



**FIRST 5 SAN MATEO COUNTY
FINANCE AND ADMINISTRATION COMMITTEE MEETING**

As authorized by Governor Newsom’s Executive Orders N-25-20 and N-29-20, dated March 12, 2020 and March 17, 2020 respectively, the meeting will be held via teleconferencing with members of the Commission attending from separate remote locations. The meeting will be held and live cast from the following location where members of the public shall have the right to observe and offer public comment:

DATE: Monday, June 8, 2020

TIME: 9:00 AM to 10:00 AM

Join Zoom Meeting

Online:

<https://smcgov.zoom.us/j/92167792852?pwd=bUp0dnU3K0dNVThkSWJMZlJ3aEVlQT09>

Phone: +1 669 900 6833

Meeting ID: 921 6779 2852, Password: 786131

This altered format is in observance of the recommendation by local officials that certain precautions be taken, including social distancing, to address the threat of COVID-19.

MEMBERS: Rosanne Foust, Alexis Becerra, Pam Frisella

STAFF: Kitty Lopez, Khanh Chau

AGENDA

| | | |
|----|--|--------------|
| 1. | Approval of the Finance and Administration Committee Agenda | Foust |
| 2. | Approval of the May 11, 2020 Finance and Administration Committee Meeting Minutes (See Attachment 2) | Foust |
| 3. | New Tobacco Tax Revenue Projections May 2020 (See Attachment 3) | Lopez / Chau |
| 4. | Review and Recommend Approval of F5SMC’s LTFP from FY 2019-20 through FY 2024-25 (FY2019-20 Update) (See Attachments 4, 4A, 4B, 4C) | Lopez/ Chau |

Next Meeting: August 10, 2020

**FIRST 5 SAN MATEO COUNTY
FINANCE AND ADMINISTRATION COMMITTEE
MEETING MINUTES**

May 11, 2020

- Commission Member: Rosanne Foust, Pam Frisella, Alexis Becerra
- Staff: Kitty Lopez, Khanh Chau
- Minutes: Khanh Chau

1. Approval of the Finance and Administration Committee Meeting Agenda

A Motion for Approval of the May 11, 2020 Finance and Administration Committee Meeting Agenda was made by Commissioner Frisella, seconded by Commissioner Becerra. Unanimously approved.

2. Approval of the Finance and Administration Committee Meeting Agenda

A Motion for Approval of the February 10, 2020 Finance and Administration Committee Meeting Agenda was made by Commissioner Frisella, seconded by Commissioner Becerra. Unanimously approved.

1. Budget Monitoring Report as of March 31, 2020

Kitty Lopez briefly presented an overview of the Budget Monitoring Report as of March 31, 2020, that reflects 63% spending in YTD Total Appropriations and 20% higher in YTD Ending Fund Balance than the planned budget. Kitty also cited the current challenges of delayed Prop 10 Tax Revenue disbursements due to technical issues of the new accounting system adopted by the California Department of Tax and Fee Administration (CDTFA).

Committee members acknowledged the delay of revenue collections would become a statewide challenge to local government as the result of COVID-19 impact.

Committee members acknowledged the simple and straight forward presentation of the Budget Monitoring report.

2. F5SMC's Strategic Plan Implementation Plan (SPIP) FY 2018-20 Carry Over and No-Cost Contract Extension due to COVID-19 – Verbal Discussion

Kitty Lopez briefly presented the SPIP FY2018-20 Carry-Over Table, of which \$850K is carried over to FY 2020-21. Kitty cited that the delayed spending of these SPIP lines are due to variety of reasons such as: timing issues, changes in project scope of work; they remain place holders for F5SMC's leveraging and matching funding in Other Grants acquisitions. Most of those underspend amounts are in the Policy, Advocacy, & Communications (PAC) and Evaluation strategy areas. Kitty Lopez added that these SPIP strategies and carry over amounts are part of F5SMC's Strategic Plan Implementation; they are incorporated into the FY 2020-21 Draft Budget.

Committee members asked questions about the spending plan of the \$210K Other Evaluation projects. Kitty Lopez cited that 50% of said amount will be for the Persimmony Online Grant Management System and 50% are for Other Evaluation projects. Committee members suggested to present these amounts in two separate lines for clarity and to add a Note column to the SPIP Carry Over Table explaining target spending plan.

Committee members validated the rationales of the SPIP Carry Over and endorsed the SPIP FY 2018-20 Carry Over amounts and their inclusion in the FY 2020-21 Draft Budget.

3. Review and Recommend Approval of F5SMC's FY 2020-21 Draft Budget

Kitty Lopez briefly presented the Summary of FY 2020-21 Draft Budget as presented in the Summary Table of the Budget memo (Attachment 5). The Administrative Cost rate is 10% and is within the approved policy. Kitty Lopez added that we will draw down \$421K from Ending Fund Balance (Reserves*) to cover operational costs of implementing the F5SMC's new Strategic Plan.

Committee members reviewed the presented Draft Budget, asked questions for clarification. Committee members voted and endorsed the FY 2020-21 Draft Budget.

A Motion for Recommend Approval of the F5SMC's FY 2020-21 Draft Budget was made by Commissioner Frisella, seconded by Commissioner Becerra. Unanimously approved.

4. Review and Recommend Approval of F5SMC's Bylaws and Policies for FY 2020-21

Kitty Lopez cited that First 5 Commissions are mandated to have its Bylaws and Policies reviewed and adopted annually in a public hearing. For the FY 2020-21, all F5SMC's Bylaws and Policies remain unchanged except the Sponsorship Policy; it is amended to increase Executive Director's approving authority amount of a sponsorship from \$2,500 to \$5,000, as opposed to bringing this item before a Commission Meeting. All sponsorships are subject to the availability of funds in the agency budget.

Committee members endorsed the change of the Sponsorship Policy for the FY 2020-21.

A Motion for Recommend Approval of the F5SMC's Bylaws and Policies for FY 2020-21 was made by Commissioner Frisella, seconded by Commissioner Becerra. Unanimously approved.

Commissioner Foust adjourned the meeting at 2:15PM

F5SMC - Tobacco Tax Revenue Projections (include Prop 10 and Prop 56) - Updated May 26 2020

| | Projection Sources | 2016-17 Actual | 2017-18 Actual | 2018-19 Actual | 2019-20 Projections | 2020-21 Projections | 2021-22 Projections | 2022-23 Projections | 2023-24 Projections | 2024-25 Projections | Average Declining Rate | Projection Date |
|--------------|--|-------------------|-------------------|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------|--|
| A | F5CA May 2019 Projections | 5,854,080 | 5,021,101 | 5,301,155 | 5,303,237 | 5,129,058 | 4,992,471 | 4,843,745 | | | | Laurie Dibartolo email May 21 2019 |
| | Declining Trend | | -14.23% | 5.58% | 0.04% | -3.28% | -2.66% | -2.98% | | | -2.92% | |
| B | F5CA May 2020 Projections | 5,854,080 | 5,021,101 | 5,301,155 | 5,651,541 | 5,468,407 | 5,106,357 | 4,758,210 | 4,601,030 | 4,454,621 | | Marcia Thomas email May 26 2020 |
| | Declining Trend | | -14.23% | 5.58% | 6.61% | -3.24% | -6.62% | -6.82% | -3.12% | -1.27% | -2.89% | |
| B - A | May 2020 Projections vs May 2019 Projcitons Increase / (Decrease) | | | | 348,304 | 339,349 | 113,886 | (85,535) | | | | May 2020 Tobacco Tax Projections adds \$716K more Tobacco Tax Revenue for the period FY2019-2023 |

DATE: June 8, 2020

TO: First 5 San Mateo County Finance and Administration Committee

FROM: Kitty Lopez, Executive Director

RE: Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) from FY 2019-20 through FY 2024-25 (FY19/20 Update)

ACTION REQUESTED

Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) from FY 2019-20 through FY 2024-25 (FY19/20 Update)

KEY MESSAGES

Long-Term Financial Plan (LTFP) is a snapshot in time with financial information that continues to change and evolve. The Commission has the opportunity to review and approve updated LTFP every year.

LTFP SUMMARY (FY19/20 Update)

| | FY 19-20 Budget | FY20-21 Budget | FY21-22 Projection | FY22-23 Projection | FY23-24 Projection | FY24-25 Projection |
|--|--------------------|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Beginning Fund Balance | 11,723 | 8,943 | 8,926 | 8,350 | 7,415 | 6,198 |
| A+B. Tobacco Tax & Interest Revenues | 5,852 | 6,403 | 5,195 | 4,842 | 4,675 | 4,516 |
| C. Other Grants | 1,192 | 1,203 | 968 | 800 | 400 | 400 |
| Total Revenues | 7,044 | 7,606 | 6,163 | 5,642 | 5,075 | 4,916 |
| Total Available Fund | 18,767 | 16,549 | 15,089 | 13,991 | 12,490 | 11,115 |
| Appropriations | | | | | | |
| D. Strategic Plan Investment (SPIPs) | 6,738 | 4,630 | 3,780 | 3,780 | 3,780 | 3,780 |
| E. Other Grants | 1,188 | 1,003 | 856 | 700 | 350 | 350 |
| F+G+H Operations | 1,898 | 1,991 | 2,103 | 2,096 | 2,162 | 2,231 |
| Total Appropriations | 9,824 | 7,624 | 6,739 | 6,576 | 6,292 | 6,361 |
| Ending Fund Balance Before Restricted Fund | 8,943 | 8,926 | 8,350 | 7,415 | 6,198 | 4,754 |
| Restricted Fund (Pension Liability and Operational Reserves) | 1,900 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Ending Fund Balance After Restricted Fund | 7,043 | 6,926 | 6,350 | 5,415 | 4,198 | 2,754 |

**Please read the LTFP Memo (Attachment 4) in conjunction with the LTFP Narrative and LTFP Spreadsheets (Attachments 4A, 4B, 4C)*

FISCAL IMPACT

- Admin Cost Rate: projected 7% for period FY 2019-20 and 13% for period FY 2020-25.
- At the end of FY 2024-25, Projected Ending Fund Balance after Pension Liability and Operational Reserves is \$2.754 M which is approximate to 6.7-month equivalent of FY 2025 fiscal Revenue.
- FY 2019-20: Projected Budget Deficit of \$2.780 M in FY 2019-20 with draw down of Ending Fund Balance (Reserves*) to fund higher community investments, per the current Strategic Plan Implementation Plan (SPIP).
- FY 2020-25: Projected Budget Deficit of \$4.189 M over the 5-year period. We will continue to draw down funds to cover this annual deficit from the Ending Fund Balance.
- It is anticipated that from FY 2025 forward, Total Appropriations would be in line with Total Fiscal Revenues.

RECOMMENDATION

Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) from FY 2019-20 through FY 2024-25 (FY19/20 Update)

LTFP FROM FY 2019-20 THROUGH FY 2024-25 (FY19/20 Update) - NARRATIVES

*Please read the LTFP Memo (Attachment 4) in conjunction with the LTFP Narratives (Attachment 4A) and LTFP Spreadsheet (Attachments 4B, 4C)

F5SMC's LTFP from FY 2019-20 through FY 2024-25 (FY19/20 Update) are presented in **Attachments 4A, 4B and 4C** and are updated with:

- (1) F5CA Tobacco Tax Revenue Projections FY 2019-25, released May 26, 2020;
- (2) FY 2018-19 Audited Financial Information;
- (3) FY 2019-20 Revised Budget and FY 2020-21 Adopted Budget
- (4) Funding Allocations of New Strategic Plan Implementation Plan (SPIP) FY 2020-25, which was approved during the new strategic planning process.

I. REVENUES**A. Interest Revenue:**

- Interest Revenue is projected 1% Interest Earning Rate on the Beginning Fund Balance.

B. Tobacco Tax Revenue

- Tobacco Tax Revenues include Prop 10 and Prop 56 *Tax Revenues which are allocated to F5 Commissions based on actual birth rate in each county.
- F5CA Tobacco Tax Revenue Projections FY 2019-25, released May 26, 2020, reflects the average declining rate of 2.89%, which is slightly lower than 2.92% of previous year projections; adds \$716K more Tobacco Tax Revenue during period FY 2019-23.

C. Other Grant Revenues: include new grants and repeating grant opportunities that produce steady additional Other Grant Revenue stream:

- FY2020-23: Total \$2.875 M Other Grant Revenues (or \$950K of additional Other Grant Revenues per year):
 - ✓ \$1.200 M F5CA's IMPACT Grant (new);
 - ✓ \$150K David Lucile Packard Foundation's Help Me Grow Grant (new);
 - ✓ \$35K Peninsula Healthcare District's Help Me Grow Call Center Grant (new);
 - ✓ \$1.190 M Sequoia Healthcare District's Special Needs and Trauma Informed Grants (new);
 - ✓ \$300K San Mateo County Behavioral and Recovery Services Division's Mental Health Services Act MHSA – Prop 63: Mental Health programs (existing)
- FY 2023-25: projected \$400K Other Grant Revenues each fiscal year. This projection is made on a conservative estimate of historical trend, trusted relationships with existing funders and leverage funding opportunities with F5SMC's strategic plan.

II. PROGRAM APPROPRIATIONS

D1. Strategic Plan Investment SPIP FY 2020-23: Cycle 4 investments are \$3.780M each fiscal year; said investment level was previously approved by the Commission during the strategic planning process, 2017-2018.

D2. SPIP FY 2018-20 Carry-Over

**The Proposition 56 taxes reduce tax-paid tobacco purchases (hereafter, "consumption"), resulting in lower revenue for other tobacco tax funds. In the first revenue allocation step, some Proposition 56 revenues replace—or "backfill"—these revenue losses. <https://lao.ca.gov/Publications/Report/3939>*

E. Other Grants Appropriations

- FY 2019-20: Include existing executed Grant Appropriations:
 - ✓ F5CA's IMPACT Grant FY 2015-20
 - ✓ David Lucile Packard Foundation Help Me Grow Grant
 - ✓ Watch Me Grow - Clinic Based Services Grant
 - ✓ SMC Human Services Agency - Build Up for SMC Children's Initiative .
 - ✓ San Mateo County Behavioral and Recovery Services Division's Mental Health Services Act MHSA – Prop 63: Mental Health programs
- FY 2020-23: Include existing and newly executed Other Grant Appropriations:
 - ✓ F5CA's IMPACT Grant (new)
 - ✓ David Lucile Packard Foundation's Help Me Grow Grant (new);
 - ✓ Peninsula Healthcare District's Help Me Grow Call Center Grant (new);
 - ✓ Sequoia Healthcare District's Special Needs and Trauma Informed Grants (new);
 - ✓ San Mateo County Behavioral and Recovery Services Division's Mental Health Services Act MHSA – Prop 63: Mental Health programs (existing)
- FY 2023-25: Include projected \$350K/year pass-through contracts from projected Other Grant Revenues of \$400K/year.

F. Program Operations: for consistent presentation and reading across F5SMC's Budget and F5SMC's LTFP, Operations section includes:

- ✓ Program Operating Budget: Allocation rate of 50%
- ✓ Program and Evaluation Staff Salaries and Benefits
- ✓ Shared Admin Staff Time working on Program activities: Allocation rate of 27%

III. ADMIN APPROPRIATIONS**G. Shared Operating Budget:** Allocation rate of 50%**H. Admin Staff Salaries and Benefits:** Allocation rate of 73%**IV. RESTRICTED FUND FOR PENSION LIABILITY AND OPERATIONAL RESERVES**

- Commission has approved in previous LTFPs a \$1M Pension Liability and 6 months of Operational Reserves. The Pension Liability and Operational Reserves are Restricted Fund and are set aside for its intended restricted uses.

V. ENDING FUND BALANCE

- Commission has guided and approved the Ending Fund Balance after Pension Liability and Operational Reserves equal to or approximate 6 months of said fiscal year revenue for safety cash flow management after FY 2020.
- At the end of FY 2025, Projected Ending Fund Balance after Pension Liability and Operational Reserves is \$2.754 which is approximate to 6.7-month equivalent of FY 2025 fiscal Revenue.

| | CYCLE 3 | | | | | CYCLE 4 | | | | |
|---|-----------------|----------------|-----------------|-----------------|-------------------------|----------------|--------------------|--------------------|--------------------|--------------------|
| | FY 15-16 Actual | FY16-17 Actual | FY 17-18 Actual | FY 18-19 Actual | FY 19-20 Revised Budget | FY20-21 Budget | FY21-22 Projection | FY22-23 Projection | FY23-24 Projection | FY24-25 Projection |
| BEGINNING FUND BALANCE (Beginning Reserves*) | 16,205 | 15,457 | 14,922 | 12,299 | 11,723 | 8,943 | 8,926 | 8,350 | 7,415 | 6,198 |
| A. Interest Revenue | 136 | 156 | 208 | 281 | 201 | 85 | 89 | 84 | 74 | 62 |
| B. Tobacco Tax Revenue | 6,098 | 5,846 | 5,262 | 5,559 | 5,651 | 6,318 | 5,106 | 4,758 | 4,601 | 4,455 |
| C. Other Grant Revenues | | | | | | | | | | |
| F5CA Other Grants / IMPACT Grant | 219 | 428 | 650 | 467 | 575 | 400 | 400 | 400 | | |
| Other Non-Tobacco Tax Grants | 289 | 263 | 41 | 548 | 617 | 803 | 568 | 400 | 400 | 400 |
| Total Revenues | 6,742 | 6,693 | 6,161 | 6,854 | 7,044 | 7,606 | 6,163 | 5,642 | 5,075 | 4,916 |
| TOTAL AVAILABLE FUND (Total Sources*) | 22,947 | 22,150 | 21,083 | 19,154 | 18,767 | 16,549 | 15,089 | 13,991 | 12,490 | 11,115 |
| PROGRAM APPROPRIATIONS | | | | | | | | | | |
| D1. Strategic Plan Investment SPIP (excl. E. Other Grants) | 5,663 | 5,781 | 6,694 | 4,854 | 6,738 | 3,780 | 3,780 | 3,780 | 3,780 | 3,780 |
| Community Investments (FE, CH&D, EL) | 5,392 | 5,261 | 6,092 | 4,360 | 5,241 | 3,180 | | | | |
| Evaluation | 88 | 182 | 115 | 98 | 274 | 113 | | | | |
| Policy, Advocacy, & Communications (PAC) | 183 | 338 | 486 | 396 | 1,223 | 487 | | | | |
| D2. SPIP FY18-20 Carry Over to FY20-21 | | | | | | 850 | | | | |
| E. Other Grants | 360 | 326 | 559 | 904 | 1,188 | 1,003 | 856 | 700 | 350 | 350 |
| F5CA Other Grants / IMPACT Grant | 10 | 326 | 558 | 394 | 461 | 350 | 350 | 350 | | |
| Other Non-Tobacco Tax Grants | 350 | | 1 | 510 | 727 | 653 | 506 | 350 | 350 | 350 |
| F. Program Operations | 426 | 585 | 628 | 688 | 1,174 | 1,217 | 1,275 | 1,245 | 1,286 | 1,329 |
| Shared Operating Budget | | | | | 198 | 194 | 220 | 220 | 220 | 220 |
| Program Staff S&B & Shared Admin Staff Time | 426 | 585 | 628 | 688 | 976 | 1,023 | 1,055 | 1,025 | 1,066 | 1,109 |
| Total Program Appropriations (D+E+F) | 6,449 | 6,692 | 7,881 | 6,446 | 9,100 | 6,850 | 5,911 | 5,725 | 5,416 | 5,459 |
| ADMIN APPROPRIATIONS | | | | | | | | | | |
| G. Shared Operating Budget | 314 | 300 | 331 | 335 | 198 | 194 | 220 | 220 | 220 | 220 |
| H. Admin Staff S&B | 730 | 626 | 607 | 649 | 526 | 579 | 608 | 631 | 656 | 682 |
| Total Admin Appropriations (G+H) | 1,044 | 926 | 938 | 984 | 724 | 773 | 828 | 851 | 876 | 902 |
| TOTAL APPROPRIATIONS (Net Appropriations*) | 7,492 | 7,618 | 8,819 | 7,431 | 9,824 | 7,624 | 6,739 | 6,576 | 6,292 | 6,361 |
| Surplus / (Deficit) (Total Revenues - Total Appropriations) | (750) | (925) | (2,658) | (576) | (2,780) | (17) | (576) | (934) | (1,217) | (1,445) |
| ENDING FUND BALANCE before Pension Liability and Operational Reserves (Ending Reserves* before Pension Liability and Operational Reserves) | 15,455 | 14,532 | 12,264 | 11,723 | 8,943 | 8,926 | 8,350 | 7,415 | 6,198 | 4,754 |
| Restricted Fund for Pension Liability and Operational Reserves | 1,640 | 1,850 | 1,850 | 1,900 | 1,900 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| ENDING FUND BALANCE after Pension Liability and Operational Reserves (Ending Reserves* after Pension Liability and Operational Reserves) | 13,815 | 12,682 | 10,414 | 9,823 | 7,043 | 6,926 | 6,350 | 5,415 | 4,198 | 2,754 |
| Total S&B | 1,156 | 1,211 | 1,235 | 1,337 | 1,502 | 1,602 | 1,663 | 1,656 | 1,722 | 1,791 |



F5SMC LTFP (FY19/20 Update)

