



**FIRST 5 SAN MATEO COUNTY COMMISSION (F5SMC)
FINANCE AND ADMINISTRATION COMMITTEE MEETING**

Monday, June 9, 2025

9:00 am to 10:00 a.m.

**First 5 San Mateo County Office Building
1700 S. El Camino Real, 1st Floor – Miller Ream
San Mateo, CA 94402**

COMMISSION MEMBERS: Carla Boragno (Chair), Sylvia Espinoza, Claire Cunningham

STAFF: Kitty Lopez, Khanh Chau

AGENDA

	Item	
1.	Approval of the Finance and Administration Committee Agenda	Boragno
2.	Approval of the May 12, 2025 Finance and Administration Committee Meeting Minutes (See Attachment 2)	Boragno
3.	Action: Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) FY 2025-30 (FY24/25 Update) (See Attachments 3, 3A, 3B, 3C)	Lopez / Chau
	Next Finance and Administration Committee Meeting October 20, 2025	

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

May 12, 2025

- Commission Member: Sylvia Espinoza, Carla Boragno, Claire Cunningham
- Staff: Kitty Lopez, Khanh Chau
- Minutes: Khanh Chau

Commissioner Carla Boragno chaired the meeting.

1. Approval of the Finance and Administration Committee Meeting Agenda

A Motion for Approval of the May 12, 2025, Finance and Administration Committee Meeting Agenda was made by Commissioner Cunningham, seconded by Commissioner Espinoza. Unanimously approved.

2. Approval of the Finance and Administration Committee Meeting Minutes

A Motion for Approval of the February 3, 2025, Finance and Administration Committee Meeting Minutes was made by Commissioner Cunningham, seconded by Commissioner Espinoza. Unanimously approved.

3. Review and Recommend Approval of First 5 San Mateo County Policies Bylaws for FY 2025-26

Kitty Lopez stated that F5SMC Commission must review and approve F5SMC's Policies and Bylaws annually for state compliance requirements. As presented in the memo of Policies and Bylaws for FY 2025-26, except the Amended Bylaws May 2025 (Attachment 3H), there are no changes to other Policies. The Amended Bylaws include adding an Attendance Clause to Article III of the Bylaws. The Clause reads that Commission expects its members to attend Commission meetings regularly and consistently. Commission members should notify the First 5 Operation Coordinator of any planned absences. If a Commission Member has more than three (3) unexcused absences at Board meetings or three (3) unexcused absences at Standing Committee meetings, the Commission Chair will direct staff to notify the subject Commission member with the intention of resolving the participation issue. If there is a further unexcused absence by the Commission member the Commission Chair and the Executive Director will request that the Commission member step down and staff will work to designate a replacement. Unexcused absence is defined as not having provided written notification prior to the meeting.

Committee members reviewed other unchanged Policies; asked how often we should review Policies and Bylaws. Staff responded that F5 Commissions must review Policies and Bylaws in a public hearing annually for First 5 California compliance, and audit compliance requirements.

Committee members reviewed and discussed the amended Bylaws. Committee members suggested the inclusion of 48 hour notification in advance for any intended absence from the Commission meeting, unless emergency cases to the Attendance Clause.

A Motion for Approval of the First 5 San Mateo County Policies and Bylaws for FY 2025-26

was made by Commissioner Espinoza, seconded by Commissioner Cunningham. Unanimously approved.

4. Review of Budget Monitoring Report as of April 30, 2025

Kitty Lopez cited that the agency presents quarterly Budget Monitoring Reports to the Finance and Administration Committee for review. At the Finance and Administration Committee meetings, Committee members will have deeper review, discussion, questions, and clarifications of finance documents, and make recommendations to the full Commission.

Kitty Lopez briefly presented an overview of the Budget Monitoring Report as of April 30, 2025, comparing to 83% YTD Benchmark (**Attachments 4A, 4B, 4C**). YTD Total Revenue is 5% higher than YTD benchmark due to the inclusion of Prop 56 tax revenue disbursement.

Total Appropriations is 19% below YTD Benchmark due to delayed Baby Bonus Program execution, underspending in various TRISI programs and underspending in various Admin Expenses due to staff working in a hybrid work/ office environment.

Projected Ending Fund balance of \$13.808 million or 115% of the planned budget or \$1.837 million higher than the planned budget.

Committee members reviewed and asked questions for clarifications about the Budget Monitoring Report as of April 30, 2025. Committee members had no further questions.

5. Review and Recommend Approval of First 5 San Mateo County (F5SMC) Draft Budget FY 2025-26 and the Use of Ending Fund Balance (Ending Reserves*) to fund the Draft Budget FY 2025-26

Kitty Lopez provided key budget changes in the F5SMC's FY 2025-26 Draft Budget, as presented in the summary table of the Budget memo and Budget Narratives (Attachment 5) and Budget Worksheets (Attachments 5A, 5B, 5C).

Committee members suggested staff to (1) move the section FY 2025-26 Draft Budget Assumptions and Background before the Summary of the FY 2025-26 Draft Budget for clarification; (2) to restate Commission approval items; and (3) suggested presenting separately Commission approved allocated investment amounts, funding amounts already contracted, funding amounts in pending contract negotiation, pending RFQs, and unallocated funding amounts, if any.

Committee members reviewed the F5SMC's FY 2025-26 Draft Budget, asked questions for clarification. Committee members endorsed the recommendation for approval of F5SMC's FY 2025-26 Draft Budget and the Use of Ending Fund Balance (Ending Reserves*) to Fund F5SMC's FY2025-26 Draft Budget.

A Motion for Recommend Approval of the F5SMC's FY 2025-26 Draft Budget and the Use of Ending Fund Balance (Ending Reserves*) to fund FY 2025-26 Adopted Budget was made by Commissioner Espinoza, seconded by Commissioner Cunningham. Unanimously approved.

Commissioner Espinoza adjourned the meeting at 9:48 AM.

DATE: June 9, 2025

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) FY 2025-30 (FY24/25 Update)

ACTION REQUESTED

Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) FY 2025-30 (FY24/25 Update)

BACKGROUND

Current state of all First 5 County Commission Funding:

- **Long-Term Commitment to Community:** One hundred percent of First 5 fund balances are committed to offer vital community services in a predictable and meaningful manner to children and families. These services include home visiting, developmental screening and referrals, family resource centers, quality child care to name a few, plus countless partnerships that support local policy and systems change.
- **Statutory Requirements:** The authors of Proposition 10, and the enabling state statute, are clear – due to First 5s declining revenue source, adopting long-term financial plans and maintaining fund balances are required to carry out the goals of the program.
- **Investing Now and for the Future:** First 5 counties' fund balances continue to decrease as all First 5s spend down their funding to meet community needs and maintain services.
- **Fund Balances Continue to Decline**
Fund Balance have followed a downward trend and decreased by 12% and 22% in FY 2022-23 and FY 2023-24 respectively, due to the negative impact of Prop 31- Flavor Ban*; projected 5% average declining rate over period FY 2024-30. This illustrates that First 5 Commission continue to draw down from their Fund Balances year-after-year with significant commitment to investing at reasonable but reduced levels of services as revenues continue to decline
- **Diversification of Revenue Sources**
First 5 County Commissions Fund Balances may also include funding from non-Proposition 10 sources, e.g. local sales tax, local philanthropy, or other state and federal grants to reduce dependency on Tobacco Tax Revenue while brining additional revenues sources for higher community investment.

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 an updated LTFP every year.
- F5SMC's LTFP FY 2025-30 (FY24/25 Update) provides 5-year financial planning for the new strategic plan implementation SPIP FY 2025-30, Other Grant and Baby Bonus Grant acquisitions and executions.
- Revenues from two main revenue sources:

- ✓ F5CA Tobacco Tax revenue: Average 67% of fiscal revenue to fund F5SMC's Strategic Plan Implementation Plan (SPIP), and
- ✓ Other Grant Revenues through competitive grant applications: Average 33% of fiscal revenue from (increase from 10% of fiscal revenue in the previous 10 years). Other Grant Revenues help reduce F5SMC's sole financial dependency on the main Tobacco Tax while bringing additional funding sources to fund higher community investments.
- FY 2025-30 Appropriations:
 - ✓ Cycle 5 funding: Implementation of the new strategic plan SPIP FY 2025-30 with funding allocations from Tobacco Tax Revenue, 31% SPIP investment reduction compared with Cycle 4 funding.
 - ✓ Implementation of Other Grants (excluding Baby Bonus Program) is complementary to the implementation of the new strategic plan SPIP FY2025-30.
 - ✓ Implementation of the Baby Bonus Program FY 2024-30.
- Please read the LTFP FY2025-30 (FY24/25 Update) Memo (**Attachment 3**) in conjunction with the LTFP Narrative (**Attachment 3A**) and LTFP Spreadsheets (**Attachments 3B and 3C**).

LTFP FY 2025-30 (FY24/25 Update) – KEY SUMMARY

CATEGORY	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Revised Budget	FY25-26 Budget	FY26-27 Projection	FY27-28 Projection	FY28-29 Projection	FY29-30 Projection
TOTAL REVENUES	7,217	7,009	6,799	6,002	6,896	8,605	5,727	5,624	4,596	3,719
Beginning Fund Balance	11,610	12,845	13,075	13,382	13,509	11,969	11,136	9,941	8,567	6,940
A+B. Interest & Tobacco Tax Revenue	6,105	5,821	5,295	4,415	4,314	4,014	3,786	3,683	3,448	3,219
C. Other Grant Revenues	1,112	1,188	1,504	1,587	2,582	4,591	1,941	1,941	1,148	500
Total Available Fund	18,827	19,854	19,874	19,384	20,405	20,574	16,863	15,565	13,163	10,659
PROGRAM APPROPRIATIONS	5,278	5,314	5,835	5,124	7,972	8,597	6,037	6,080	5,275	4,681
D1. Strategic Plan Investment SPIP	2,508	3,265	3,613	2,895	3,780	2,600	2,600	2,600	2,600	2,600
D2. SPIP Carry Over	728	79	84	256	533	325	175	150	-	-
E. Other Grants	933	901	1,024	824	2,335	4,332	1,855	1,855	1,148	500
F. Operations	1,817	1,768	1,817	1,899	2,153	2,181	2,292	2,393	2,475	2,561
TOTAL APPROPRIATIONS	5,986	6,013	6,538	5,874	8,801	9,438	6,922	6,998	6,223	5,661
Surplus / (Deficit) (Total Revenues - Total Appropriations)	1,231	996	261	128	(1,905)	(833)	(1,195)	(1,375)	(1,627)	(1,942)
Admin Cost Rate	12%	12%	11%	13%	9%	9%	13%	13%	15%	17%
Ending Fund Balance Before Restricted Fund	12,845	13,075	13,382	13,509	11,603	11,136	9,941	8,567	6,940	4,998
Restricted Fund (Pension Liability & Operational Reserves)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Ending Fund Balance After Restricted Fund	10,845	11,075	11,382	11,509	9,603	9,136	7,941	6,567	4,940	2,998

FISCAL IMPACT

- Admin Cost Rate: projected 9%-13% in FY 2025-28 and 15%-17% during FY 2028-30
- At the end of FY 2029-30, projected Ending Fund Balance (after Pension Liabilities and Operational Reserves) is \$2.998 M which is approximate 5.3 months of Total Appropriations of FY 2029-30.
- FY 2025-30: projected total budget deficit of \$1.394M annual average. We will continue to draw down Reserves to fund strategic operations.
- At this time, we project from FY 2030 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 2025-30 (FY24/25 Update)

LTFP FY 2025-30 (FY24/25 Update) - NARRATIVES

** Please read the LTFP FY2025-30 (FY24/25 Update) Memo (Attachment 3) in conjunction with the LTFP Narrative (Attachment 3A) and LTFP Spreadsheets (Attachments 3B, 3C).*

F5SMC's LTFP FY 2025-30 (FY24/25 Update) are presented in **Attachments 3A, 3B, and 3C** and are updated with:

- (1) F5CA Tobacco Tax Revenue Projections FY2025-30 dated April 16, 2025.
- (2) Other Grant Revenues including new grant award Sequoia Healthcare District FY 2025-28, pending grant award First 5 San Benito Impact Legacy grant FY 2025-26.
- (3) FY 2023-24 Audited Financial Information.
- (4) FY 2024-25 Revised Budget and FY 2025-26 Adopted Budget
- (5) Funding Allocations of the new Strategic Plan Implementation Plan (SPIP) FY 2025-28, which was approved during the strategic planning process.
- (6) Continue executing \$650K SPIP FY 2023-25 Carry Over Fund in coordination within 3-year time frame of the SPIP FY 2025-28, per previous Commission approval.

I. REVENUES

A. Interest Revenue:

- Interest Revenue is projected 1% Interest Earning Rate on the Beginning Fund Balance, as conservative approach to revenue projections.

B. Tobacco Tax Revenue

- Tobacco Tax Revenue Projections FY 2025-30 with projected annual declining rate of 5%, per April 16, 2025 Tobacco Tax Revenue projections FY 2025-30.

C. Other Grant Revenue:

- Other Grant Revenues projected increases to 33% fiscal revenue, from 10% fiscal revenue during the last five years, as agency has won various new Other Grants through competitive grant application processes. .
- Other Grants Revenue (excluding Baby Bonus Program):
 - ✓ FY 2025-28: Agency has won various new Other Grant awards totaling \$4.927 M or \$985K/year, including the Mental Health System Act (MHSA) grant FY 2025-26, Impact Legacy grant FY 2025-26, Integrated System for Children with Special Needs grant FY 2025-28, Early Child Hood Mental Health Initiatives grant FY 2025-28.
 - ✓ FY 2028-30: projected \$500K/year Other Grant Revenues; this represents a conservative approach to revenue projections. This projection is based on conservative estimates to historical trend, F5SMC creditability and leadership, trusted relationships with existing funders, and leverage funding opportunities with F5SMC's Strategic Plan.
- Other Grants Revenue – Baby Bonus Program
 - ✓ FY 2025-30: implement \$4.763 M the Baby Bonus Program.

II. PROGRAM APPROPRIATIONS

D1. Strategic Plan Investment SPIP FY 2025-30

- ✓ FY 2025-30: The new Strategic Plan Implementation Plan totaling \$13 M community investments or average \$2.600 M/year, as per Commission approved funding allocations of the new strategic plan implementation SPIP FY 2025-30.

D2. SPIP FY 2023-25 Carry-Over:

- ✓ Continue implementation \$650K SPIP FY 2023-25 Carry-Over Fund in coordination within 3-year time frame of SPIP FY 2025-28

E. Other Grants Appropriations

- Other Grants (excluding Baby Bonus Program):
 - ✓ FY 2025-28: execute \$4.927 M or \$985K/year Other Grant Revenues, including the Mental Health System Act (MHSA) grant FY 2025-26, Impact Legacy grant FY 2025-26, Integrated System for Children with Special Needs grant FY 2025-28, Early Childhood Mental Health Initiatives grant FY 2025-28.
 - ✓ FY 2028-30: projected \$500K/year Other Grant Revenues; this represents a conservative approach to revenue projections. This projection is based on conservative estimates to historical trend, F5SMC creditability and leadership, trusted relationships with existing funders, and leverage funding opportunities with F5SMC's Strategic Plan.
- Other Grants – Baby Bonus Program:
 - ✓ FY 2025-30: execute \$4.763 M the Baby Bonus Program.

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

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

III. ADMIN APPROPRIATIONS

G. Shared Operating Budget: 50% allocation rate of agency Operating Budget.

H. Admin Staff Salaries and Benefits: 73% shared Admin Staff time of total Admin Salaries and Benefits

IV. TOTAL APPROPRIATIONS

- ✓ FY 2025-30: total \$35.242 M
- ✓ FY 2025-30: total Budget Deficit of \$6.971 M over 5 year period as agency continues pull from Fund Balance (Reserves*) to fund its strategic operations and investments.

V. RESTRICTED FUND FOR PENSION LIABILITIES AND OPERATIONAL RESERVES

Commission has approved in previous LTFPs total of \$2M Restricted Funds which are set aside for its intended restricted uses, including \$1M Pension Liabilities and \$1M for 6-month Operational Reserves.

VI. ENDING FUND BALANCE

At the end of FY 2029-30, Projected Ending Fund Balance after Pension Liabilities and Operational Reserves is \$2.998 M which is approximate to 5.3 months of fiscal Operating Budget.

VII. GLOSSARY / REFERENCES

**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>*

*** Prop 31 – Flavor Ban on all Tobacco Products was passed in November 2022; The law is effective immediately in January 2023. Prop 31 causes larger negative decline rate of Tobacco Tax Revenue Projections from current 3% to 11% of Tobacco Tax Revenue Projections in 2023 and 2024, then levels off to 6% negative decline rate from 2025 onward.*

LTFP FY2025-2030 (FY 24/25 Update)

CATEGORY	CYCLE 4					CYCLE 5				
	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5
	FY20-21 Actual	FY21-22 Actual	FY22-23 Actual	FY23-24 Actual	FY24-25 Revised Budget	FY25-26 Budget	FY26-27 Projection	FY27-28 Projection	FY28-29 Projection	FY29-30 Projection
BEGINNING FUND BALANCE (Beginning Reserves*)	11,610	12,845	13,075	13,382	13,509	11,969	11,136	9,941	8,567	6,940
A. Interest Revenue	145	125	303	501	405	240	223	199	171	139
B. Tobacco Tax Revenue	5,959	5,696	4,992	3,914	3,909	3,774	3,563	3,484	3,277	3,080
C. Other Grant Revenues	1,112	1,188	1,504	1,587	2,582	4,591	1,941	1,941	1,148	500
C1. Other Grants - Excl. Baby Bonus	1,112	1,188	1,504	1,587	1,755	2,576	891	891	500	500
C2. Other Grants - Baby Bonus Program					827	2,015	1,050	1,050	648	
TOTAL REVENUES	7,217	7,009	6,799	6,002	6,896	8,605	5,727	5,624	4,596	3,719
TOTAL AVAILABLE FUND (Total Sources*)	18,827	19,854	19,874	19,384	20,405	20,574	16,863	15,565	13,163	10,659
PROGRAM APPROPRIATIONS (D1+D2+E+F)	5,278	5,314	5,835	5,124	7,972	8,597	6,037	6,080	5,275	4,681
D1. Strategic Plan Investment SPIP (excl. E. Other Grants)	2,508	3,265	3,613	2,895	3,780	2,600	2,600	2,600	2,600	2,600
D2. SPIP Carry Over	728	79	84	256	533	325	175	150		
E. Other Grants	933	901	1,024	824	2,335	4,332	1,855	1,855	1,148	500
Other Grants - Non Baby Bonus	932	900	1,024	824	1,538	2,317	805	805	500	500
Other Grants - Baby Bonus Program					797	2,015	1,050	1,050	648	
F. Program Operations	1,109	1,069	1,114	1,149	1,324	1,340	1,407	1,475	1,527	1,581
ADMIN APPROPRIATIONS (G+H)	708	699	703	750	829	841	884	918	948	980
TOTAL APPROPRIATIONS (Net Appropriations*)	5,986	6,013	6,538	5,874	8,801	9,438	6,922	6,998	6,223	5,661
Surplus / (Deficit) (Total Revenues - Total Appropriations)	1,231	996	261	128	(1,905)	(833)	(1,195)	(1,375)	(1,627)	(1,942)
Admin Cost Rate	12%	12%	11%	13%	9%	9%	13%	13%	15%	17%
ENDING FUND BALANCE before Pension Liability and Operational Reserves	12,845	13,075	13,382	13,509	11,603	11,136	9,941	8,567	6,940	4,998
Restricted Fund for Pension Liability and 6 months Operational Reserves	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
6 months of Operations (wind down)	900	900	900	900	900	1,000	1,000	1,000	1,000	1,000
Pension Liability (GASB 68 Implementation)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ENDING FUND BALANCE after Pension Liability and Operational Reserves	10,845	11,075	11,382	11,509	9,603	9,136	7,941	6,567	4,940	2,998

