



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

DATE: Monday, May 8, 2017
TIME: 9:00 AM to 10:00 AM
ADDRESS: 1700 S. El Camino Real, Suite 405
San Mateo, CA 94402

MEMBERS: Michael Garb, Lee Michelson, Iliana Rodriguez

STAFF: Khanh Chau, Kitty Lopez

AGENDA

1.	Approval of the May 8, 2017 Finance and Administration Committee Agenda	Michelson
2.	Approval of the February 13, 2017 Finance and Administration Committee Meeting Minutes (See Attachment 2)	Michelson
3.	Review Budget Monitoring Report as of March 31, 2017 (See Attachments 3-3B)	Lopez / Chau
4.	Review and Recommend Approval to Present FY2017-18 Draft Budget at May 22, 2017 Commission Meeting (See Attachments 4-4A)	Lopez /Chau
5.	Review and Recommend Approval of First 5 San Mateo County Policies and By-Laws at May 22, 2017 Commission Meeting (see Attachments 5-5G)	Lopez
6.	Verbal Discussion: <ul style="list-style-type: none"> • Auditor Request for Quotation Update • Budget Monitoring Report Frequency 	Lopez /Chau

Next Meeting: June 12, 2017

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

February 13, 2017

- Commission Member: Michael Garb, Iliana Rodriguez
- Staff: Kitty Lopez, Khanh Chau
- Minutes: Khanh Chau

Commissioner Michelson was absent. Commissioner Garb chaired the meeting.

1. Approval of the Finance and Administration Committee Meeting Agenda

A Motion for Approval of the February 13, 2017 Finance and Administration Committee Meeting Agenda was made by Commissioner Rodriguez, seconded by Commissioner Garb. Unanimously approved.

2. Approval of the October 17, 2016 Finance and Administration Committee Meeting Minutes

A Motion for Approval of the October 17, 2016 Finance and Administration Committee Meeting Minutes was made by Commissioner Rodriguez and seconded by Commissioner Garb. Unanimously approved.

3. Review Budget Monitoring Report as of December 31, 2016

The Committee reviewed the Budget Monitoring Report as of December 31, 2016 which reflects a 42% positive variance in Ending Fund Balance Projection than the planned Budget. Attributable to this positive variance are higher Interest Revenue, Prop 10 Tax Revenue disbursements, and under spending in both Program and Administrative and Appropriations line items.

4. Review and Recommend Approval of FY16-17 Revised Budget

Kitty Lopez briefly presented key highlights and revisions addressed in the FY16-17 Revised Budget memo that included positive adjustments of the Beginning Fund Balance and the Prop 10 tax Projections; the increase of Program Appropriations with new contract execution; and the proposed personnel changes.

Kitty Lopez made the proposal to convert the previous Extra-Help/Agile Workforce position to a full-time employee position in order to continue of the SPIP implementation and the IMPACT 5-year grant administration. Kitty Lopez cited that, per county personnel policy, an Extra-Help/Agile Workforce position would be eliminated after its 3-year term; the proposed FTE conversion is to prevent losing a key staff member in the middle of implementing the Strategic Plan. Committee members acknowledged the pending workload of the SPIP implementation and endorsed the staffing needs.

Committee members suggested making changes to the Interest Revenue; and review of the Commission Meetings and Conference Expenses, and Staff Business Travel expenses budget lines. Staff will review and make revisions as needed.

The Committee recommended approval of the FY16-17 Revised Budget reflecting the changes suggested at the Finance Committee Meeting.

A motion for Recommend Approval of the FY16-17 Revised Budget at the Commission Meeting February 27, 2017 was made by Commissioner Rodriguez and seconded by Commissioner Garb. Unanimously approved.

5. Verbal Update – Family Connections Contract

Kitty Lopez reviewed the recent restructuring of the Family Engagement contract that was previously presented at the November 28, 2016 Commission meeting. The initial contract to Family Connections is divided into 3 contracts and scopes of work; two contracts are executed and one contract has been recently finalized with Family Connections and will be back dated to October 1, 2016 to be in alignment with the two existing Family Engagement contracts. Committee members supported this alignment.

6. Adjournment

Commissioner Garb adjourned the meeting at 9:45 A.M.

DATE: April 10, 2017
TO: First 5 San Mateo County Finance and Administration Committee
FROM: Kitty Lopez, Executive Director
RE: Budget Monitoring Report as of March 31, 2017

BUDGET MONITORING REPORT as of March 31, 2017 HIGHLIGHTS

The Budget Monitoring Report as of March 31, 2017 is presented in detail as **Attachment 3A** and in summary as **Attachment 3B** with key highlights below:

YTD Benchmark: 75%

REVENUES

- YTD Interest Revenue projection is \$100K or 88%, that represents a positive variance or 13% higher than YTD Benchmark
- YTD Prop 10 Tax Revenue projections are \$4.474 million or 76%, that represents a positive variance or 1% higher than YTD Benchmark.
- YTD Total Revenues projections are \$5.181 million or 81%, that represents a positive variance or 6% higher than YTD Benchmark. Attributable factors to this positive variance are higher Prop 10 Tax revenue disbursements due to a positive adjustment of the Prop 10 Tax Revenue declining rate, higher Interest Revenue, and Federal refund for the CHI program for time period April 2012 to June 2016.

APPROPRIATIONS

- Grantees' Q2'17 invoices and Mid-year progress reports are required to submit to Persimmony by March 7, 2017. Persimmony is First 5 San Mateo County's new Online Grant Management System that comes live in February 2017. At this point, most of Q2'17 program expenditures are actual or accruals whereas Q3'17 program expenditures are estimates.
- YTD Program Expenditures projections are \$4.836 million or 58%, that represents a positive variance or 17% below YTD Benchmark.

Major contributions to this positive variance are attributable to underspending and/or timing issues in various grants, Evaluation, and pending planning of the Policy Advocacy, Communications and System Changes unallocated fund budget line.

- YTD Administrative Expenditures projections of \$669K or 65% that represents a positive variance or 10% below YTD Benchmark. Major contributions to this positive variance are attributable to under spending in Professional Services and various administrative budget items, salary and benefit saving due to delayed hiring of an Extra-Help.
- YTD Total Appropriations projections are \$5.505 million or 58% that represents a positive variance or 17% below YTD Benchmark. Major contributions to this positive variance are attributable to under spending and/or timing issues in both Program and Administrative Appropriations.

ENDING FUND BALANCE

- At this time, we are projecting YTD Ending Fund Balance of \$15.522 million or 121%, that represents a positive variance of 21% or \$2,681 million higher than YTD planned budget.

Major contributions to this positive variance are attributable to higher Interest Revenue, higher Prop 10 Tax Revenue disbursements, CHI Federal refund, and under spending and/or timing issues in both Program and Administrative Appropriations.

CHALLENGES:

- None at this time.

BUDGET MONITORING REPORT AS OF MARCH 31, 2017

YTD Benchmark Percentage :75%

	ORG/ACCT#	FY16-17 REVISED BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)	YTD Combined versus Budget %	NOTES
REVENUE							
FUND BALANCE (Beginning)		15,845,751	15,845,751		15,845,751	100%	Adjusted Beginning Fund Balance as per the FY15-16 Audit Report.
Interest	19510-1521	114,047	71,538	28,512	100,050	88%	
Tobacco Tax - Prop 10	19510-1861	5,854,000	3,529,949	944,506	4,474,455	76%	\$456K is Feb'17 revenue accrual and \$487K is Mar'17 revenue estimate.
IMPACT Grant	19510-1861	458,000		343,500	343,500	75%	\$343K are Q1, Q2, Q3'17 IMPACT Grant Revenue Estimates. There are delayed guidances for reporting and billing from F5CA
Wellness Grant	19510-2545	-	1,035	-	1,035		-
Miscellaneous Reimbursements	19510-2647	0	262,475	0	262,475		\$237K are Federal refund for CHI program for the period FY12-16
TOTAL REVENUE		6,426,047	3,864,997	1,316,518	5,181,515	81%	Positive variance due to higher Interest and Prop 10 Tax revenues and CHI Federal refund.
TOTAL AVAILABLE FUNDS		22,271,798	19,710,748	1,316,518	21,027,266		-
APPROPRIATIONS							
1. PROGRAMS							
Family Engagement	19540-6125	2,308,072	368,023	1,131,000	1,499,023	65%	\$518K are Q2'17 expenditure accruals and \$613K Q3'17 expenditure estimates.
Kit for New Parent KNP (KNP)	19540-6266	41,000	160	30,750	30,910	75%	\$30K are Q1/Q2/Q3'17 expenditure estimates
Child Health & Development	19540-6156	1,846,186	338,239	754,000	1,092,239	59%	\$334K are Q2'17 expenditure accruals and \$420K are Q3'17 expenditure estimates
Early Learning	19540-6263	2,140,406	322,784	879,000	1,201,784	56%	\$360K are Q2'17 expenditure accruals and \$519K is Q3'17 expenditure estimates
Early Learning - Regional Cost Sharing	19540-6263	30,000	-	-	-	0%	-
IMPACT Grant		550,122	34,194	208,200	242,394	44%	\$79K are Q2'17 expenditure accruals and \$129K are Q3'17 expenditure estimates.
Policy Advocacy, Communications & Systems Change	19540-6814	411,379	127,904	117,287	245,191	60%	\$17K is Q2'17 expenditure accruals and \$100K are Q3'17 expenditure estimates.
Policy Advocacy, Communications & Systems Changes - Unallocated Fund		160,000	-	-	-	0%	
Other Communications		10,000	5,000	-	5,000	50%	California Dental Association sponsorship
Program Salary & Benefits		488,065	316,114	-	316,114	65%	Saving due to delayed hiring of an Extra-Help
Evaluation	19540-6265	273,620	32,375	67,250	99,625	36%	\$23.5K is Q2'17 Persimmony expenditure accruals and \$43.5K is Q2/Q3'17 expenditure estimate.
Evaluation - Salaries & Benefits		146,464	103,795	-	103,795	71%	
TOTAL PROGRAM APPROPRIATIONS		8,405,314	1,648,588	3,187,487	4,836,075	58%	Positive variances due to pending planning of the Policy Advocacy, Communications, System Changes - Unallocated Fund, evaluation, and underspending in various grants.

	ORG/ACCT#	FY16-17 REVISED BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)	YTD Combined versus Budget %	NOTES
2. ADMINISTRATIVE			-	-	-		-
Salaries and Benefits		636,702	431,990	-	431,990	68%	
Services and Supplies							-
Outside Printing & Copy Svc	19510-5191	4,000	574	-	574	14%	-
General Office Supplies	19510-5193	11,400	2,985	700	3,685	32%	\$0.7K is expenditure estimate.
Photocopy Lease & Usage	19510-5196	2,500	1,030		1,030	41%	Lower spending during office reconstruction
Computer Supplies	19510-5211	10,000	1,074	-	1,074	11%	-
County Memberships - (e.g. F5 Assn Dues)	19510-5331	17,500	14,766	-	14,766	84%	F5CA Association Dues are paid in full.
Auto Allowance	19510-5712	11,000	7,964	-	7,964	72%	-
Meetings & Conference Expense	19510-5721	13,000	6,739	-	6,739	52%	Staff attended F5CA Summit in Sacramento
Commissioners Meetings & Conference Exp	19510-5723	1,000	432	-	432	43%	-
Other Business Travel expense	19510-5724	5,000	1,364	2,000	3,364	67%	\$2K are expenditure estimates of staff travel claims
Dept. Employee Training Expense	19510-5731	5,000	4,396	-	4,396	88%	Staff professional development training by outside consultant
Wellness grant	19510-5856		754	-	754		
Other Professional Services	19510-5858	30,000	0	0	0	0%	-
Sub Total - Services & Supply		110,400	42,078	2,700	44,778	41%	Positive variances due to under spending in various administrative areas
Other Charges							
Telephone Service Charges	19510-6712	3,800	2,961	317	3,278	86%	\$317 is Mar'17 Telephone expenditure estimate.
Automation Services - ISD	19510-6713	42,000	22,442	3,000	25,442	61%	\$3K is Mar'17 ISD Automation Services estimate.
Annual Facilities Lease	19510-6716	105,000	75,562		75,562	72%	
General Liability Insurance	19510-6725	7,200	4,413	490	4,903	68%	-
Official Bond Insurance	19510-6727	300	154	17	171	57%	-
Human Resources Services	19510-6733	5,350	569	-	569	11%	-
Countywide Security Services	19510-6738	500	456	-	456	91%	Annual Countywide Security Charges
All Other Service Charges	19510-6739	48,000	28,282	4,800	33,082	69%	\$4.8K is County counsel Q2/Q3'17 expenditure estimates
A-87 Expense	19510-6821	66,000	49,409		49,409	75%	
Sub Total - Other Charges		278,150	184,248	8,624	192,872	69%	
TOTAL ADMINISTRATIVE APPROPRIATIONS		1,025,252	658,316	11,324	669,640	65%	Positive variances due to under spending in various line items.

	ORG/ACCT#	FY16-17 REVISED BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)	YTD Combined versus Budget %	NOTES
Administrative Cost %		11%	29%		12%		-
							-
TOTAL APPROPRIATIONS		9,430,566	2,306,904	3,198,811	5,505,715	58%	Positive variances due to pending planning of the Policy Advocacy, Communication, and System Changes-Unallocated Fund and underspending in various Program grants and Administrative line items.
							-
FUND BALANCE (ENDING)		12,841,232	17,403,844	-1,882,293	15,521,552	121%	Positive variances due to higher Interest Revenue, higher Prop 10 Tax Revenue disbursements, CHI federal refund, and under spending in both Program and Admin Appropriations.
			-	-	-		-
Program Staff		488,065	316,114	3,750	319,864	66%	Pending Personnel change will take reflect in April'17.
Evaluation Staff		146,464	103,795	-	103,795	71%	-
Admin Staff		636,702	431,990	20,000	451,990	71%	Pending staff reclassification study will take effect in April'17.
Total Salaries and Benefits		1,271,231	851,899	23,750	875,649	69%	Positive variances due to delayed hiring of an Extra-Help

Note:

This Budget Monitoring Report is presented in a Hybrid Format as per suggestion of Finance and Administration Committee members.

The YTD Actuals column reflects Actual Revenues and Actual Expenditures reported in Countywide OFAS Accounting System.

The YTD Accruals* (with an asterisk) column is a hybrid presentation using Modified Accrual Accounting or Projections. When Revenue and Expenditures are not measurable in monetary terms or are not available, Committee members suggest to make a Projection for the reporting month.

Technical Terms

1. Modified Accrual

Under Modified Accrual, Revenue is recognized and recorded when measurable and available to finance the expenditures of the current period; Available, under Modified Accrual, means collectible within the current period or soon enough to be used to pay liabilities of the current period; Measurable means quantifiable in monetary terms. Per F5CA, Prop 10 Tax Revenue is recorded when the Prop 10 Tax Revenue is posted on the F5CA website.

Expenditures are recognized and recorded when the related liability incurred with some exceptions.

2. Internal Reporting

The Budget Monitoring Report is an internal report, typically is designed to accomplish two goals:

- (a) allows management to monitor compliance with legal and contractual provisions applicable to the management of public funds; and
- (b) provides management with the information on current performance that it needs to make future financial plans.

Because internal reports are designed to serve the needs of management, management is free to select the format and content it believes is most relevant, with timeliness being a key consideration for their use as monitoring or planning documents.

References

- 1. Modified Accrual: Becker CPA Review, Financial, 2009 Edition Textbook, page F8-12
- 2. Internal Reporting: First 5 Association of California - Financial Management Guide - Fifth Edition, 2015, Updated 12/15/15, page 51

FIRST 5 SAN MATEO COUNTY

BUDGET MONITORING REPORT AS OF MARCH 31, 2017

Attachment 3B

YTD Benchmark Percentage :75%

	FY16-17 REVISED BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)*	YTD Combined versus Budget %	NOTES
REVENUE						
FUND BALANCE (Beginning)	\$ 15,845,751	\$ 15,845,751	\$ -	\$ 15,845,751		Adjusted Beginning Fund Balance as per the FY15-16 Audit Report.
Interest	114,047	71,538	28,512	100,050	88%	-
Tobacco Tax - Prop 10	5,854,000	3,529,949	944,506	4,474,455	76%	\$456K is Feb'17 revenue accrual and \$487K is Mar'17 revenue estimate.
IMPACT grant	458,000	-	343,500	343,500	75%	\$343K are Q1, Q2, Q3'17 IMPACT Grant Revenue Estimates. There are delayed guidances for reporting and billing from F5CA
Wellness Grant	-	1,035	-	1,035		-
Miscellaneous Reimbursements	-	262,475	-	262,475		\$237K are Federal refund for CHI program for the period FY12-16
TOTAL REVENUE	6,426,047	3,864,997	1,316,518	5,181,515	81%	Positive variance due to higher Interest and Prop 10 Tax revenues and CHI Federal refund.
TOTAL AVAILABLE FUNDS	22,271,798	19,710,748	1,316,518	21,027,266		
APPROPRIATIONS						
1. PROGRAMS						
Family Engagement	2,308,072	368,023	1,131,000	1,499,023	65%	\$518K are Q2'17 expenditure accruals and \$613K Q3'17 expenditure estimates.
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Early Learning - Regional Cost Sharing	30,000	0	0	0	0%	-
IMPACT Grant	550,122	34,194	208,200	242,394	44%	\$79K are Q2'17 expenditure accruals and \$129K are Q3'17 expenditure estimates.
Policy Advocacy, Communication	411,379	127,904	117,287	245,191	60%	\$17K is Q2'17 expenditure accruals and \$100K are Q3'17 expenditure estimates.
Policy Advocacy, Communications & Systems Changes - Unallocated Fund	160,000	0	0	0	0%	-
Other Communications	10,000	5,000	0	5,000	50%	California Dental Association sponsorship
Program Salary & Benefits	488,065	316,114	-	316,114	65%	Saving due to delayed hiring of an Extra-Help
Evaluation	273,620	32,375	67,250	99,625	36%	\$23.5K is Q2'17 Persimmony expenditure accruals and \$43.5K is Q2/Q3'17 expenditure estimate.
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2. ADMINISTRATIVE						
Salaries and Benefits	636,702	431,990	0	431,990	68%	
Sub Total - Services & Supply	110,400	42,078	2,700	44,778	41%	Positive variances due to under spending in various administrative areas
Sub Total - Other Charges	278,150	184,248	8,624	192,872	69%	-
			-	-		
TOTAL ADMINISTRATIVE APPROPRIATIONS	1,025,252	658,316	11,324	669,640	65%	Positive variances due to under spending in various line items.
Administrative Cost %	11%		0%	12%		
TOTAL APPROPRIATIONS	9,430,566	2,306,904	3,198,811	5,505,715	58%	Positive variances due to pending planning of the Policy Advocacy, Communication, and System Changes-Unallocated Fund and underspending in various Program grants and Administrative line items.
FUND BALANCE (ENDING)	12,841,232	17,403,844	-1,882,293	15,521,552	121%	Positive variances due to higher Interest Revenue, higher Prop 10 Tax Revenue disbursements, CHI federal refund, and under spending in both Program and Admin Appropriations.
Program Staff	488,065	316,114	3,750	319,864	66%	Pending Personnel change will take reflect in April'17.
Evaluation Staff	146,464	103,795	0	103,795	71%	
Admin Staff	636,702	431,990	20,000	451,990	71%	Pending staff reclassification study will take effect in April'17.
Total Salaries and Benefits	1,271,231	851,899	23,750	875,649	69%	Positive variances due to delayed hiring of an Extra-Help

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DATE: May 8, 2017
TO: First 5 San Mateo County Finance and Administration Committee
FROM: Kitty Lopez, Executive Director
RE: Review and Approval to Present FY2017-18 Draft Budget at the May 22, 2017 Commission Meeting

ACTION REQUESTED

Review and Approval to Present FY2017-18 Draft Budget at the May 22, 2017 Commission Meeting

I. FY2017-18 DRAFT BUDGET - BUDGET ASSUMPTIONS and CHANGES

A. FY2016-17 YEAR-END PROJECTIONS are based on the Budget Monitoring Report as of March 31, 2017.

B. REVENUES:

F5SMC employs a conservative approach to its revenue projections in consistent with generally accepted accounting principles GAAP.

Interest Revenue Projection

1. Interest Rate: Projected Interest earning rate of 0.8% on the projected Ending Fund Balance of FY2016-17.

Prop 10 Tax Revenue Projections

2. In anticipation from various new Tobacco tax regulation impacts, First 5 California Association makes unofficial revenue projections based on the Governor's Proposal Budget and the best available information about the increase in the smoking age to 21, the projected revenue from E-cigarette taxation, and Proposition 56.
3. First 5 California Association's projection reveals that Prop 10 Tax Revenues to F5 Commissions will decrease 17% in FY2017-2018 because of the new \$2 tobacco tax (Proposition 56). However, First 5 Commissions will receive a back-fill in FY2018-19 to compensate for the drop in revenue associating with new tobacco tax laws.
4. First 5 California Association's projection reveals a likelihood of a neutral net revenue projection for F5SMC in the next 2-3 years.
5. The official Prop 10 Tax Revenue projections will be released annually by the State Department of Finance in June 2017.

Projected Revenue Budget is \$5.708 mio or a net decrease of 11% or \$717K decrease.

Changes

- 8% decrease or \$9K decrease in Interest revenue due to lower Beginning Fund Balance.
- 13% net decrease or \$767K net decrease in Prop 10 Tax Revenue projections associated with the new \$2 tax implementation in April 2017 and a positive adjustment of the Prop 10 Tax revenue declining rate due to previous conservative projections.

However, it is anticipated that F5SMC will receive a back-fill of approximate \$800K in FY2018-19 to compensation for the drop revenue in FY 2017-18. This will likely produce a neutral impact from previous year.

- 13% increase or \$59K of IMPACT grant revenue.

C. PROGRAM APPROPRIATIONS:

Appropriations for (1) Community Investments (Family Engagement, Child Health Development, and Early Learning), (2) Policy Advocacy, Communications, and System Changes, and (3) Evaluation are budgeted based on the following assumptions:

- FY2017-18 budgets of executed contracts, or approved Funding Allocations of the FY2015-20 Strategic Plan SPIP if the procurements are on progress and are not finalized yet.
- Continue planning and identifying investment opportunities for the un-allocated funds of the Policy Advocacy, Communications, and System Changes per the SPIP.
- Continue planning and identifying investment opportunities for the Evaluation budget per the SPIP.

Projected Program Appropriation Budget is \$8.599 mio or a net increase of 2% or \$193K increase.

Changes

- 23% increase or \$94K increase in the Policy, Advocacy, Communications, and System Changes budget line due to accelerating spending at the end of year 3 of various 3-year service contracts.
- 132% increase or \$211K increase in the Policy, Advocacy, Communications, and System Changes – un allocated fund budget line in anticipating of pending planning and investment opportunities will be identified and finalized.
- 165% increase or \$165K increase in the Evaluation budget line in anticipating of pending planning and investment opportunities will be identified and finalized.
- 15% increase or \$57K increase in Program personnel budget due to the conversion of an Extra Help to FTE and the projected COLA and healthcare cost increases.
- 5% net decrease or \$356K decrease in Family Engagement, Children Health Development, and Early Learning at the end of 3-year grants.
- 23% decrease or \$126K decrease in the IMPACT grant budget in the 3rd year of a 5-year grant.

D. ADMINISTRATION APPROPRIATIONS:

Projected Administrative Appropriation Budget is \$1.082 mio or 3% increase or \$57K increase.

Changes

- 14% increase or \$6K in ISD Automation Services due to the IT Core charges increase associated with ISD restructuring, employee reclassification, COLA, and expanded services hour coverage.
- 25% increase or \$12K increase in All Other Service Charges due to projected increases of audit services, county counsel, and controller office services charges.

- 48% increase or \$31K increase in A87 Indirect Cost Allocation which are attributable to under-funded retirement allocation and ISD countywide services associating with various IT initiative execution.
- 15% decrease or \$16K decrease in Facilities Lease associated with one-time office reconstruction costs incurred in FY2016-17.

E. SALARY AND BENEFITS:

- Retain the current staff structure; include the current 0.75 FTE Extra Help position of the Program Admin Assistant to continue execute the SPIP, the SPIP procurements, Persimmony, and the IMPACT grant execution.
- Include approximately \$80K Personnel cost or a 0.5FTE equivalent position that will be funded annually from the F5SMC's IMPACT Grant Base Layer revenue.

Projected Salary and Benefit Budget is \$1.352 mio or a net increase of 6% or \$81K

Changes

- 3% COLA increase as the recent Negotiated Changes implementation.
- 9% healthcare cost projection increase (County HR estimation)
- 5% increase as the result of a conversion of an extra help to FTE
- \$30K as a place holder for the pending employee job reclassification study in FY2016-17 and or any emerging staff needs.

F. FUND BALANCE ENDING:

Projected Ending Fund Balance is \$9.151 mio or 29% decrease or \$3.689 mio decrease.

Changes

- 29% decrease or \$3.689 mio decrease in Ending Fund Balance due to the drop in Prop 10 Tax revenue projection in FY 2017-18 and the continuing withdrawal Fund Balance to fund Community Investment as per the current strategic plan.
However, revenue back-fill will be disbursed to First 5 Commissions in FY 2018-19, which is based on actual revenue of FY2017-18.

II. FY2017-18 DRAFT BUDGET SUMMARY

FY2017-18 Draft Budget is presented in Attachment 4A and is summarized as following:

	FY17-18 Budget	Variances vs FY16-17 Revised Budget
REVENUE		
• Beginning Fund Balance FY2017-18	13,125,202	-17%
• Projected Total Revenues	5,708,792	-11%
• Total Available Funds	\$18,833,994	-15%

PROGRAM APPROPRIATIONS		
• Program Appropriations	7,907,043	2%
• Program staff's salaries and benefits	538,098	10%
• Evaluation staff's salaries and benefits	154,057	5%
• Total Program Appropriations	\$8,599,198	2%
ADMINISTRATIVE APPROPRIATIONS		
• Services and Supplies	110,400	0%
• Other Services Charges	312,350	12%
• Admin Salaries and Benefits	660,222	4%
• Total Administrative Appropriations	1,082,972	6%
TOTAL APPROPRIATIONS	\$9,682,170	3%
ENDING FUND BALANCE, FY2017-18	\$9,151,824	-29%

III. ISSUE TO CONSIDER

- We anticipate having FY2017-18 Budget Revision in February 2018 once (1) all awards of Cycle 3 are fully executed and (2) FY2016-17 under spending funds of various grants become available after FY2016-17 Year-End Close.

IV. FISCAL IMPACT

- Admin cost rate is 11%, which is within the current approved rate of the Admin Cost Rate Policy.

RECOMMENDATION

Review and Approval to Present FY2017-18 Draft Budget at the May 22, 2017 Commission Meeting

F5SMC - FY17-18 DRAFT BUDGET

Attachment 4A

	FY16-17 Revised Budget	YTD March 31 2017	FY16-17 Year-End Projections	FY17-18 Draft Budget	FY17-18 Draft Budget (+/-) vs. FY16-17 Revised Budget (\$)	FY17-18 Draft Budget (+/-) vs. FY16-17 Revised Budget (%)	Notes for the FY17-18 Draft Budget
A. REVENUE							
FUND BALANCE (BEGINNING)	15,845,751	15,845,751	15,845,751	13,125,202	(2,720,549)	-17%	Annual withdrawal from Fund Balance of \$2.5mio - \$3.5 mio, as per the current strategic plan.
Interest	114,047	100,050	114,047	105,002	(9,045)	-8%	Projected Interest Earning Rate of 0.80%
Tobacco Tax - Prop 10	5,854,000	4,474,455	5,854,000	5,086,486	(767,514)	-13%	FY17-18: \$5.086 mio; FY18-19: \$5,899 mio (back-fill due to \$2 tobacco tax caused revenue drop in FY17-18)
F5CA Funds - CSP 3	0		0		-		
IMPACT Grant	458,000	343,500	458,000	517,304	59,304	13%	Appr. \$80K of Impact revenue is to fund 0.5 FTE equivalent position for the Impact base layer execution and coordination.
Wellness Grant		1,035	0		-		
Miscellaneous Reimbursements		262,475	262,475		-		
Total Revenue	6,426,047	5,181,515	6,688,522	5,708,792	(717,255)	-11%	
Total Available Funds	22,271,798	21,027,266	22,534,273	18,833,994	(3,437,804)	-15%	
B. APPROPRIATIONS							
1. Programs							
Family Engagement	2,308,073	1,499,023	2,308,073	2,196,667	(111,406)	-5%	Last year of 3-year grant
Kit for New Parent (KNP)	41,000	30,910	41,000	41,000	-		
Child Health & Development	1,846,186	1,092,239	1,846,186	1,808,352	(37,834)	-2%	Last year of 3-year grant
Early Learning	2,140,406	1,201,784	2,140,406	2,065,647	(74,759)	-3%	Last year of 3-year grant
Early Learning - Regional Cost Sharing Project	30,000		30,000	30,000	-		
IMPACT Grant	550,122	242,394	550,122	423,746	(126,376)	-23%	The 3rd year of a 5-year grant
Policy, Advocacy, Communications & Systems Changes	411,379	245,191	411,379	505,959	94,580	23%	Last year of 3-year service contracts.
Policy Advocacy, Communications & Systems Changes - Unallocated Fund	160,000		160,000	371,500	211,500	132%	Pending planning and approval of this un-allocated fund until appropriate investment opportunities are identified.
Other Communications	10,000	5,000	10,000	10,000	-		
Program Salary & Benefits	488,065	316,114	488,065	538,098	50,033	10%	
Evaluation	100,000	-	100,000	265,002	165,002	165%	Pending planning and approval of the Evaluation spending by the Commission. MB/JC about Evaluation budget
Grant Management and Big Data	173,620	99,625	173,620	189,170	15,550	9%	
Evaluation - Salaries & Benefits	146,464	103,795	146,464	154,057	7,593	5%	
Total Program Appropriations	8,405,315	4,836,075	8,405,315	8,599,198	193,883	2%	

	FY16-17 Revised Budget	YTD March 31 2017	FY16-17 Year-End Projections	FY17-18 Draft Budget	FY17-18 Draft Budget (+/-) vs. FY16-17 Revised Budget (\$)	FY17-18 Draft Budget (+/-) vs. FY16-17 Revised Budget (%)	Notes for the FY17-18 Draft Budget
2. Administration							
Salaries and Benefits	636,702	431,990	636,702	660,222	23,520	4%	
Services and Supplies							
Outside Printing & Copy Svc	4,000	574	1,500	4,000	-		
General Office Supplies	11,400	3,685	10,000	11,400	-		
Photocopy Lease & Usage	2,500	1,030	2,000	2,500	-		
Computer Supplies	10,000	1,074	10,000	10,000	-		Place holder \$5K for emergency IT equipment needs and \$5K of Evaluation Statistic software license.
County Memberships - (e.g. F5 Assn Dues)	17,500	14,766	17,500	17,500	-		Slightly increase in the F5CA membership due projection.
Auto Allowance	11,000	7,954	11,000	11,000	-		
Meetings & Conference Expense	13,000	6,739	13,000	13,000	-		
Commissioners Meetings & Conference Exp	1,000	432	1,000	1,000	-		No budget for special Commission Retreat Meeting.
Other Business Travel expense	5,000	3,364	5,000	5,000	-		
Dept. Employee Training Expense	5,000	4,396	5,000	5,000	-		
Wellness grant		754	754		-		
Other Professional Services	30,000		15,000	30,000	-		Place holder
Total - Services & Supplies	110,400	44,768	91,754	110,400	0	0%	
Other Charges							
Telephone Service Charges	3,800	3,278	3,800	4,000	200	5%	
Automation Services - ISD	42,000	25,442	42,000	48,000	6,000	14%	IT Core charges increase due to ISD restructuring, employee reclassification, COLA, and expanded hour coverage for the Customer Call Center and ISD Service Desk.
Annual Facilities Lease	105,000	75,562	105,000	89,000	(16,000)	-15%	One-time office reconstruction cost was incurred in FY16-17.
General Liability Insurance	7,200	4,903	7,200	7,500	300		
Official Bond Insurance	300	171	300	300	-		
Human Resources Services	5,350	569	2,500	5,350	-		
Countywide Security Services	500	456	500	500	-		
All Other Service Charges	48,000	33,082	48,000	60,000	12,000	25%	Controller Office Services (\$5K); Audit Services(\$30K); County Counsel Services (\$25K)
A-87 Expense	66,000	49,409	66,000	97,700	31,700	48%	ISD Countywide Services indirect cost increases 400% from \$2.1 mio to \$10.5 mio. F5 share of 0.46% represents an increase from \$14K to \$48K.
Total - Other Charges	278,150	192,872	275,300	312,350	34,200	12%	
Total Administrative Appropriations	1,025,252	669,630	1,003,756	1,082,972	57,720	6%	Major increases attributable to the Internal Service Charges and Payroll budget.
Administrative Cost %	11%	11%	11%	11%			

	FY16-17 Revised Budget	YTD March 31 2017	FY16-17 Year-End Projections	FY17-18 Draft Budget	FY17-18 Draft Budget (+/-) vs. FY16-17 Revised Budget (\$)	FY17-18 Draft Budget (+/-) vs. FY16-17 Revised Budget (%)	Notes for the FY17-18 Draft Budget
Total Appropriations	9,430,567	5,505,705	9,409,071	9,682,170	251,603	3%	
C. FUND BALANCE (ENDING)	12,841,231	15,521,561	13,125,202	9,151,824	(3,689,407)	-29%	\$800K revenue back-fill will be compensated in FY18-19. Annual withdrawal of \$2.5mio - \$3.5mio from Fund Balance, as per the current strategic plan.
Program	488,065	319,864	488,065	538,098	50,033	10%	Retirement cost of a FTE associated with a conversion from an extra help.
Evaluation	146,464	103,795	146,464	154,057	7,593	5%	
Admin	636,702	451,990	636,702	660,222	23,520	4%	
Total Salaries and Benefits	1,271,231	875,649	1,271,231	1,352,377	81,146	6%	3% COLA and Healthcare cost increase projections

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DATE: May 8, 2017
TO: First 5 San Mateo County Finance Committee
FROM: Kitty Lopez, Executive Director
RE: Review and Recommend Approval to Present First the 5 San Mateo County Policies and Bylaws for FY2017-2018 at May 22, 2017 Commission Meeting

ACTION REQUESTED

Review and Recommend Approval to Present First the 5 San Mateo County Policies and Bylaws for FY2017-2018 at May 22, 2017 Commission Meeting.

BACKGROUND

Mandate Policies: The First 5 San Mateo County (F5SMC) Commission annually reviews and approves the Commission’s policies to ensure compliance with mandates by the Legislature and other administrative processes to strengthen F5SMC’s internal controls for operations. Currently there are seven policies; four of which are in direct response to the mandates outlined in the 2006 Assembly Bill 109 (Chan) and Senate Bill 35 (Florez). These mandates include: Contracting and Procurement; Conflict of Interest; Salary and Benefits; and Administrative Costs. These Policies were approved by the Commission on June 27, 2016.

F5SMC’s Internal Control Policies: Supplantation, Executive Director Delegation of Action, and Sponsorship Policy were approved by the Commission on June 27, 2016.

Bylaws: On April 27, 2015, the Commission reviewed and approved First 5 San Mateo County’s Bylaws. The revised Bylaws were reviewed and approved by the Commission on June 27, 2016.

The following policies and Bylaws remain unchanged:

- Contracting and Procurement Policy (Attachment 5A)
- Conflict of Interest Policy (Attachment 5B)
- Salary and Benefits Policy (Attachment 5C)
- Administrative Costs Policy (Attachment 5D)
- Supplantation Policy (Attachment 5E)
- Delegation of Authority to Executive Director to Take Action to Support or Oppose Legislation or Other Initiatives (Attachment 5F)
- Bylaws (Attachment 5G)

The Sponsorship policy, a First 5 internal policy, will be revised and presented at the June 5, 2017 POP meeting for review and final approval at the June 26, 2017 Commission Meeting.

FISCAL IMPACT

None

RECOMMENDATION

Review and Recommend Approval of First 5 San Mateo County Policies and Bylaws for FY2016-2017.



SUBJECT: CONTRACTING AND PROCUREMENT POLICY

PURPOSE: To facilitate compliance with Health and Safety Code **Section 130140(d)(4)(B) requiring the county commission to adopt, in a public hearing, a contract and procurement policy that is consistent with certain state law provisions. And, to comply with Health and Safety Code **§130151(b)(1)**, which requires that the contract and procurement policy contains provisions to ensure that grants and contracts are consistent with the Commission’s strategic plan.**

To facilitate compliance with the Standards and Procedures for Audits of California Counties participating in the California Children and Families Program issued by the California State Controller, March 2006.

Part I. STATEMENT OF POLICIES

The First 5 San Mateo County Commission (“First 5 San Mateo County” or the “Commission”) and staff will comply with State law in all matters regarding Commission contracting and procurement to the extent applicable to the Commission, including ensuring that contracting and procurement are consistent with Article 7 (commencing with Section 54201) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code, Chapter 2 (commencing with Section 2000) of Part 1 of Division 2 of the Public Contract Code, Section 3410 of the Public Contract Code, and Chapter 3.5 (commencing with Section 22150) of Part 3 of Division 2 of the Public Contract Code.

When purchasing food, First 5 San Mateo County will give preference to United States-grown produce and United States processed foods when there is a choice and it is economically feasible to do so.

If fitness and quality are equal, First 5 San Mateo County will purchase recycled products, as defined in Section 12200, instead of non-recycled products whenever recycled products are available at the same or a lesser total cost than non-recycled items.

In accordance with Section 130140 and Section 130105 of the California Children and Families First Act, First 5 San Mateo County has autonomy to expend moneys from the trust fund only for the purposes as described in the Commission’s approved Strategic Plan.

Part II. CONTRACTING & GRANT PROCESSES

A. First 5 San Mateo County shall use a competitive selection, negotiation and approval process whereby potential contractors and/or grantees may submit applications for Commission funding. This process is to ensure

that all qualified contractors and/or grantees are given an opportunity to be considered for providing services to the Commission.

No person shall be excluded from participation in, denied benefits of, or be subject to discrimination under this process on the basis of their race, color, religion, national origin, age, sex, sexual orientation, pregnancy, childbirth or related conditions, medical condition, mental or physical disability or veteran's status. The Competitive Proposal process may only be waived by the Commission upon a finding that it would be in the best interests of the Commission.

- B. The criteria for choosing the contractor and/or grantee may include particular criteria are important and appropriate to the project/grant, and may include:
- Experience of the agency and specific staff assigned to complete the work, including description of experience with similar projects
 - Proposed methodology, work plan and timeline to complete the scope of work
 - Proposed cost to complete the work
 - Payment terms (when payment is due to the contractor and/or grantee throughout the timeframe of the contract)
 - Start date and completion date of the work/service.

Once the Commission has selected the contractor(s) and/or grantee(s) that can best perform the necessary work, Commission staff will negotiate the terms of the contract in accordance with the Commission's approval for such services.

- C. The Commission shall approve and execute all service agreements, memorandums of understanding, and/or contracts that exceed \$25,000. Any related contract amendment shall also be approved and executed by the Commission.
- D. The Executive Director of First 5 San Mateo County is authorized to approve and execute service agreements, memorandums of understanding and/or contracts that are \$25,000 and below. After receiving direction to proceed from the Commission Chair, the Executive Director has signature authority to approve all service agreements, memorandums of understanding, and/or contracts above \$25,000 and up to \$50,000 on behalf of the Commission.
- E. Any service agreements, memorandums of understanding, and/or contracts that do not use the standard San Mateo County template agreement will be reviewed by County Counsel. Approval must be obtained by County Counsel prior to finalization.



SUBJECT: CONFLICT OF INTEREST POLICY

PURPOSE: To facilitate compliance with Health and Safety Code Section 130140(d)(4)(A) requiring the county commission to adopt, in a public hearing, a policy consistent with state and local law regarding conflict of interest of Commission members.

To facilitate compliance with the Standards and Procedures for Audits of California Counties participating in the California Children and Families Program issued by the California State Controller, March 2006.

PART I. CONFLICT OF INTEREST CODE – GOVERNMENT CODE SECTION 87100

- A. The First 5 San Mateo County Commission (“First 5 San Mateo County” or the “Commission”) has a Conflict of Interest Code, which has been approved by the San Mateo County Board of Supervisors. Pursuant to Section 87306.5 of the Government Code, First 5 San Mateo County will review that Conflict of Interest Code biennially. First 5 San Mateo County has designated the following positions in its Code: Commissioners, Executive Director, Financial Analyst, and Consultants (when applicable).

- B. Form 700 filing. All individuals holding positions designated by the Conflict of Interest Code shall file the Form 700 of the California Fair Political Practices Commission, when assuming office, annually thereafter, and when leaving office as required by regulation.

- C. The Commission shall continue to have a conflict of interest code in effect at all times.

PART II. GOVERNMENT CODE SECTION 1090, et seq.

First 5 San Mateo County shall continue to conduct its business at all regular and special meetings of the Commission in accordance with the provisions of Government Code sections 1090, et seq., hereby incorporated by reference.

Pursuant to Section 1091.3 of the Government Code, First 5 San Mateo County Commissioners will recuse themselves from making, participating in making, or in any way attempting to use their official position to influence a decision on an agreement when the agreement directly relates to services to be provided by the member or the entity the member represents or financially benefits the member or the entity the member represents.

PART III. GOVERNMENT CODE SECTION 1125, et seq. (INCOMPATIBLE ACTIVITIES)

The Commission shall continue to conduct its operations consistent with Government Code Sections 1125, et seq. Except as provided in Sections 1128 and 1129 of the Government Code, First 5 San Mateo County Commission officers and employees shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to their duties as a First 5 San Mateo County Commission officer or employee or with the duties, functions, or responsibilities of their appointing power or the agency by which they are employed.

First 5 San Mateo County officers and employees shall not engage in any outside employment, activity, or enterprise if it: (1) involves the use for private gain or advantage of First 5 San Mateo County time, facilities, equipment and supplies; or the badge, uniform, prestige, or influence of First 5 San Mateo County office or employment or, (2) involves receipt or acceptance by the officer or employee of any money or other consideration from anyone other than First 5 San Mateo County for the performance of an act which the officer or employee, if not performing such act, would be required or expected to render in the regular course or hours of First 5 San Mateo County employment or as a part of his or her duties as a First 5 San Mateo County officer or employee or, (3) involves the performance of an act in other than his or her capacity as a First 5 San Mateo County officer or employee which act may later be subject directly or indirectly to the control, inspection, review, audit, or enforcement of any other officer or employee or the agency by which he or she is employed, or (4) involves the time demands as would render performance of his or her duties as a First 5 San Mateo County officer or employee less efficient.

Further, the incompatibility rules of the County of San Mateo, particularly the provisions of Section 2.75.060 of the Ordinance Code of the County of San Mateo, shall be, and are hereby adopted as the rules applicable to the First 5 San Mateo County Commissioners.

Further, each employee and officer of the Commission will be provided a copy of this policy. Engaging in incompatible activities will subject employees and officers to disciplinary action, up to and including termination. Any disciplinary action related to violation of this policy will be conducted in accordance with the Commission's general disciplinary processes, which provide the ability to contest imposition of discipline.

PART IV REPORTING A CONFLICT OF INTEREST

When a Commissioner first becomes aware of a conflict of interest or potential conflict of interest regarding a matter before the Commission or Committee, he or she must notify First 5 San Mateo County's legal counsel, the Executive Director or the chairperson of the Commission or the Committee. The facts of the conflict of interest will be recorded in the minutes of the Commission or Committee meeting.

First 5 San Mateo County

List of Designated Positions in the First 5 San Mateo County and Financial Disclosure Categories

Each person holding any position listed below must file statements disclosing the kinds of financial interest shown for the designated employee's position. Statements must be filed at the times and on the forms prescribed by law. Failure to file statements on time may result in penalties including but not limited to late fines.

<u>Designated Employees</u>	<u>Disclosure Category</u>
Commission Member	1,2,3,4
Executive Director	1,2,3,4
Consultants*	1,2,3,4

*The Executive Director, after consultation with the County Counsel, shall review the duties and authority of all consultants retained by the Commission. Those consultants who, within the meaning of Section 18700 (a)(2) of Title 2 of the California Code of Regulations are required to file statements of economic interests, shall do so. During each calendar year, First 5 San Mateo County shall maintain a list of such consultants for public inspection in the same manner and location as this Conflict of Interest Code. Nothing herein excuses any consultant from any other provision of the Conflict of Interest Code, specifically those dealing with disqualification.

Disclosure Categories

Category 1. A designated official or employee assigned to category 1 is required to disclose direct or indirect investments in any business entity that may foreseeably be affected materially by any decision made or participated in by the designated official or employee by virtue of his or her position.

Category 2. A designated official or employee assigned to category 2 is required to disclose interests in any real property that may foreseeably be affected materially by any decision made or participated in by the designated official or employee by virtue of his or her position.

Category 3. A designated official or employee assigned to category 3 is required to disclose any source of income that may foreseeably be affected materially by any decision made or participated in by the designated official or employee by virtue of his or her position.

Category 4. A designated official or employee assigned to category 4 is required to disclose any business entity in which the designated official or employee is a director, officer, partner, trustee, employee or holds any position of management that may foreseeably be affected materially by any decision made or participated in by the designated official or employee by virtue of his or her position



SUBJECT: SALARY AND BENEFITS POLICY

PURPOSE: To facilitate compliance with Health and Safety Code §130140(d)(6) requiring the county commission to adopt, in a public hearing, policies and processes establishing the salaries and benefits of employees of the county commission.

To facilitate compliance with the Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program issued by the California State Controller, March 2006.

I. **STATEMENT OF POLICY**

As required by Health and Safety Code §130140(d)(6), salaries and benefits shall conform with established First 5 San Mateo County Commission and San Mateo County government policies.

II. **SALARY AND BENEFITS POLICIES AND PROCESSES**

The San Mateo County Board of Supervisors created the First 5 San Mateo County Commission in March 1999, Ordinance No. 3889. As an agency of the County, the First 5 San Mateo County Commission complies with the salaries and benefits policies and procedures that are applicable to all Boards and Commissions in the County, including:

- The Memorandum of Understanding between County of San Mateo and the applicable union that establishes the salaries for each job classification, as may be amended from time to time.
- County Resolutions that provides salaries and related matters for exempt management, management, confidential and other unrepresented employees, as may be amended from time to time.

Employee hiring, termination, payroll, pay increases and benefits are processed through the San Mateo County Employee and Personnel Services Department and the Controller's Office.



SUBJECT: ADMINISTRATIVE COSTS POLICY

- Defining administrative costs.
- Determining the maximum allowable administration costs as a percentage of the commission's total operating budget.
- Monitoring the administrative cost percentage to ensure the actual administrative costs do not exceed the maximum rate adopted by the commission.

PURPOSE: To facilitate compliance with Health and Safety Code §130140(d)(5) requiring the county commission to adopt, in a public hearing, a limit on the percentage of the county commission's operating budget that may be spent on administrative functions.

To facilitate compliance with the Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program issued by the California State Controller, March 2006.

I. **STATEMENT OF POLICY**

First 5 San Mateo County will consistently identify administrative costs following the guidelines outlined in this policy and monitor the actual administrative costs as a percentage of its annual operating budget.

II. **DEFINITION**

Administrative costs:

Costs incurred in support of the general management and administration of a First 5 Commission, for a common or joint purpose that benefits more than one cost objective¹ (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective. Examples of administrative costs are:

1. General accounting/financial reporting
2. Local annual reporting
3. Financial planning
4. Payroll/Benefits

¹ Cost objective is a function, contract, grant, or other activity requiring costs data and for which costs are incurred.

5. Human resources services
6. Legal services
7. Contract compliance
8. Audit costs
9. Strategic planning
10. Procurement
11. Rent
12. Maintenance
13. Utilities
14. Insurance
15. Cleaning/Janitorial

For the purpose of this policy, Administrative costs are differentiated from Program costs and Evaluation costs. Staff time may be devoted to any of these functions, and must be tracked appropriately in accordance with the guidelines provided through the First 5 Financial Management Guide². As a result, payroll/benefits may be allocated between Administration, Program and Evaluation costs.

III. MAXIMUM ALLOWABLE ADMINISTRATIVE COSTS AS A PERCENTAGE OF THE OPERATING BUDGET

The Commission will monitor actual administrative costs so that, in any one year, administrative costs do not exceed 15% of the commission's annual operating budget.

IV. MONITORING

The administrative costs' percentage will be monitored quarterly by the commission's fiscal staff and reported to the Executive Director and Finance Subcommittee. In the event that administrative costs exceed 15% of the operating budget, the Commission will review and approve a corrective action plan to achieve the desired percentage. The Commission may increase or decrease the maximum allowable administration percentage as changing fiscal or legislative circumstances require.

² The Guide is a product of the California First 5 Association's and the State Commission's joint technical assistance effort and a direct result of a financial management assessment conducted by the Government Finance Officers Association (GFOA) in response to new legislation.



SUBJECT: SUPPLANTATION POLICY

PROHIBITING USE OF COMMISSION FUNDS TO SUPPLANT STATE OR LOCAL GOVERNMENT FUNDS

PURPOSE: The purpose of the policy is to assure compliance with Proposition 10, adopted by the voters in 1998. Revenue & Taxation Code section 30131.4 provides, in part, that Prop. 10 funds shall be used only to supplement existing levels of service and not to fund existing levels of service. It further provides that no money in the Commission’s trust fund shall be used to supplant state or local general fund money for any purpose.

POLICY:

1. No Commission funds shall be used to supplant state or local general fund money for any purpose. Commission funds shall be used only to supplement existing levels of service and not to fund existing levels of service.
2. To that end, no Commission funds shall be granted or used for any existing project or program funded by state or local general funds unless the proponent demonstrates to the Commission’s satisfaction that the Commission’s funding will be used to improve the quality or quantity of an existing service, and not to supplant existing funding.
3. The prohibition on supplantation was intended to prevent state and local governments from shifting fiscal responsibility for ongoing public programs to the state and local commissions. The prohibition on supplantation does not make reference to privately funded or federally funded programs. Therefore, the prohibition applies only to programs and services currently or previously funded by state or local government general funds, and which are “existing” as defined below.
4. The prohibition on supplantation was not intended to prevent, stifle or discourage state or local government agencies from funding pilot programs, which provide valuable innovations and formation. Therefore, the prohibition should not be interpreted to apply to pilot programs or services, as defined below.

Definitions:

Existing means, with respect to a level of service, a service that is in effect or operation at the time a request for funding is acted upon by the Commission, or at any time within the 12-month period preceding the Commission’s action.

State general funds means funds which are received into the treasury of the state and not required by law to be credited to any other fund.¹

Local government general funds means funds which are received into the treasury of the local government and not specially appropriated to any other fund.²

Level of service includes both the quality and quantity of services.

Pilot with respect to programs or services means those that are implemented on a temporary and limited basis in order to test and evaluate the effectiveness of the program, develop new techniques, or gather information.³

Supplant shall be given its ordinary meaning, that is, “to take the place of.”

Guidelines:

1. Every applicant must disclose in its application whether the program has received funding from other sources (whether local or state government, private, or federal) within the past three years, and as to any public funding, identify the law or program under which funding was received.
2. Any applicant that discloses that state or local government funding has been received for the proposed program or service within the last three years must also demonstrate to the Commission’s satisfaction:
 - a) That the program or service has not received state or local general funds within the 12 month period preceding the Commission’s action, or
 - b) That, if received, such funds have not been reduced during the 12 month period preceding the Commission’s action, or
 - c) That the program or service was a pilot project, and
 - d) That the Commission’s funds will be used to augment or improve the existing level of service, either in terms of quantity or quality.
3. The Commission may require the applicant to provide any additional information regarding sources and uses of funds at any time. Based upon all existing facts and circumstances, the Commission shall determine whether the proposal would violate this policy. The Commission’s determination will be made as of the time a grant agreement is entered into. For multi-year contracts or commitments, the Commission reserves the right to re-examine its determination that its funds will not be used in violation of this policy.

¹ See Gov. Code section 16300.

² See Gov. Code section 29301

³ See Penal Code section 5058.1



SUBJECT: DELEGATION OF AUTHORITY TO EXECUTIVE DIRECTOR TO TAKE ACTION TO SUPPORT OR OPPOSE LEGISLATION OR OTHER INITIATIVES

PURPOSE: On occasion, the Executive Director is approached with a time-sensitive request to sign a letter of support for (or opposition to) legislation or other initiatives related to First Five San Mateo County's mission. This policy is intended to delegate authority to the Executive Director to take necessary action to provide that support (or opposition) consistent with the First Five San Mateo County mission when certain conditions are met.

POLICY:

The First Five Commission hereby delegates its authority to the Executive Director to sign documents or other materials on behalf of First Five San Mateo County, when all of the following conditions are met:

1. The legislation or other initiative is directly related to, and consistent with First Five San Mateo County's mission.
2. Because of time constraints, bringing the matter to the Commission at its next scheduled meeting is not practical.
3. Calling a special meeting to address the matter is either not practical or not appropriate under the circumstances.
4. The Executive Director has conferred with the Chair of the Commission and both the Executive Director and the Chair agree that: (a) the position that the Executive Director intends to take is consistent with the mission of First Five San Mateo County; (b) bringing the matter to the Commission at its next scheduled meeting or at a special meeting is not practical or appropriate under the circumstances; and (c) taking the position without a vote of the Commission is appropriate under the circumstances.
5. The Executive Director reports at the next regularly scheduled Commission meeting as part of the Executive Director's Report any position taken pursuant to this policy.

**FIRST 5 SAN MATEO COUNTY COMMISSION
BYLAWS
June 2016**

ARTICLE I (Authority)

These bylaws (“Bylaws”) are adopted by the First 5 San Mateo County Commission (the “Commission” or “F5SMC”) to establish rules for its proceedings. The Commission is authorized by, and shall operate consistent with, the Children and Families First Act of 1998, as amended (the “State Act”), and Chapter 2.24 of the San Mateo County Ordinance Code, as amended (the “County Ordinance”).

ARTICLE II (Vision, Mission, Outcomes and Status)

The vision of the Commission is “Success for every child.”

The mission of the Commission is to promote positive outcomes for young children and their families through strategic investments, community leadership, and effective partnerships.

F5SMC adopted the following desired outcomes to guide its efforts in its 2015-2020 Strategic Plan:

1. San Mateo County prioritizes young children and their families;
2. Communities provide a safe and healthy environment for young children;
3. Children have access to high-quality early care and education settings;
4. Families feel connected to and supported by their community and are able to nurture their children’s health and development;
5. Children have healthy attachments to their parents and caregivers; and
6. Children have access to and are utilizing appropriate health care services to meet their health and developmental needs.

F5SMC is an agency of the County of San Mateo (the “County”) with independent authority over the Strategic Plan and the Local Trust Fund. Obligations of F5SMC shall be the obligations solely of the Commission and shall not directly or indirectly be obligations of the County or any officials, employees or agents of the County. The County shall not be liable for any act or omission of the Commission.

ARTICLE III (Powers and Duties)

The duties of the Commission shall be those proscribed in the State Act and the County Ordinance and may include the following:

- Adopt Strategic Plan for the support and improvement of early childhood improvement within the County, consistent with the requirements of the State Act and any other applicable state laws and County guidelines.
- At least annually, conduct a review of the Strategic Plan and revise the plan as may be necessary or appropriate, and conduct at least one public hearing on the Commission’s review of the plan before any revisions to the plan are adopted and submitted to the First 5 California Commission (the “State Commission”).
- Measure outcomes of funded programs through the use of applicable, reliable indicators and review on a periodic basis as part of the public review of the Strategic Plan.

- Prepare and adopt an annual audit and report pursuant to Health and Safety Code Section 130150, and conduct at least one public hearing prior to adopting any annual audit or report.
- Review the State First 5 California Commission annual report at a public hearing.
- Adopt policies and procedures consistent with the requirements of the State Act.
- Establish one or more advisory committees to provide technical and professional expertise and support for any purposes that will be beneficial in accomplishing the purposes of the State Act.
- Enter into such contracts as necessary or appropriate to carry out the provisions and purposes of the State Act or the County Ordinance.

ARTICLE IV (Commission Membership)

The composition of the Commission, and the membership qualifications, terms, entitlement to compensation, and all other aspects of Commission membership shall be as proscribed by the County Ordinance or the State Act in the absence of an applicable provision of the County Ordinance.

ARTICLE V (Conflicts of Interest Policy)

The Commission shall by resolution adopt and may amend a Conflicts of Interest policy for the Commission as required by applicable law. Any such policy, and any amendments thereto, shall be consistent with County policies and requirements.

Each Commissioner shall file a statement disclosing reportable economic interests in accordance with the Political Reform Act of 1974 and the regulations of the Fair Political Practices Commission and the Commission's Conflict of Interest Policy.

ARTICLE VI (Officers)

1. Officers:

- A. Officers of the Commission shall be a Chair and Vice-Chair and such other officers as the Commission may from time to time provide. The Chair, who shall be a Commissioner, shall preside over all business and meetings of the Commission, appoint chairs of standing and *ad hoc* committees, and exercise such other powers and perform such other duties as may be prescribed by the Commission.
- B. The Vice Chair shall be a Commissioner, and in the Chair's absence or inability to act, shall preside at the meetings of the Commission. If both the Chair and Vice-Chair will be absent or unable to act at a meeting at which a quorum of the Commission will be present, the Chair may in advance of said meeting appoint a Commissioner to preside at said meeting over all business of the Commission, appoint chairs of standing and *ad hoc* committees, and exercise such powers and perform such other duties of the Chair as may be prescribed by the Commission.

2. Terms and Removal:

Officers of the Commission shall be chosen annually through an election to be held at the last scheduled meeting of each calendar year, unless an earlier election is necessary because of a vacancy or vacancies on the Commission. Officers shall serve from the date of their election until a successor is selected, or until an earlier removal or resignation.

ARTICLE VII (Staffing)

1. Executive Director:

The Commission hires, evaluates, and terminates the Executive Director. The Executive Director shall act under the authority of, and in accordance with the direction of the Commission.

2. Staff:

The Executive Director hires, evaluates and terminates F5SMC Staff.

ARTICLE VIII (Meetings)

1. Regular and Special Meetings:

- A. The Commission and its standing committee(s) shall be subject to the provisions of Chapter 9 (Commencing with Section 54950) of Part I, Division 2 Title 5 of the Government Code, relating to meetings of local agencies (the "Ralph M. Brown Act" or the "Brown Act").
- B. The Commission shall meet regularly at times and places to be determined by the Commission. There shall be at least 4 meetings each calendar year, generally on the fourth (4th) Monday of the month.
- C. Special meetings may be called at a time and place designated by the Chair. The Commission staff shall give notices of regular and special meetings in accordance with the Brown Act.

2. Open and Public:

All meetings of the Commission shall be held in accordance with the Brown Act.

3. Quorum:

A quorum is required to initiate the transaction of business at any regular or special meeting of the Commission. A quorum is a majority of the seated members of the Commission. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Commissioners, provided that any action taken is approved by at least four Commissioners.

4. Voting:

Except as otherwise provided by these Bylaws, all official acts of the Commission require the affirmative vote of a majority of the Commissioners who are present and voting as long as the quorum requirements are met. No official act shall be approved with less than the affirmative vote of four Commissioners.

5. Recusals:

A Commissioner shall recuse him or herself from making, participating in making, or in any way attempting to use his or her official position to influence a decision on a contract or grant where the contract or grant directly relates to services to be provided by that Commissioner or the entity that the Commissioner represents or financially benefits the Commissioner or the entity that he or she represents, or as otherwise required by applicable law or by the Conflict of Interest Policy of the Commission.

6. Minutes:

Commission staff shall prepare the minutes of each meeting of the Commission and shall post them on the Commission website after approval by the Commission.

ARTICLE IX (Committees)

1. Advisory Committees:

The Commission shall establish one or more advisory committees to provide technical and professional expertise and support for any purpose that will be beneficial in accomplishing the purpose of the State Act and of the Commission. Advisory committees shall meet and shall make recommendations and reports as deemed necessary or appropriate.

A. Early Childhood Evaluation Advisory Committee:

The duties and responsibilities of this Committee shall be to advise the full Commission on issues related to planning and implementing the Commission's research and evaluation activities; to hear the perspectives of F5SMC grantees on evaluation and data collection and utilization; to serve as the initial audience for research and evaluation findings; and to provide guidance to staff and evaluation contractors regarding presentation of results to the full Commission.

2. Standing Committees and Appointment of Members:

The Commission may establish standing and *ad hoc* committees and appoint members to those committees, wherever necessary. The following standing committees have been established: the Finance and Administration Committee and the Program, Operations and Planning Committee.

A. Finance and Administration Committee:

The duties and responsibilities of the Finance and Administration Committee shall be to advise the Commission concerning the budget, administrative costs, savings, investments, fixed assets, long term financial plan, financial objectives, funding strategies and annual allocation plan, annual financial audit, and other tasks and issues as assigned by the Commission.

B. Program, Operations and Planning Committee:

The duties and responsibilities of the Program, Operations and Planning Committee shall be to advise the Commission concerning the County's Children and Families First Strategic Plan, policies concerning programs to be implemented and supported under the Strategic Plan, community needs assessments, program evaluations and other tasks and issues as assigned by the Commission.

3. Conflicts of Interest:

Commission members shall abide by all applicable laws, policies and regulations governing conflicts of interest, including those adopted by this Commission, the Board of Supervisors and the State Commission.

4. Committee Membership:

Notwithstanding section 3 above, persons who are not members of the Commission, including other elected officials and public members, may be appointed to serve on any committee established by the Commission. Unless otherwise provided, standing committee memberships shall be reviewed annually by either the Chair or the Commission as a whole.

5. Meetings:

Regular meetings of standing committees shall be held at times and places determined by the Commission. Special meetings may be held at any time and place as designated by the Chair of the Commission or the Chair of the Committee. A majority of the members of the committee shall constitute a quorum for that committee.

6. Open and Public:

All meetings of standing committees shall be held in accordance with the Brown Act.

ARTICLE X (Procedures for Conduct of Business)

1. Executive Director Signature Authority:

The Executive Director shall have such signature authority to approve and execute service agreements, memorandums of understanding and/or contracts up to \$25,000. After receiving direction to proceed from the Commission Chair, the Executive Director has signature authority to approve all service agreements, memorandums of understanding, and/or contracts above \$25,000 and up to \$50,000 on behalf of the Commission.

2. Apply for Grants:

All grants, gifts, or bequests of money made to or for the benefit of the Commission from public or private sources to be used for early childhood development programs shall be expended for the specific purpose for which the grant, gift, or bequest was made. The amount of any such grant, gift, or bequest shall not be considered in computing the amount allocated and appropriated to the Commission by the State Board of Equalization.

ARTICLES XI (Amendments)

These Bylaws may be amended or repealed by the Commission at any duly-noticed regular or special meeting by a majority vote of the Commissioners who are present and voting as long as the quorum requirements are met. No amendment to or repeal of these Bylaws shall be approved with less than the affirmative vote of five Commissioners.

DATE ADOPTED: _____

SIGNED BY:

Chair, First 5 San Mateo County Commission