

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

April 8, 2022

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

Staff Present: Lauren Arzu, Amy Cook, Jennifer Johnson, Alma Perez, and Petra Puls

I. Call to Order/Welcome/Introductions

Commissioner Stenslie began the meeting at 9:41 a.m.

II. Recommendation to Hold Virtual Meeting

A motion was made by Kara Ralston, seconded by Pamela Grothe, to continue holding virtual meetings for the next 30 days. The motion carried unanimously.

III. Approval of Minutes from March 4, 2022

A motion was made by Joseph Richards, seconded by Kara Ralston, to approve the minutes from the March 4, 2022 meeting. The motion carried unanimously.

IV. Approval of Agenda

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

V. Public Comments

There were no public comments.

VI. Review of Employee Satisfaction Survey Results

Lauren Arzu presented the results from the employee satisfaction survey conducted in March 2022. Lauren stated that the goal of this survey was to identify which factors contributed most to worker retention rates for both present staff and potential new hires. Lauren explained the questions created for this survey as well as the five-point scale used to measure each response (from strongly disagree to strongly agree).

According to the results, 100% of employees agreed that F5VC is a family-friendly employer and would recommend F5VC as an employer to a friend. The survey results indicated that work life balance, health care coverage, and paid holidays were among the highest valued benefits offered by F5VC. From the data collected, 97% of staff said that retirement plan contribution, management/leadership, and organizational culture were the most important for employees. F5VC scored high in all areas of importance among staff.

Lauren stated that the COLA, hourly rate/salary increase, and retirement contribution were the highest ranked among the options provided. Life insurance, paid vacation, and college tuition assistance were the next highest-ranking factors.

The Committee thanked Lauren for her presentation and discussed the findings of the employee satisfaction survey.

VII. Recommendation to Approve FY 2022-23 Annual Budgets

Referring to the budget packet, Jennifer Johnson presented the proposed budgets for FY 2022-23. 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 \$6.9 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 total \$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 stated that, for the Operating Fund, only \$306,800 is projected to be used in FY 2022-23 to maintain program services. Because excess interest earnings from FY 2022-23 are not anticipated, a transfer is not budgeted in FY 2022-23. Jennifer reviewed the estimated administrative cost percentage.

Referring to the staffing chart, Jennifer noted that there are no changes in the overall number of full-time equivalents (FTEs). The total proposed staffing budget remains at 38.25 FTEs. Jennifer reviewed the staffing pattern and 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 an updated version of the budget assumptions used to prepare internal budgets, including the three methodologies used to allocate shared operating costs.

Jennifer presented 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 budget 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 Pamela Grothe, seconded by Joseph Richards, to approve the proposed budgets for FY 2022-23. The motion carried unanimously.

VIII. Recommendation to Update Administrative Cost Policy and Approve FY 2022-23 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 related to administrative costs when grant funding is received by the Commission. She noted that the cap is set on an annual basis and she discussed the rationale used to establish the rate for the upcoming fiscal year. Jennifer stated that the staff recommendation for FY 2022-23 is to maintain the administrative cap at 12% of the total operating budget.

A motion was made by Kara Ralston, seconded by Joseph Richards, to approve the updated Administrative Cost Policy and approve an administrative cap of 12% for FY 2022-23. The motion carried unanimously.

IX. 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 2020-21, a forecast for FY 2021-22, and the proposed budget for FY 2022-23. Jennifer reviewed the assumptions used to update the plan and noted that the plan has been extended through June 30, 2029. The Committee discussed the impact of declining revenues at the current level of spending and the resulting shortfall that would occur in FY 2029-30. Petra Puls discussed the efforts of some county commissions to secure funding through local tax initiatives. The Committee agreed to plan future discussions around long-term sustainability.

A motion was made by Joseph Richards, seconded by Pamela Grothe, to approve the updated Financial Plan. The motion carried unanimously.

X. Recommendation to Approve a Cost-of-Living Adjustment & Update Salary Ranges

Lauren Arzu stated that staff's greatest concern currently is their hourly rate/salary. The Consumer Price Index has risen 8.1% in the western U.S. in the last year – significantly higher than the 2.5% average for the west region over the last 22 years. Referring to the written recommendation, Lauren stated that staff recommends applying a one-time 3% cost-of-living adjustment (COLA) to all staff effective July 1, 2022, based on salaries/wages as of June 30, 2022, which will be processed with annual merit increases. Staff also recommended applying the 3% increase to the top and bottom of the existing employee compensation ranges. Lauren reviewed the proposed changes to the updated ranges.

A motion was made by Pamela Grothe, seconded by Kara Ralston, to approve a 3% Cost-of-Living Adjustment and update to employee compensation ranges as proposed.

XI. Recommendation to Update Employee Benefits to Increase Retirement Contribution and Add Life and Accidental Death & Dismemberment Insurance Coverage

Lauren Arzu stated that the current employee benefits package includes a retirement plan providing a 3% Commission contribution in addition to up to 4% match of employee contributions, for a total Commission contribution of up to 7% of the employee's salary. Lauren reviewed the data collected from other First 5 Commissions, which indicated the Commission's current contribution rates are relatively low. Based on feedback from the employee survey and the data collected, staff recommends increasing the minimum Commission contribution to 5% and increasing the employee match to up to 5%, for a total of up to 10% of the employee's salary, effective July 1, 2022.

Lauren reported that the Commission does not currently offer life insurance as a benefit. Lauren presented data on this low-cost but meaningful addition to the existing benefits package. She stated that staff recommends expanding employee benefits by offering coverage of 150% of employees' annual salary in both Life and Accidental Death and Dismemberment coverage, to be paid for by the Commission. If there is sufficient interest among staff, the option for employees to purchase additional coverage on a post-tax basis via a payroll deduction will be made available.

Lauren referred to the proposed updates to the employee handbook for these benefit changes and noted that the handbook would be updated accordingly.

A motion was made by Kara Ralston, seconded by Pamela Grothe, to increase retirement contribution and add life and accidental death & dismemberment insurance coverage as proposed. The motion carried unanimously.

XII. Recommendation to Approve New Attribution and Logo Policy

Lauren Arzu reported that the Attribution and Logo Policy needs to be updated to reflect that the Commission now runs direct programs (the Neighborhoods for Learning and Help Me Grow) internally. The Commission's logo is a recognizable symbol of our work and supports brand identity and messaging when used consistently. Referring to the new Attribution and Logo Policy, Lauren reviewed the proposed requirements, which will clarify expectations for funded partners.

A motion was made by Kara Ralston, seconded by Joseph Richards, to approve the New Attribution and Logo Policy. The motion carried unanimously.

XIII. Recommendation to Update Boilerplate Contract

Jennifer Johnson referred to the handout on the proposed boilerplate contract changes. Jennifer stated that before the beginning of each new fiscal year, staff reviews the standard boilerplate contract for any updates to insurance requirements, opportunities to clarify language/streamline the boilerplate, and identification of any new provisions that may need to be added due to any issues encountered in the prior year. Jennifer stated that the boilerplate modifications were developed in consultation with the Commission's legal counsel. The practice of multi-year contracting (implemented in FY 2016-17) would be maintained, along with allowing funded partners to utilize unspent funds up until the end of their funding cycle.

Jennifer reviewed the proposed revisions to the boilerplate, which include: 1) Clarifying the type of contractors who need to submit information on how religious activities will be prohibited; 2) Refining the audit availability/submission requirement; 3) Updating attribution language and logo requirements in alignment with new policy proposed April 2022; 4) Clarifying that the requirement for working capital is related to the payment method (e.g., quarterly reimbursement or advance payment); 5) Refining the provision on inventory to describe essential elements; 6) Eliminating the separate provision on Reimbursement by moving the relevant text to existing sections on Payment and Matching Funds; and 7) Providing additional detail on Exhibit D on how advance payments are reconciled. Jennifer also noted that the section currently numbered as 2.32 - Monitoring and Evaluation will be moved and renumbered to 2.20 to precede Sections for Progress Reports and Evaluation in new boilerplate contracts that are issued.

A motion was made by Joseph Richards, seconded by Kara Ralston, to revise the contract boilerplate as proposed, which includes continuing multi-year contracting and use of unspent funds. The motion carried unanimously.

XIV. Review of Financial Reports as of February 28, 2022

Jennifer Johnson presented the expenditure report as of February 28, 2022, noting that the report largely reflects funded partner activity through quarter two. She gave an overview of the report, providing explanations on variances.

XV. Update on Commission Activities

Petra Puls referred to the March 2022 Report from Commission Staff. She provided an update on staffing and the transition to in-person services for the Neighborhoods for Learning program. She highlighted advocacy efforts and reported that the State Commission appointed a new Executive Director. She provided an update on the request for ARPA funding and the efforts of the Early Childhood Coalition.

XVI. New Business/ Miscellaneous

There was no new business.

XVII. Closure

Commissioner Stenslie ended the meeting at 11:27 a.m.

XVIII. Next Meeting

Friday, May 6, 2022, 9:30 a.m. – 11:30 a.m., Location TBD (*This meeting was subsequently cancelled.*)