

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

April 9, 2021

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

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

I. Call to Order/Welcome/Introductions

Commissioner Stenslie began the meeting at 9:34 a.m.

II. Approval of Minutes from March 5, 2021

A motion was made by Pamela Grothe, seconded by Joseph Richards, to approve the minutes from the March 5, 2021 meeting. The motion carried unanimously.

III. Approval of Agenda

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

IV. Public Comments

There were no public comments.

V. Recommendation to Approve Policy for Supplemental Payments for Employees Working Remotely

Lauren Arzu stated that with the Commission's transition to long-term remote work, staff reviewed California labor law requirements to reimburse employees for work-related expenses. Lauren discussed the current process of a line-by-line accounting to identify business calls when an employee seeks a cell phone reimbursement for the proportional cost. She reported on the difficulty of determining the precise portion of the employee's cell phone and data plan. When considering the amount of utilities to perform remote work, namely home internet service, accounting for the portion that is work related is further complicated. It is acceptable to offer set monthly payments if justified by research. Lauren highlighted the research that was conducted on local cell phone and internet pricing, as well as what other First 5s and local public agencies provide to develop the proposed supplemental payment.

Lauren reviewed the proposed policy, which establishes two types of supplemental payments, depending on each employee's work arrangement. Staff who primarily telecommute would be eligible for both a cell phone and utility/internet supplemental payment in the amount of \$30 each, for a total of \$60 per month. Staff who are issued an agency cell phone, but primarily telecommute would receive the utility/internet supplement payment in the amount of \$30 per month. Staff who primarily work at a Commission location for which there is available phone and internet service or are provided with an agency cell phone and internet hot spot would not be eligible for the supplemental payment. An appeal process to the Executive Director would be available for employees who feel the amount is too low. The employee handbook would be updated accordingly and staff would review this policy periodically when reviews of the employee handbook occur. The Committee discussed intangible value of working from home and how business are assessing their needs for work environments.

A motion was made by Joseph Richards, seconded by Kara Ralston, to approve the proposed policy for supplemental payments. The motion passed unanimously.

VI. Recommendation to Approve Policy for COVID-19 Paid Sick Leave and Extended Paid Family Leave from April 1 to September 30, 2021

Lauren Arzu reported that the current COVID-19 paid leave policy expired on March 31, 2021. Last month, two laws were passed that offer a new round of paid leave entitlements - the Federal American Rescue Plan (ARP) Act and California's SB 95, 2021 COVID-19 Supplemental Paid Sick Leave (CSPSL). Lauren reviewed the scope of the new legislation, noting the ARP and CSPSL both offer up to 10 days of paid sick leave for COVID-19 related issues, which now includes vaccine related illness. The ARP also removes the 2-week waiting period for extended paid family leave, increasing the maximum payment to \$12,000. The ARP is voluntary and the CSPSL applies to employers with 25 or more employees (which will apply to F5VC in mid-June). In alignment with the Commission's family friendly work policies, the staff recommendation is to provide new paid leave benefits for COVID-19 from April 1, 2021 through September 30, 2021. Lauren highlighted the policy and procedures, which align with the prior policy and procedures and have been updated for the items contained in the new legislation.

A motion was made by Pamela Grothe, seconded by Joseph Richards, to approve the proposed policy for COVID-19 paid sick leave and extended paid family leave from April 1, 2021 to September 30, 2021. The motion passed unanimously.

VII. Recommendation to Update Employee Compensation Schedule

Lauren Arzu stated that as NfL staff transition to F5VC, the employee compensation schedule needs to be updated to include two new classifications - Specialist and Senior Specialist positions. This will allow staff to begin making job offers to current NfL employees. She noted these positions are currently known as Parent and Child Together (PACT) Teachers and Lead PACT Teachers. Lauren reviewed research that was conducted on comparable positions at other First 5s and local service providers. She reviewed the proposed salary ranges and discussed the rationale for the adjusted amounts to address workforce pay issues in the early childhood field. Lauren reported that staff is currently conducting a salary survey for all other classifications, which were last updated in May 2016. Staff anticipates returning in May with updated salary ranges for existing classifications, with the exception of Specialist and Senior Specialist that already reflect the current market rate.

A motion was made by Kara Ralson, seconded by Pamela Grothe, to approve the updated employee compensation schedule. The motion passed unanimously.

VIII. Recommendation to Discontinue Use of Equipment Replacement Fund as of June 30, 2021 & Fund FY 2020-21 NfL Equipment Purchases under the FY 2020-21 NfL Transition Budget

Jennifer Johnson stated that an equipment replacement fund was established in October 2003. The purpose of the fund was to set aside financial resources in the Operating Fund for future purchases of equipment that are in need of replacement and have become unusable or

obsolete. The fund was established at \$24,600 with remaining start-up funds from our initial disbursements in 2000. This represented the value of equipment depreciation at that time. As set forth in the policy, each year thereafter, the annual amount of depreciation replenishes the fund balance in order to make new equipment purchases. An annual Equipment Budget is approved for current equipment needs. For the past ten years, the average cost of equipment has been \$7,000 per year. This relatively minor amount has primarily been for computers and some occasional office equipment/furniture items. Historically, the Commission has had no capital assets. Given the Commission's relatively small staff, the equipment replacement fund has been sufficient to cover equipment needs. Looking ahead to bringing the \$3 million NfL initiative in-house and increasing the number of employees from 12 regular staff to almost 40 staff, an opportunity to streamline the way in which minor equipment purchases are funded is proposed.

Jennifer discussed the benefit and usage of equipment replacement funds for capital assets such as vehicles, buildings. She reported that the Commission's equipment needs are essentially minor in nature and for computers which require regular replacement. She stated that these amounts can simply be budgeted within each cost center's budget on an annual basis as minor equipment. This will eliminate the need to manage the equipment replacement fund and to have a separate equipment budget. The financial resources formerly set aside in the Operating Fund for equipment replacement would instead be captured within the projected future allocations for initiatives/budget areas. The staff recommendation is to implement this beginning July 1, 2021 for all of our cost centers. In terms of the current fiscal year, staff would use the approved Equipment Budget of \$5,000 for purchases previously contemplated for Program & Systems Integration, Help Me Grow, Results-Based Accountability, and Administration. For the recently approved allocation of \$450,000 to support the transition of bringing the NfL initiative in-house, any equipment needs identified for the period of February to June 2021 would be made under the NfL transition budget as minor equipment.

A motion was made by Pamela Grothe, seconded by Joseph Richards, to discontinue use of equipment replacement fund as of June 30, 2021 and fund FY 2020-21 NfL equipment purchases under the FY 2020-21 NfL transition budget. The motion passed unanimously.

IX. Recommendation to Approve FY 2021-22 Annual Budgets

Referring to the budget packet, Jennifer Johnson presented the proposed budgets for FY 2021-22. She reviewed the overall Operating Budget, inclusive of the Operating Fund and the Community Investment Loan Fund. She discussed revenue projections for Prop 10 tax distributions and leveraged funding as well as inflows for the Community Investment Loan Fund. She reviewed proposed expenditures of \$6.8 million for the Operating Fund, which includes the approved allocations for program strategies, grant expenditures, evaluation, administration, and equipment. Jennifer stated the proposed expenditures and outflows for the Community Investment Loan Fund totals \$685,000, which includes projected loan disbursements of up to \$650,000 and up to \$35,000 for loan implementation costs. She discussed the utilization of the fund balance and stating that, for the Operating Fund, only \$260,000 is projected to be used in FY 2021-22 to maintain program services. Excess interest earnings from FY 2020-21 are not anticipated, therefore, a transfer is not budgeted in FY 2021-22. Jennifer reviewed the estimated administrative cost percentage.

Referring to the updated version of the assumptions document, Jennifer stated that they reflect refinements for services and supplies based on rate increases, historical usage, and anticipated needs. Jennifer noted that this year's budget is heavily influenced by the decision to bring the Neighborhoods for Learning (NfL) initiative in-house and it has important implications for how we have traditionally treated administrative staffing support, such as finance, human resources, and procurement. 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. As a result of the Committee's discussion last month, and in consultation with the Commission's auditors, the proposed budget implements a new approach for allocating staff assigned to the Administration cost center. Certain positions would be identified as centralized administrative support (also referred to as central services) and proportionally allocated to programmatic and evaluation activities using a systematic, rational method to assign costs. The unallocated or remaining portion of centralized administrative staffing that cannot be directly assigned to a specific activity - deemed general in nature – would be reported under the Administration cost center. Referring to the staffing chart, Jennifer noted the addition of the Neighborhoods for Learning (NfL) cost center and stated that, overall, 24.60 full time equivalents (FTEs) have been added – up to 22 NfL program staff and up to 3 new centralized administrative staff. The increase of 25 positions is offset by a decrease of .40 FTE due to grant funding, for a total staffing budget of 38.25 FTEs. Jennifer reviewed the methodologies used to allocate centralized administrative support positions and the resulting percentages that will be used to allocate shared operating costs (services and supplies) on the basis of FTEs. Jennifer reviewed the budget assumptions used to prepare internal budgets, including the methodologies that will be used to allocate shared operating costs. There was discussion on variability of lease costs among the 13 locations and how staff is attempting to negotiate lower rates where possible. The goal is to try to minimize changes during the transition and assess which locations are optimal.

Jennifer reviewed proposed budgets for each internal cost center, including: Program & Systems Integration; Neighborhoods for Learning; Help Me Grow; Results-Based Accountability; and Administration. She summarized these budgets, highlighting the variances and providing explanations as to the proposed budgeted amounts.

The budget will be presented to the Commission in April for approval. The operating budget shall be the final budget if there are no substantive comments by the Community Commission of Ventura County and the Board of Supervisors after their reviews.

A motion was made by Kara Ralston, seconded by Pamela Grothe, to approve the proposed budgets for FY 2021-22. The motion carried unanimously.

X. Recommendation to Approve Updated Financial Plan

Jennifer Johnson presented the long-range financial plan that has been updated as part of the budgeting process. Jennifer reviewed updates that have been made to the plan, including audited actuals for FY 2019-20, a forecast for FY 2020-21, and the proposed budget for FY 2021-22. Based on the current (and improved) trend in Proposition 10 disbursements, for FY 2020-21 and beyond, the plan utilizes the Commission's typical practice of estimating the annual rate of decline at 4%. Recognizing costs rise over time and the associated potential loss of capacity with level spending amounts, the Committee previously recommended

increasing annual spending levels for relevant initiatives/contracts as a long-term financial planning strategy. She reviewed the application of the 5% year-over-year increase for the strategic plan extension period of FY 2021-23 to mitigate the potential loss of capacity due to costs rising over time. Jennifer reported that available resources were utilized to also increase spending levels for the subsequent three year period (through June 2026). The plan preserves the revolving Community Investment Loan Fund at \$1.3 million. She reported that the minimum fund balance of 6 months for working capital and \$1 million (or 20%) for a reserve/safety net are maintained. The plan also reflects the conclusion of the Equipment Replacement Fund as of June 30, 2021.

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

XI. Recommendation to Update Administrative Cost Policy and Approve FY 2021-22 Administrative Cap

Jennifer Johnson stated that county commissions are required to adopt a policy establishing a limit on the percentage of the Commission's operating budget that may be spent on administrative functions. Jennifer reviewed the proposed changes to the policy on administrative costs related to the allocation of centralized administrative support services (also called central services). Jennifer stated that the cap is set on an annual basis and she discussed the rationale for the establishing the rate for the upcoming fiscal year. The staff recommendation for FY 2021-22 is to maintain the administrative cap at 12% of the total operating budget.

A motion was made by Kara Ralston, seconded by Pamela Grothe, to approve the administrative cap of 12% for FY 2021-22. The motion carried unanimously.

XII. Update on Commission Activities

Petra Puls referred to the March 2021 Report from Commission Staff. She provided an update on staffing and NfL transition activities. She reported on the launch of the new website and bid processes that are underway. She highlighted advocacy efforts and support of child care providers during the pandemic. She concluded her report with an update on a proposal recently submitted to local government officials asking to designate APR funds for early childhood for the purpose of mitigating the impact COVID-19 on the prenatal to five population.

XIII. New Business/ Miscellaneous

There was no new business.

XIV. Closure

Commissioner Stenslie ended the meeting at 11:25 a.m.

XV. Next Meeting

Friday, May 7, 2021, 9:30 a.m. – 11:30 a.m., Location TBD