

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

March 5, 2021

Present: Commissioner Stenslie, Commissioner Morales, Pamela Grothe, and Joseph Richards

Staff Present: Lauren Arzu, Fahim Farag, Jennifer Johnson, and Petra Puls

I. Call to Order/Welcome/Introductions

Commissioner Stenslie began the meeting at 9:30 a.m.

II. Approval of Minutes from January 15, 2021

A motion was made by Pamela Grothe, seconded by Joseph Richards, to approve the minutes from the January 15, 2021 meeting. The motion carried unanimously.

III. Approval of Agenda

There were no changes to the agenda and was therefore accepted by consensus.

IV. Public Comments

There were no public comments.

V. Recommendation to Maintain Commission Investments

Jennifer Johnson stated that the Commission updated the Investment Policy in 2019. As part of the annual review of the Investment Policy, the Committee needs to determine whether funds beyond the one-year operating requirement should be maintained in the County Pool, Local Agency Investment Fund (LAIF), or be invested externally for FY 2021-22. The Committee reviewed data on current market rates for both long term securities and investment pools and determined that current market rates in longer term securities are extremely low and do not support the external investment of funds, given when funds would need to be accessed. The County Pool and LAIF are generally running on par with one another. In looking at the quarterly yields for FY 2019-20, in a couple quarters, LAIF slightly outperformed the County. Since Pool rates are very similar and there is efficiency in keeping funds with the County, staff recommended that funds be maintained in the Ventura County Treasury Pool for FY 2021-22.

A motion was made by Joseph Richards, seconded by Commissioner Morales, to maintain the Commission's investments in the Ventura County Treasury Pool for FY 2021-22. The motion passed unanimously.

VI. Review of Assumptions for the FY 2021-22 Budget

Jennifer Johnson provided an overview of the budget assumptions for the Commission's FY 2021-22 internal cost centers, including Program and Systems Integration, Neighborhoods for Learning (NfL), Help Me Grow, Results-Based Accountability, and Administration. She stated that the purpose of the discussion is to receive input on the budgetary assumptions. Jennifer noted that this year's budget is heavily influenced by the decision to bring the NfL initiative in-

house and how it has important implications for how the Commission has traditionally accounted for administrative staffing support. Bringing the \$3 million NfL initiative in-house is a major change in the way the Commission conducts business and requires sufficient administrative support to carry-out the program, which will almost triple the number of staff the Commission employs. The Committee reviewed definitions and approaches for accounting for administrative costs. The Committee agreed to pursue a model that identifies certain positions as centralized administrative support (also referred to as central services), and proportionally allocate those costs to programmatic and evaluation activities. This is based on the premise that all programs benefit to some degree from administrative support services and they are essential to implement programs. In order to assess the true cost of programmatic activities, these administrative staffing costs need to be included and reported in programs accordingly, just as they are when contracting with an external service provider. Before finalizing budgets next month, Jennifer discussed the proposed approach with the auditors. The Committee discussed maintaining the administrative cap at 12%.

Jennifer reviewed the preliminary budget assumptions and the proposed staffing pattern, noting the increase in positions due to bringing the Neighborhoods for Learning initiative in-house. Jennifer stated that the assumptions will be refined over the next month as more information is obtained on historical usage and rate increases. At the April meeting, staff will present the proposed FY 2021-22 budgets, updated financial plan, proposed changes to Administrative Cost Policy, and proposed FY 2021-22 administrative rate cap.

VII. Recommendation to Allow Use of Unspent Funds for Close-Out Activities for Contracts that Sunset June 30, 2021 and Approve Criteria for Extending Contracts

Jennifer Johnson stated that, similar to the Close-Out Funds Policy approved by the Commission in February 2019 for funded programs that would sunset June 30, 2019, staff is recommending to continue this strategy to facilitate the close-out process and ensure a smooth transition for funded programs that are scheduled to sunset June 30, 2021. The proposal is to include up to \$200,000 in available unspent funds from FY 2019-21 in the operating budget for FY 2021-22 for requests from existing contractors that need resources to complete close-out activities between July 1, 2021 and September 30, 2021. Jennifer reviewed the criteria and allowable costs for close-out funds requests, along with the request and approval process whereby approval of such requests is delegated to the Executive Director.

A motion was made by Commissioner Morales, seconded by Pamela Grothe, to approve unspent funds for close-out activities for contracts that sunset June 30, 2021 and approve the proposed criteria for extending contracts. The motion passed unanimously.

VIII. Review of Financial Reports as of December 31, 2020

Jennifer Johnson presented the financial statements as of December 31, 2020. Jennifer referred to the balance sheet and the statement of revenues and expenditures. She also referenced the December 2020 expenditure report, noting that the report largely reflects funded partner activity through quarter one. She gave an overview of the statements and the report, providing explanations as to variances.

IX. Update on Commission Activities

Petra Puls referred to the February 2021 Report from Commission Staff. She provided an update on staffing and NfL transition activities. She highlighted efforts, in partnership with CDR and VCOE, to support child care providers during the pandemic and shared the results of a recent survey on the state of child care in Ventura County. She reported on strategic plan implementation for FY 2021-23 and investments that were recently approved by the Commission.

X. New Business/ Miscellaneous

Jennifer Johnson stated the Commission is able to present financial statements for a single year, rather comparative of the current year and prior year. At an upcoming meeting, the Committee will consider this option.

XI. Closure

Commissioner Stenslie ended the meeting at 11:02 a.m.

XII. Next Meeting

Friday, April 9, 2021, 9:30 a.m. – 11:30 a.m., Location TBD