,854	0	80,000	37,939	232,840	11,020	5,000	0	7,000	0	452,608	46,334	406,274	10.24%
<b>Sub-total Program Contracts/ Grants/MOUs</b>	<b>5,902,204</b>	<b>1,653,181</b>	<b>5,386,257</b>	<b>1,591,360</b>	<b>2,844,940</b>	<b>1,937,981</b>	<b>2,581,861</b>	<b>438,149</b>	<b>299,388</b>	<b>66,934</b>	<b>40,400</b>	<b>20,739</b>	<b>17,055,049</b>	<b>5,708,343</b>	<b>11,346,707</b>	<b>33.47%</b>
<b>Training Expenses</b>																
Copying/Printing	49,000	17,857	21,500	0	1,500	185	24,000	5,456	1,500	0	2,000	0	99,500	23,497	76,003	23.62%
Equipment Rental	2,500	0	0	0	500	0	3,400	276	400	0	250	0	7,050	276	6,774	3.92%
Food/Hospitality	29,000	9,540	21,650	2,701	7,000	3,388	47,500	7,064	1,500	414	8,500	1,930	115,150	25,037	90,113	21.74%
Honoraria	13,500	750	8,000	900	1,000	0	46,000	15,713	500	0	0	0	69,000	17,363	51,638	25.16%
Postage	7,250	554	5,150	2,001	1,000	814	3,630	267	2,900	265	3,300	380	23,230	4,280	18,950	18.43%
Professional Services	30,000	0	0	0	500	800	61,000	6,753	1,500	0	11,000	3,960	104,000	11,513	92,487	11.07%
Space Rental	2,000	(200)	1,500	0	1,000	0	2,250	416	0	0	1,000	148	7,750	364	7,386	4.70%
Supplies	100,000	14,878	110,300	20,068	5,000	1,475	164,350	41,366	12,600	6,038	58,700	20,306	450,950	104,131	346,819	23.09%
Travel	38,790	8,860	10,500	3,198	3,000	0	9,400	558	9,500	100	1,500	270	72,690	12,986	59,704	17.86%
Staff Development/Training	21,550	4,381	13,000	2,308	4,500	0	8,000	295	9,000	650	12,000	2,058	68,050	9,692	58,358	14.24%
<b>Sub-total Training Expenses</b>	<b>293,590</b>	<b>56,620</b>	<b>191,600</b>	<b>31,176</b>	<b>25,000</b>	<b>6,662</b>	<b>369,530</b>	<b>78,163</b>	<b>39,400</b>	<b>7,466</b>	<b>98,250</b>	<b>29,053</b>	<b>1,017,370</b>	<b>209,140</b>	<b>808,230</b>	<b>20.56%</b>
<b>General Expenses</b>																
Communications	18,262	4,731	9,880	1,150	3,272	187	5,450	1,405	2,836	466	3,782	9,144	43,482	17,084	26,398	39.29%
Copying/Printing	2,161	0	1,524	0	802	0	914	0	311	0	415	0	6,127	0	6,127	0.00%
Equipment Leases/Rentals/Maint.	13,861	11	10,261	0	5,397	0	6,161	0	2,093	0	2,794	20,375	40,567	20,386	20,181	50.25%
Equipment Purchase	8,647	0	6,351	0	3,340	0	3,814	0	1,296	0	1,728	1,926	25,176	1,926	23,250	7.65%
Insurance	27,541	0	20,320	0	10,688	0	12,200	0	4,144	0	5,528	38,129	80,421	38,129	42,292	47.41%
Membership and Dues	8,543	0	6,351	30	3,340	0	3,814	0	1,296	0	1,728	13,271	25,072	13,301	11,771	53.05%
Postage	533	7	381	0	200	0	228	28	78	6	103	107	1,523	147	1,376	9.67%
Professional Services	69,392	681	51,816	0	27,254	1,704	31,111	0	10,567	0	14,096	82,523	204,236	84,908	119,328	41.57%
Space Rental	97,687	54,119	60,139	32,631	25,030	13,581	297,533	160,907	42,120	23,136	86,021	46,083	608,530	330,457	278,072	54.30%
Travel	0	0	0	0	0	0	0	0	0	0	4,000	0	4,000	0	4,000	0.00%
Depreciation	3,423	0	2,540	0	1,336	0	1,525	0	518	0	963	0	10,305	0	10,305	0.00%
Short term gain or loss	0	0	0	0	0	0	0	0	0	0	0	15,354	0	15,354	(15,354)	-100.00%
<b>Sub-total General Expenses</b>	<b>250,050</b>	<b>59,550</b>	<b>169,563</b>	<b>33,812</b>	<b>80,659</b>	<b>15,472</b>	<b>362,750</b>	<b>162,339</b>	<b>65,259</b>	<b>23,609</b>	<b>121,158</b>	<b>226,911</b>	<b>1,049,439</b>	<b>521,692</b>	<b>527,746</b>	<b>49.71%</b>
<b>TOTAL</b>	<b>8,898,386</b>	<b>2,821,041</b>	<b>6,899,660</b>	<b>2,134,022</b>	<b>3,478,690</b>	<b>2,182,423</b>	<b>4,102,744</b>	<b>1,018,058</b>	<b>1,340,835</b>	<b>502,175</b>	<b>1,728,978</b>	<b>824,334</b>	<b>26,449,293</b>	<b>9,482,053</b>	<b>16,967,239</b>	<b>35.85%</b>



**To:** First 5 Alameda County Executive Committee  
**From:** Patricia Zapanta, Finance and Administration Director  
**Date:** January 22, 2010  
**Subject:** 2009-10 Second Quarter Investment Report  
July 1, 2009 – December 31, 2009

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#### REQUESTED ACTION

To review the Investment report and to give feedback on clarifications or changes in preparation for presentation to the Commission on January 28<sup>th</sup>

#### BACKGROUND OF ACTIVITIES

In 2005-06, First 5 Alameda County transferred \$34,000,000 from the Sustainability Fund held by the Alameda County Treasurer's investment pool to outside money managers. This report is a summary of the activity and status of the investment portfolio as of December 31, 2009.

#### PORTFOLIO HIGHLIGHTS

The Investment Report shows the performance of funds that are invested in the Alameda County pool and with two money managers, MBIA Asset Management and Chandler Asset Management. At 2008-09 year end, the market value of the funds with MBIA and Chandler was \$ 40,283,900. At the end of the second quarter of 2009-10, the market value of the portfolio was \$40,927,147, an increase of \$643,247.

As the year came to an end, the strength of the economic recovery is still being debated. Going forward, interest rates are likely to remain volatile as market participants debate the strength of the economic recovery. The Federal Reserve continues to maintain its federal funds target range between zero and 0.25%. This uniquely challenging economic environment may affect the future performance of the portfolio. It is important to be aware of the possible economic risks and to be willing and able to react quickly if unexpected events occur.

## **INVESTMENT REPORT**

### **Investment Income**

The first section reports on Investment Income, which is primarily determined by the interest or yield payments. For each asset, the payments are received every six months. Our money managers are purchasing assets that generate the highest possible yield, based on our Investment Policy.

The report represents six months (July 1, 2008 – December 31, 2009) of the money managers' investment earnings (\$784,005) and one quarter of the Alameda County Treasurer's Office earnings (\$16,750).

The reversal of the accrual occurs each year. These are funds received in the first quarter that were actually earned, and thus credited, to the prior quarter. They were recognized as revenue in 2008-09 (\$437,901) so must be deducted from the funds recognized for the first quarter. This makes the report look very low in this period, but this is a typical occurrence. It is important to note that the 2009-10 earnings will include much of the first quarter's earnings for 2010-11.

The total Investment income after the reversal of the accrual was \$362,853.

### **Investment Fees**

Fees include two quarters' worth of fees of the money managers (MBIA and Chandler) and the fees of the account custodian (Union Bank of California). The total fees paid during this period were \$25,513.

### **Investment Activity**

The Investment Activity shows all transactions affecting our portfolio. When a money manager purchases assets, it increases the value of the portfolio. When a money manager sells an asset, it decreases the total portfolio value and increases or decreases investment earnings depending on the value of the asset at the time of the sale.

### **Market Value and Unrealized Gains and Losses**

This section reports on Market Value. It shows the value of the portfolio at the beginning of the period, and the value of the portfolio at the end of the period. It is a snapshot of portfolio value, if the portfolio was liquidated. Since the portfolio is not being liquidated, this section is of limited value. However, showing unrealized gains and losses on investment reports is a legal requirement for government agencies.

### **Yield Benchmarks**

The Yield section shows the Yield of the investment earnings, and compares those amounts to several benchmarks. In addition, the Yield helps to evaluate the money manager

performance compared to each other. MBIA and Chandler's yields (3.130% and 3.670%, respectively) have exceeded the LAIF benchmark (.608%).

Only the Alameda County Treasury Investment Pool is net of fees.

**FISCAL IMPACT**

The total investment earnings at the end of the 2<sup>nd</sup> quarter are \$362,853.

**REQUESTED ACTION**

To review the Investment report and to give feedback on clarifications or changes in preparation for presentation to the Commission on January 28<sup>th</sup>

Submitted by:

Reviewed by:

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Patricia Zapanta, Director  
Finance & Administration

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Mark Friedman,  
Chief Executive Officer

**First 5 Alameda County  
Investment Report  
For the Period July 1 - December 31, 2009**

	<u>Union Bank</u>	<u>MBIA Municipal Investors</u>	<u>Chandler Asset Management</u>	<u>Total</u>
<b>INVESTMENT INCOME:</b>				
Interest Received	0	453,724	330,280	784,005
Income from Alameda County Treasurer				16,750
Reversal of 2008-09 Accrual				(437,901)
Total Investment Earnings				<u>362,853</u>
Investment Fees Paid	(3,006)	(12,045)	(10,462)	(25,513)
Net Investment Income (Net of Fees)				<u>337,340</u>
<b>INVESTMENT ACTIVITY:</b>				
Portfolios at 7/01/09		22,779,375	16,815,211	39,594,586
Purchases		7,785,492	2,291,691	10,077,183
Sales		0	(848,252)	(848,252)
Maturities		(2,999,473)	(1,067,549)	(4,067,022)
Full Call		(3,520,805)	0	(3,520,805)
Principal Pay Down		0	(17,369)	(17,369)
Gain (Loss) on Disposal		(20,278)	1,865	(18,413)
Net Cash Management		(813,239)	(39,959)	(853,196)
Portfolios at 12/31/09		<u>23,211,071</u>	<u>17,135,639</u>	<u>40,346,711</u>
<b>COST VS. MARKET VALUE:</b>				
Portfolios at Market 12/31/09		23,533,518	17,393,629	40,927,147
Portfolios at Cost 12/31/09		23,211,071	17,135,639	40,346,711
Unrealized Gain (Loss) at 12/31/09		<u>322,447</u>	<u>257,990</u>	<u>580,437</u>
<b>YIELD AND BENCHMARKS:</b>				
MBIA Municipal Investors (current yield)				3.310%
Chandler Asset Management ( current yield)				3.670%
Local Agency Investment Fund (LAIF)				0.608%
1-5 Government Index (total rate of return)				3.260%
Alameda County Treasurer (net of fees) as of 9/30/09				1.030%

**First 5 Alameda County  
Investment Holdings  
As of December 31, 2009**

Agenda Item 7

<u>Holder</u>	<u>Asset Name</u>	<u>Shares / Units</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Asset Type</u>	<u>S&amp;P Rating</u>	<u>Moody's Rating</u>
CHANDLER	BERKSHIRE HATHAWAY 5.000% 8/15/13	110,000.0000	\$117,065.85	\$118,283.00	Corporate Obligations	AAA	AA2
CHANDLER	BK OF AMERICA BDS 3.125% 6/15/12	335,000.0000	\$347,518.95	\$347,127.00	Corporate Obligations	AAA	AAA
MBIA	BOFA CORP NTS 7.400% 1/15/11	300,000.0000	\$321,864.00	\$317,556.00	Corporate Obligations	A-	A3
CHANDLER	CHEVRON CORP NTS 3.950% 3/03/14	35,000.0000	\$36,425.90	\$36,540.70	Corporate Obligations	AA	AA1
MBIA	FFCB BDS 1.625% 3/23/12	1,000,000.0000	\$1,000,000.00	\$998,130.00	Government Obligations		
MBIA	FFCB BDS 2.250% 1/12/12	1,000,000.0000	\$1,002,500.00	\$1,000,310.00	Government Obligations	AAA	AAA
CHANDLER	FFCB BDS 3.000% 9/22/14	240,000.0000	\$247,451.20	\$240,751.20	Government Obligations		
MBIA	FFCB BDS 3.150% 5/19/11	1,000,000.0000	\$1,035,960.00	\$1,030,940.00	Government Obligations	AAA	AAA
CHANDLER	FFCB BDS 4.500% 10/17/12	150,000.0000	\$154,407.00	\$160,734.00	Government Obligations	AAA	AAA
CHANDLER	FFCB BDS 4.875% 2/18/11	300,000.0000	\$320,016.90	\$313,968.00	Government Obligations	AAA	AAA
MBIA	FFCB BDS 4.875% 4/04/12	1,000,000.0000	\$1,027,780.00	\$1,075,000.00	Government Obligations	AAA	AAA
MBIA	FFCB BDS 5.000% 8/16/10	1,000,000.0000	\$1,033,580.00	\$1,027,500.00	Government Obligations	AAA	AAA
CHANDLER	FFCB BDS 5.375% 7/18/11	450,000.0000	\$488,335.95	\$479,812.50	Government Obligations	AAA	AAA
MBIA	FFCB GLBL BDS 2.000% 1/17/12	1,000,000.0000	\$1,003,310.00	\$1,013,440.00	Government Obligations	AAA	AAA
CHANDLER	FHLB 3.875% 6/14/13	250,000.0000	\$247,290.00	\$264,375.00	Government Obligations	AAA	AAA
MBIA	FHLB BDS 1.125% 6/03/11	1,000,000.0000	\$992,656.20	\$1,003,130.00	Government Obligations	AAA	AAA
MBIA	FHLB BDS 2.000% 7/27/12	1,000,000.0000	\$1,000,000.00	\$1,001,880.00	Government Obligations		
MBIA	FHLB BDS 3.250% 3/11/11	2,000,000.0000	\$2,001,040.00	\$2,059,380.00	Government Obligations	AAA	AAA
CHANDLER	FHLB BDS 3.625% 5/29/13	350,000.0000	\$342,595.40	\$367,062.50	Government Obligations	AAA	AAA
CHANDLER	FHLB BDS 3.625% 10/18/13	175,000.0000	\$184,985.33	\$183,312.50	Government Obligations	AAA	AAA
MBIA	FHLB BDS 3.875% 1/15/10	1,500,000.0000	\$1,513,860.00	\$1,501,875.00	Government Obligations	AAA	AAA
CHANDLER	FHLB BDS 4.625% 2/18/11	500,000.0000	\$531,331.00	\$522,030.00	Government Obligations	AAA	AAA
CHANDLER	FHLB BDS 4.875% 11/18/11	325,000.0000	\$350,857.65	\$347,142.25	Government Obligations	AAA	AAA
MBIA	FHLB BDS S/U 1.000% 10/28/11	1,000,000.0000	\$999,250.00	\$998,440.00	Government Obligations		
MBIA	FHLB BDS S/U 1.500% 8/24/12	500,000.0000	\$500,000.00	\$501,720.00	Government Obligations		
CHANDLER	FHLMC 4.500% 7/15/13	675,000.0000	\$711,770.50	\$728,581.50	Government Obligations	AAA	AAA
MBIA	FHLMC NTS 2.000% 9/25/12	500,000.0000	\$499,950.00	\$500,495.00	Government Obligations	AAA	AAA
CHANDLER	FHLMC NTS 2.500% 1/07/14	600,000.0000	\$593,947.20	\$600,678.00	Government Obligations	AAA	AAA
CHANDLER	FHLMC NTS 3.000% 7/28/14	300,000.0000	\$303,872.70	\$304,032.00	Government Obligations	AAA	AAA
CHANDLER	FHLMC NTS 3.250% 2/25/11	150,000.0000	\$151,762.50	\$154,125.00	Government Obligations	AAA	AAA
MBIA	FHLMC NTS 4.375% 3/01/10	1,000,000.0000	\$1,011,030.00	\$1,006,490.00	Government Obligations	AAA	AAA
CHANDLER	FHLMC NTS 4.500% 1/15/13	395,000.0000	\$402,816.49	\$424,253.70	Government Obligations	AAA	AAA
CHANDLER	FHLMC NTS 4.750% 3/05/12	275,000.0000	\$298,979.45	\$294,937.50	Government Obligations	AAA	AAA
CHANDLER	FHLMC NTS 5.125% 4/18/11	200,000.0000	\$210,335.20	\$211,062.00	Government Obligations	AAA	AAA
MBIA	FHLMC NTS S/U 2.000% 4/01/14	1,000,000.0000	\$990,000.00	\$1,003,860.00	Government Obligations	AAA	AAA
CHANDLER	FNMA NOTES 3.875% 7/12/13	425,000.0000	\$427,212.95	\$451,830.25	Government Obligations	AAA	AAA
CHANDLER	FNMA NTS 2.500% 5/15/14	450,000.0000	\$442,457.55	\$449,158.50	Government Obligations	AAA	AAA
CHANDLER	FNMA NTS 2.875% 12/11/13	650,000.0000	\$654,949.75	\$663,000.00	Government Obligations	AAA	AAA
CHANDLER	FNMA NTS 3.625% 2/12/13	150,000.0000	\$148,160.85	\$157,312.50	Government Obligations	AAA	AAA
CHANDLER	FNMA NTS 3.625% 8/15/11	400,000.0000	\$419,114.80	\$416,752.00	Government Obligations	AAA	AAA
CHANDLER	FNMA NTS 5.000% 2/16/12	150,000.0000	\$163,994.25	\$161,437.50	Government Obligations	AAA	AAA

**First 5 Alameda County  
Investment Holdings  
As of December 31, 2009**

Agenda Item 7

<u>Holder</u>	<u>Asset Name</u>	<u>Shares / Units</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Asset Type</u>	<u>S&amp;P Rating</u>	<u>Moody's Rating</u>
CHANDLER	FNMA NTS 6.000% 5/15/11	235,000.0000	\$241,803.25	\$251,598.05	Government Obligations	AAA	AAA
MBIA	FNMA NTS 6.000% 5/15/11	850,000.0000	\$895,636.50	\$910,035.50	Government Obligations	AAA	AAA
MBIA	G E CAP CORP MTN 5.250% 10/19/12	1,000,000.0000	\$1,029,100.00	\$1,064,220.00	Corporate Obligations	AA+	AA2
CHANDLER	GECC FDIC TLGP 2.125% 12/21/12	520,000.0000	\$520,494.00	\$520,483.60	Corporate Obligations	AAA	AAA
CHANDLER	GECC NTS 5.900% 5/13/14	240,000.0000	\$254,571.10	\$259,456.80	Corporate Obligations	AA+	AA2
CHANDLER	GENL DYNAMICS CORP 4.500% 8/15/10	160,000.0000	\$163,561.60	\$164,129.60	Corporate Obligations	A	A2
CHANDLER	GNR 2004-61-VA 5.000% 5/16/10	13,315.5200	\$13,157.39	\$13,403.14	Government Obligations	N/A	N/A
MBIA	GOLDMAN SACHS 6.875% 1/15/11	120,000.0000	\$125,967.60	\$127,251.60	Corporate Obligations	A	A1
CHANDLER	GOLDMAN SACHS GR BDS 3.250% 6/15/12	490,000.0000	\$498,407.98	\$509,075.70	Corporate Obligations	AAA	AAA
CHANDLER	GOLDMAN SACHS GR NTS 6.000% 5/01/14	165,000.0000	\$181,843.20	\$180,472.05	Corporate Obligations	A	A1
CHANDLER	HIGHMARK 100% US TREASURY MONEY MKT	515,859.3500	\$515,859.35	\$515,859.35	Cash & Cash Equivalents		
MBIA	HIGHMARK 100% US TREASURY MONEY MKT	298,934.8100	\$298,934.81	\$298,934.81	Cash & Cash Equivalents		
MBIA	HOUSEHOLD FIN NT 6.375% 10/15/11	175,000.0000	\$182,155.75	\$186,116.00	Corporate Obligations	A	A3
CHANDLER	JPMORGAN CHASE & CO 2.125% 12/26/12	515,000.0000	\$507,922.36	\$517,271.15	Corporate Obligations	AAA	AAA
CHANDLER	JPMORGAN CHASE & CO 4.750% 5/01/13	170,000.0000	\$171,691.50	\$179,438.40	Corporate Obligations	A+	AA3
MBIA	NATL CTY BK KEN NTS 6.300% 2/15/11	125,000.0000	\$128,517.50	\$129,167.50	Corporate Obligations	A	A2
CHANDLER	PHILLIPS PETE 8.750% 5/25/10	145,000.0000	\$159,990.10	\$149,831.40	Corporate Obligations	A	A1
CHANDLER	PNC FDG CORP NTS 2.300% 6/22/12	515,000.0000	\$523,018.55	\$523,703.50	Corporate Obligations	AAA	AAA
CHANDLER	TENN VY AUTH SER A 6.790% 5/23/12	640,000.0000	\$700,943.70	\$716,998.40	Government Obligations	AAA	AAA
CHANDLER	TOYOTA MTR CR CORP 5.450% 5/18/11	160,000.0000	\$167,360.00	\$168,846.40	Corporate Obligations	AA	AA1
CHANDLER	TVA SER C 4.750% 8/01/13	600,000.0000	\$638,422.85	\$645,708.00	Government Obligations	AAA	AAA
CHANDLER	U S TREAS NTS 3.375% 11/30/12	450,000.0000	\$451,371.09	\$472,639.50	Government Obligations	AAA	AAA
CHANDLER	U S TREAS NTS 3.500% 2/15/10	450,000.0000	\$453,128.91	\$451,723.50	Government Obligations	AAA	AAA
CHANDLER	U S TREAS NTS 4.750% 3/31/11	200,000.0000	\$197,492.19	\$209,812.00	Government Obligations	AAA	AAA
MBIA	U S TREAS NTS 4.750% 3/31/11	1,370,000.0000	\$1,358,147.67	\$1,437,212.20	Government Obligations	AAA	AAA
CHANDLER	US BANCORP MTN 2.250% 3/13/12	510,000.0000	\$516,846.75	\$518,486.40	Corporate Obligations	AAA	AAA
MBIA	US TREAS NTS 1.000% 7/31/11	750,000.0000	\$746,894.53	\$751,140.00	Government Obligations	AAA	AAA
CHANDLER	US TREAS NTS 4.375% 12/15/10	300,000.0000	\$310,417.97	\$310,980.00	Government Obligations	AAA	AAA
CHANDLER	US TREAS NTS 4.500% 4/30/12	300,000.0000	\$298,804.69	\$321,633.00	Government Obligations	AAA	AAA
MBIA	US TREAS NTS 4.500% 11/15/10	925,000.0000	\$931,250.97	\$957,190.00	Government Obligations	AAA	AAA
CHANDLER	US TREAS NTS 4.750% 5/31/12	400,000.0000	\$395,937.51	\$431,968.00	Government Obligations	AAA	AAA
MBIA	US TREAS NTS 4.875% 7/31/11	550,000.0000	\$556,412.10	\$584,094.50	Government Obligations	AAA	AAA
MBIA	US TREAS NTS 5.000% 2/15/11	1,000,000.0000	\$1,025,273.44	\$1,048,010.00	Government Obligations	AAA	AAA
CHANDLER	WACHOVIA CORP BDS 5.500% 5/01/13	175,000.0000	\$183,659.00	\$185,907.75	Corporate Obligations	AA-	A1
CHANDLER	WAL-MART STORES 4.125% 7/01/10	250,000.0000	\$252,412.50	\$254,915.00	Corporate Obligations	AA	AA2
CHANDLER	WELLS FARGO & CO 2.125% 6/15/12	515,000.0000	\$518,866.62	\$520,989.45	Corporate Obligations	AAA	AAA