



## FIRST 5 ALAMEDA COUNTY EXECUTIVE COMMITTEE MEETING AGENDA

Thursday, June 15, 2023

Members of the public may access this meeting via:

Zoom Meeting: <https://zoom.us/j/81273174172>

Meeting ID: 812 7317 4172

11:00 AM – 12:30 PM

Commissioners:

*Chair:* Renee Herzfeld, *Vice Chair:* Cecilia Oregón, Tomas Magaña

1. **Public Comment**
2. **Staff Announcements**
  - a. General Staff Announcements
  - b. CEO Contract Authorizations
3. **Approval of Minutes from April 20, 2023**

Recommended Action: Approve Minutes from April 20, 2023.
4. **Approve Revisions to Governance Policies**

Recommended Action: Executive Committee approve revisions to the following existing policies:

  - a. Financial Policies
  - b. Conflict of Interest Policy and Code
5. **Review FY 2023-25 Proposed Budget and FY 2023-32 Proposed Long Range Financial Plan – Final Readings**

Recommended Actions: Executive Committee recommends that the Commission approve the following:

  - a. FY 2023-25 Proposed Budget
  - b. FY 2023-32 Proposed Long Range Financial Plan
6. **Review GASB 54 Fund Balance Commitment**

Recommended Action: Executive Committee recommends that the Commission approve the GASB 54 Fund Balance Commitment.
7. **Review FY 2023-24 ACERA 401(h) Account Authorization**

Recommended Action: Executive Committee recommends that the Commission approve the FY 2023-24 ACERA 401(h) Account Authorization.
8. **Adjournment**

**Information about access:**

Please contact Julia Otani at [julia.otani@first5alameda.org](mailto:julia.otani@first5alameda.org) or (510) 227- 6987 3 business days in advance if you need special assistance or translation/interpretation support so we can make reasonable arrangements to ensure accessibility. We will swiftly resolve any requests for accommodation to resolve any doubt whatsoever in favor of accessibility.



FY 2022-23 CEO-Approved Contracts List  
 CEO Contract Authorizations and Amendments

Original Award, approved by Commission (June 2, 2022-April 20, 2023)							New Contracts or Augmentations, approved by CEO (4/21/2023-6/15/23)				Contractor Aggregate Amount	
Strategy	Award Number	Contractor	Contract Start Date	Contract End Date	Original Description of Scope of Work	Amount	New Award, Amendment or Ancillary Amount	New Total Contract Amount	Funding to support COVID-19 activities	Description of New Contract or Added Scope of Work	Executive Committee Approval >\$150,000	Commission Approval >\$300,000
Early Identification, Screening & Care Coordination	PS-EID-2223-188/189	Community Health Center Network	6/1/2023	6/30/2023	Funding to support development and associated costs related to Help Me Grow (HMG) referral automation in Electronic Health Record (EHR) systems.	\$ 83,000.00	\$ 41,000.00	\$ 124,000.00	No	Funding to support development and associated costs related to ASQ automation in Arabic and Vietnamese for the CHCN Electronic Health Record (EHR) referral system.	n/a	n/a
						\$ 83,000.00	\$ 41,000.00	\$ 124,000.00		CEO Authorizations 4/21/2023-6/15/23		

Only include CEO-approved contracts exceeding \$100,000



**First 5 Alameda County Executive Committee Meeting**

**April 20, 2023, 11:00 AM - 12:30 PM**

**Zoom Webinar Meeting ID: 869 5946 3269**

Commissioners Present: Chair: Renee Herzfeld, Vice Chair: Cecilia Oregón, Scott Coffin

First 5 Staff Present: Kristin Spanos, Christine Hom, Vanessa Cedeño, Detra Teal, Julia Otani, Charla Black-Edwards

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>CALL TO ORDER AND ROLL CALL</b>			
C. Oregón	The meeting was called to order by Vice Chair Oregón who gavelled in at 11:02 AM and stated that the meeting was being recorded. Commissioners Herzfeld, Oregón and Coffin stated their names to indicate they were present for the meeting.	None	None
<b>1. PUBLIC COMMENT</b>			
C. Oregón	There was no Public Comment.	None	None
<b>2. STAFF ANNOUNCEMENTS</b>			
K. Spanos	<a href="#">[Attachment]</a> Ms. Spanos presented the Staff Announcements and the CEO Contract Authorizations. a. General Staff Announcements b. CEO Contract Authorizations	None	None
<b>3. APPROVAL OF MINUTES FROM FEBRUARY 16, 2023</b>			
C. Oregón	<a href="#">[Attachment]</a> Vice Chair Oregón asked if there was any public comment before taking a vote to approve the minutes. Vice Chair Oregón facilitated the vote to approve the February 16, 2023 Executive Committee Meeting minutes.	Motion: Renee Herzfeld Second: Scott Coffin No Abstentions. Motion passed.	None
<b>4. FY 2022-23 SECOND PROPOSED BUDGET MODIFICATIONS</b>			
C. Hom	<a href="#">[Attachment]</a> Ms. Hom presented the FY 2022-23 Second Proposed Budget Modifications. Vice Chair Oregón asked if there was any public comment before taking a vote to recommend. Vice Chair Oregón facilitated the vote to recommend the FY 2022-23 Second Proposed Budget Modifications be brought to the full Commission for final review and approval.	Motion: Renee Herzfeld Second: Scott Coffin No Abstentions. Motion passed.	The FY 2022-23 Second Proposed Budget Modifications will be brought to the full Commission for final review and approval.

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>5. FY 2022-23 CONTRACT AUTHORIZATIONS</b>			
C.Hom	<a href="#">[Attachment]</a> Ms. Hom presented the FY 2022-23 Contract Authorizations. Vice Chair Oregón asked if there was any public comment before taking a vote to approve. Vice Chair Oregón facilitated the vote to approve the FY 2022-23 Contract Authorizations: Olson Remcho contract amendment for \$100,000 and Community Health Center Network contract for \$183,000.	Motion: Renee Herzfeld Second: Scott Coffin No Abstentions. Motion passed.	None
<b>6. FY 2023-25 PROPOSED BUDGET - FIRST READING</b>			
C. Hom	<a href="#">[Attachment]</a> Ms. Hom presented the FY 2023-25 Proposed Budget – First Reading.	None	None
<b>7. FY 2023-32 PROPOSED LONG RANGE FINANCIAL PLAN - FIRST READING</b>			
C. Hom	<a href="#">[Attachment]</a> Ms. Hom presented the FY 2023-32 Long Range Financial Plan – First Reading.	None	None
<b>8. PUBLIC EMPLOYEE PERFORMANCE EVALUATION - CLOSED SESSION (HELD PURSUANT TO GOV. CODE §54957)</b>			
C. Oregón	Vice Chair Oregón recessed the Executive Committee into Closed Session for the CEO Performance Evaluation at 11:42 AM. Vice Chair Oregón reconvened Open Session at 12:09 PM. Chair Herzfeld reported that the Executive Committee conducted the CEO Performance Evaluation in Closed Session, thanked Ms. Spanos for her service, and took an action to increase the CEO salary to \$280,000 per year, effective February 5, 2023.	Motion: Cecilia Oregón Second: Scott Coffin No Abstentions. Motion passed.	None
<b>9. ADJOURNMENT</b>			
C. Oregón	Vice Chair Oregón gavelled out and adjourned the meeting at 12:11 PM.	None	None

Respectfully Submitted By: Julia Otani, Executive Assistant

**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, CEO  
Christine Hom, Chief Operating Officer  
Maria Canteros, Finance Administrator

**Date:** June 15, 2023

**Subject:** Revisions to First 5 Alameda County Financial Policies

---

**ACTION REQUESTED**

To approve revisions to the Financial Policies.

**BACKGROUND**

First 5 Alameda County originally adopted Financial Policies on June 24, 2004. The policies are reviewed by staff on an annual basis and revisions are brought to the Executive Committee and Commission for consideration and approval as necessary. F5AC Finance staff worked with Kevin Harper, CPA, to review the policies to ensure compliance with state and federal law, current GASB accounting standards and industry best practices.

The following are the proposed updates to the Financial Policies to be effective June 15, 2023:

**Financial Reserves and Goals**

Adding clarifying language to the named “Long Range Financial Planning” section and adding a new section “Reserve Policy” to include Governmental Accounting Standards Board (GASB) No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” and treatment of the Children’s Sustainability Fund to support budgeted activities.

**Budget Policy**

Expand policy to include the preparation process, monitoring, amendments and carryover of unused, available balances from externally funded sources to the next fiscal year.

The proposed edits to both policies are shown in the attachments.

**FISCAL IMPACT**

There is no fiscal impact.

**RECOMMENDATION**

The Commission adopted revisions to the Bylaws on May 26, 2022 to delegate the authority to the Executive Committee to “review and approve governance-related policies and procedures including fiscal, administrative, operations and human resources, including approving the compensation of the CEO on an annual basis”.

First 5 Alameda County staff recommend that the Executive Committee approve the updates to the Financial Policies in the two following areas: 1.) Financial Reserves and Goals: Long Range Financial Planning & Reserve Policy and 2.) Budget Policy.

Submitted by:

DocuSigned by:  
*Maria Canteros*  
8493762444274E9...  
\_\_\_\_\_  
Maria Canteros  
Finance Administrator

Approved by:

DocuSigned by:  
*Kristin Spanos*  
ED630B4561544E4...  
\_\_\_\_\_  
Kristin Spanos  
Chief Executive Officer

Reviewed:

DocuSigned by:  
*Christine Hom*  
5659DF0B756A46A...  
\_\_\_\_\_  
Christine Hom  
Chief Operating Officer

FINANCIAL RESERVES AND GOALS

I. FINANCIAL RESERVES AND GOALS

UPDATED 5/26/2026.15.2023

Sufficient financial reserves in the Children’s Sustainability Fund are critical to F5AC’s ability to achieve its mission of improving health and developmental outcomes of children ages 0 to 5 in Alameda County.

Long Rang Financial Planning

- A. F5AC will maintain the Children’s Sustainability Fund in accordance with the 10 Year Long Range Financial Plan established by the Commission on March 25, 2004, and any subsequently approved Long Range Plans. Prudent use of reserves will enable F5AC to maintain programs at a constant level of funding through the following strategic plans through 2025 in the face of declining Proposition 10 revenues.
- B. F5AC will maintain specific reserves required by law and/or debt covenants and any general reserve requirements as may be set from time to time by the Commission. F5AC will maintain an amount in the Children’s Sustainability Fund, at a minimum, equal to six months of the corresponding fiscal year’s Prop 10 operating expenses, ~~and plus an amount~~ to cover fiscal obligations under the Reduction in Workforce Policy.  
  
F5AC will maintain sufficient reserves to support the cost of reimbursement in the case of audit exception in federal fiscal leveraging.
- C. The Commission may approve use of the Children’s Sustainability Fund during the fiscal year to support budgeted activities with adjustments to be made to the corresponding Long Range Financial Plan.
- D. Unspent funds at year end will close to the Children’s Sustainability Fund.

**RESERVE POLICY**

Adequate reserves position an organization to effectively plan to fund the services it provides as well as meet unplanned needs caused by economic downturns, outside agency actions, revenue reductions, natural disasters and other unexpected emergencies.

- E. The Commission will adopt a Long Range Financial Plan that enables F5AC to maintain programs at a constant level of funding through the current Commission-approved strategic plan in the face of declining Proposition 10 revenues. F5AC will maintain amounts in the Children’s Sustainability Fund in accordance with the Long Range Financial Plan. At a minimum, the amount in the Children’s Sustainability Fund shall exceed six months of the corresponding fiscal year’s Prop 10 operating expenses and to cover fiscal obligations under the Reduction in Workforce Policy.

## AGENDA ITEM 4a1

- F. In addition to the Children’s Sustainability Fund, F5AC will maintain sufficient reserves to support the cost of reimbursement of grant proceeds in the event of audit exceptions. It will maintain other reserves required by law and/or debt covenants and any general reserve requirements as may be set from time to time by the Commission.
- G. The Commission may approve use of the Children’s Sustainability Fund to support budgeted activities with appropriate adjustments made to subsequent annual budgets to restore the balance of the Children’s Sustainability Fund within three years.
- H. Unspent funds at year end will close to the Children’s Sustainability Fund.
- I. Fund balance is defined as the excess of assets over liabilities. Fund balance is reported in the following categories in accordance with Governmental Accounting Standards Board Statement No. 54:
- Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable amounts are determined before all other classifications of fund balance and consist of the following: long-term receivables, inventory of supplies, prepaid items, corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact, and nonfinancial assets held for resale.
  - Restricted – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
  - Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the Commission.
  - Assigned – includes remaining amounts not classified in Special Revenue Funds as any of the about or amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The Commission delegates to the Chief Executive Officer or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance.
  - Unassigned – includes all amounts not included in the other fund balance classifications.
- J. When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of F5AC to use the most restrictive funds first.



~~BUDGET ADOPTION AND AMENDMENT~~

~~UPDATED 5/26/2022~~

~~The budget is the central financial planning document that encompasses all revenue and expenditure decisions related to operations and to capital expenditures. It establishes the level of service to be provided by F5AC within the restriction of anticipated available funds.~~

- ~~A. F5AC Commission will adopt, by resolution, a budget by June 30 for the ensuing year.~~
- ~~B. The annual budget will be a balanced budget consisting of budgetary revenues, restricted carryover and, in accordance with the 10 Year Long Range Financial Plan, augmentation from the Children’s Sustainability Fund.~~
- ~~C. F5AC will maintain a budgetary control process to ensure compliance with the budget. The budget will be managed at the program level (i.e. program will not overspend its budget).~~
- ~~D. The Commission will formally review F5AC’s fiscal condition, and amend the budget if necessary, approximately six months after the beginning of each fiscal year.~~
- ~~E. Budget transfers between strategies and budget adjustments that increase the authorized spending level of a strategy must be approved by the Commission.~~

**BUDGET POLICY**

**UPDATED 6.15.2023**

**I. Purpose**

The budget is the central financial planning document that encompasses all revenue and expenditure decisions. Once adopted, the budget appropriates funds, establishes legal expenditure limits for the upcoming fiscal year, and provides staff with the authority to incur liabilities to provide services.

The purpose of this Budget Policy is to clarify the budget process, define roles and responsibilities, establish timelines, define a balanced budget, and establish the level of budgetary control.

**II. Preparation Process**

Detailed line-item budgets are prepared for each program. Budget instructions are issued to the operating departments, who are responsible for submitting initial budget proposals. Initial budget proposals are composed of estimates of anticipated revenues and expenditures with the goal of presenting a balanced budget for each program. These proposals are reviewed and the entity-wide budget is prepared by the Chief Financial Officer, Finance Administrator and designated staff. The Chief Executive Officer reviews the budget and the budget packet is presented to the Commission for the first reading in April and for final review and approval in June. The Commission adopts, by resolution, a budget by June 30 for the ensuing fiscal year, and may include a request for a second year, in principle, to allow for contracting to span more than one year, if funding allows extended terms.

The annual budget will be a balanced budget. A balanced budget is defined to mean that anticipated revenues plus beginning available fund balance equals or exceeds anticipated expenditures.

F5AC manages the budget at the Strategy (cost center program) level (i.e., each program will not overspend its budget). Operating department managers are responsible for ensuring that actual expenditures do not exceed budgeted appropriations each fiscal year. Accountability is at the “bottom line” level, meaning that every line item need not be equal or less than budget as long as total program expenditures are.

### **III. Budget Monitoring**

**Quarterly Financial Reports.** Finance staff prepares and distributes a financial report quarterly that compares fiscal year to date actual results to budgeted amounts by program. It is critical that program managers review the monthly financial reports for their budget units regularly to ensure that their budgets are in the black.

**Monthly General Ledger Reports.** Finance staff prepares and distributes monthly general ledger reports with year-to-date detailed transactions. Program managers review to confirm accurate coding to cost centers, programs and funding sources.

**Commission Reports.** The Chief Financial Officer prepares reports for the Commission each February reporting current year actual revenue and expenditure results to budgeted amounts by program and by fund.

**Mid-Year Budget Modification and Review.** The Chief Financial Officer prepares a financial report of budgeted vs. actual revenues and expenditures by strategy approximately six months after the beginning of each fiscal year. The Commission formally reviews F5AC’s financial condition and amends budgeted appropriations, if needed.

**Annual Reports on Departmental Spending.** At the end of each fiscal year, program and operating departments review concise reports that analyze departmental spending for each of their programs. These reports, prepared by Finance, will compare budget appropriations with actual expenditures by program and by type, identify reasons for any significant budget overages or underages, and analyze their impact on future operating budgets (i.e., are the variances one-time in nature or will they affect future budgets?).

### **IV. Budget Amendments**

Amendments to the budget (increases or reductions in revenues and/or expenditures) may be required for a variety of reasons, including:

- Supplemental appropriations approved by the Commission;
- Changes in Memorandums of Agreement;
- Acceptance of grant programs;

- Revisions to currently funded programs, projects and activities; or
- Intra-departmental revisions between and within program areas.

The Commission has the sole responsibility for adopting the budget and may amend or supplement the budget at any time by majority vote of the Commission. After budget adoption, all budget amendments that increase total appropriations require Commission approval.

Budget amendments that shift revenues and expenditures between funds and programs without increasing total appropriations (aka “budget transfers”), can be approved by F5AC management as follows:

- Chief Executive Officer has the authority to make or approve budget transfers to any line item. However, any increase in budgeted appropriations must be approved by the Commission, if the appropriation exceeds the CEO’s approval limits.
- Chief Financial Officer has the authority to make or approve budget transfers to all line items between programs, and to adjust offsetting revenue and expenditure accounts.
- Department Heads have the authority to make budget transfers within their program budgets as long as those changes do not increase total appropriations.

However, all changes to personnel costs and transfers greater than \$150,000 must be approved by Chief Executive Officer.

To ensure that all changes to the budget are correctly recorded and appropriately authorized, a standard Budget Amendment Request form is used to document all budget amendments, including those approved by the Commission. See Attachment 1 for a sample Budget Amendment Request form.

## **V. Budget Carryover**

Unused budget appropriations lapse at the end of the fiscal year. However, unexpended funds from externally funded sources may be carried-over and reappropriated to meet encumbrance obligations (unexpended balances remaining on contracts or purchase orders). Appropriation from available carryover balances will be incorporated into the budget at the mid-year review to meet the program budgetary plans.



**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, CEO  
Christine Hom, Chief Operating Officer

**Date:** June 15, 2023

**Subject:** Revisions to First 5 Alameda County Conflict of Interest Policy and Code

---

**ACTION REQUESTED**

To approve revisions to First 5 Alameda County's Conflict of Interest Policy and Code.

**BACKGROUND**

First 5 Alameda County contracted with VIVA Social Impact Partners in 2021 to review First 5's governance policies. On October 7, 2021, VIVA presented their recommendations for the modification or creation of governance and agency policies to the Executive Committee including the Financial Policies, Conflict of Interest Code and Policy, Incompatible Activities Policy and Records Retention Policy. The Executive Committee voted to adopt these policies at their meeting on May 26, 2022. Subsequently the Executive Committee approved revisions to the agency's Conflict of Interest Code's Disclosure Categorizations for Calendar 2022, Appendix B Designated Employees at their meeting on August 11, 2022.

James Harrison, agency legal counsel reviewed the agency's Conflict of Interest Policy and Code and has recommended the addition of language for staff to comply with the City of Oakland's Government Ethics Act in consideration of the contract between First 5 and the City of Oakland where First 5 serves as the Early Childhood Implementation Partner for the Oakland Children's Initiative. Legal counsel also recommended that First 5 staff update the agency's Conflict of Interest Code's Disclosure Categorizations for Calendar 2022, Appendix B Designated Employees to reflect staff that have been recently hired to support the Oakland Children's Initiative activities and agency expansion.

The following language is proposed to be added to First 5's Conflict of Interest Policy:

**MANDATED COMPLIANCE WITH CITY OF OAKLAND GOVERNMENT ETHICS ACT, MUNICIPAL CODE CHAPTER 2.25**

F5AC employees whom the City of Oakland determines are required to file Form 700 with the City of Oakland as a result of their work under F5AC's contact with the City of Oakland shall read and be aware of the City of Oakland Government Ethics Act including, without limitation, the provisions prohibiting Conflicts of Interest and Personal Gain, influencing contracts with former employers, and nepotism, and all such F5AC employees will adhere to the City of Oakland Government Ethics Act and will not engage in activities in violation of that Act.

Changes to First 5's Conflict of Interest Code Disclosure Categorizations for Calendar 2022, Appendix B Designated Employees are shown in red font on the attached document and include updates to, deletion of titles and addition of new titles of designated employees. Upon Executive Committee approval, First 5 staff will submit the Code including the revised list of Designated Employees to the Alameda County Board of Supervisors for approval as the code reviewing body.

**FISCAL IMPACT**

There is no fiscal impact.

**RECOMMENDATION**

That the Executive Committee approve the revisions to First 5 Alameda County's Conflict of Interest Policy and Code.

Submitted by:

DocuSigned by:  
*Christine Hom*  
5659DF0B756A46A...  
Christine Hom  
Chief Operating Officer

Approved by:

DocuSigned by:  
*Kristin Spanos*  
ED639B4561544E4...  
Kristin Spanos  
Chief Executive Officer



## FIRST 5 ALAMEDA COUNTY CONFLICT OF INTEREST POLICY

REVISED 6/15/2023

### I. Purpose:

The F5AC Conflict of Interest Policy provides F5AC Commissioners, Advisory Bodies, and Staff with guidelines for carrying out their fiduciary duties while mitigating the risk of an actual or perceived conflict of interest.

### II. Policy

It is the policy of F5AC to avoid even the appearance of impropriety involving conflict of interest issues. F5AC promotes business practices that comply with conflict of interest and disclosure requirements, including but not limited to, the California Political Reform Act of 1974 and California Government Code sections 1090-1097 and 1125-1129 and F5AC's Conflict of Interest Code. When a Commissioner, Staff member, or Contractor in a position to influence a decision identifies a conflict of interest, that person must not participate in or give consideration to the matter from that point forward. A "decision" includes influencing a decision by discussing, advising, or making recommendations to the decisionmaker (i.e., a Commissioner, the Commission or the CEO) either directly or indirectly, that is, without significant intervening substantive review. Such discussion or advice includes conducting research, investigating, preparing or presenting any report, analysis or opinion, and providing information orally or in writing, all of which may be perceived as influencing the decision.

A perceived conflict of interest can also pose as great a risk to F5AC as an actual conflict of interest. Perceived conflicts should be treated with the same care as actual conflicts of interest under this Policy. This includes instances where F5AC Commissioners, Advisory Body members, and Staff members have involvement with an individual or organization that could be perceived to impair their objectivity.

It is the policy of F5AC that Commissioners must recuse themselves from making, participating in making, or in any way attempting to use their official position to influence a decision involving a grant or contract which financially benefits the Commissioner or the entity the Commissioner represents.

F5AC Commissioners, Staff members, and Contractors are prohibited from negotiating a contract with or participating in the hiring of a prospective employee, or, the supervising of an employee, if the contractor, prospective employee, or employee is an immediate family member. This prohibition includes discussing, making, participating in making, or using their official position to influence, directly or indirectly, the negotiations or employment process in favor of their immediate family member. Upon hire and as determined during the course of employment, F5AC will require Staff members to review and sign the Incompatible Activities Statement. (see Appendix A)

F5AC Commissioners, Advisory Body members and Staff members may be required to complete a Declaration of Interests (see Appendix B) to disclose any direct, indirect or perceived conflicts of interest and recuse themselves from making, participating in making or in any agency activity that may be perceived as influencing the decision.

**III. Definitions**

A “conflict of interest” means that a person, their spouse, or their dependent child, has an “economic interest” in or relationship with a potential party to a contract with F5AC. A conflict of interest exists when:

- i. The person involved makes, participates in, or uses their official position to influence a F5AC decision;
- ii. It is foreseeable that the decision will have a material effect on the person’s “economic interest;” and,
- iii. The effect of the decision on the person’s economic interest will be distinguishable from its effect on the public generally.

However, government salaries, per diem expenses, and reimbursement for travel from a nonprofit entity, are all specifically excluded from the definition of income under the Political Reform Act. A government salary also does not constitute an interest in a contract (under Government Code section 1090) unless the contract directly involves the department of the entity that employs a Commissioner, in which case, the Commissioner must disclose the interest on the record and refrain from participating in the decision.

An “economic interest” is defined as any fee, money, investment, or financial gain, or benefit directly or indirectly from or by reason of any dealings with or service for F5AC. An “economic interest” includes, but is not limited to, specific types of investments, business positions, interests in real property, and reportable sources of income of the person, their spouse or dependent child.

An “immediate family member” is defined as a spouse, mother, father, brother, sister, child, grandmother or grandfather, son-in-law, daughter-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle or grandchild, step-parent, step-child or any person living in the employee's household.

**IV. Contract or Grant Eligibility Requirements**

Commissioners and organizations with which they are affiliated are eligible to receive contract/grant funds if the following requirements are adhered to:

- 1. A Commissioner is required to recuse him or herself from any participation or consideration of the grant or contract before the Commission;
- 2. The Commissioner may not participate in any way in the presentation of the matter, in discussing the issue with other Commissioners or employees of F5AC, or in the vote on the funding.

This provision also applies if the Commissioner or an organization with which the Commissioner is affiliated has a subcontract with a F5AC grantee or contractor. In such a case, the Commissioner is required to recuse themselves when the funding is considered by the Commission since there is a financial benefit that may result from the award.

**V. Policy Review**

This policy will be periodically reviewed by F5AC.

Any verbal statements or representations cannot, in any way, change or alter the written policies and procedures presented in these guidelines.

**Appendix A: FIRST 5 ALAMEDA COUNTY INCOMPATIBLE ACTIVITIES STATEMENT**

---

**INTRODUCTION**

The purpose of the Incompatible Activities Statement (“Statement”) is to protect the outstanding record of personal integrity established by officers and employees in carrying out First 5 Alameda County (“F5AC”) responsibilities to the public and to other state and local agencies.

To assist employees with understanding the nature of incompatible activities, the following statement has been adopted, consistent with the provisions of Government Code section 1126. The prohibited activities described below are inconsistent, incompatible, in conflict with, or inimical to the duties of officers and employees of F5AC.

Activities which discredit F5AC or are detrimental to its goals, or are contrary to the best interests of the commission are not specifically covered by this Statement. However, such activities may be in violation of state law and may result in employee discipline.

The procedures for an employee to appeal a decision or obtain permission to engage in an outside activity or employment are described below under “Appeal Procedures”.

For purposes of this Statement, “employee” includes all officers and regular, permanent employees of F5AC.

**GENERAL POLICIES**

This Statement will be given to all current and future employees of F5AC. All potential employees must be informed that in accepting employment with F5AC, they consent to this Statement. Employees are expected to read the Statement, clarify any questions they may have about it, and sign the statement. The original signed statement shall be maintained in the employee’s personnel file.

This Statement does not attempt to specify every activity that may be incompatible, nor should it be taken as the only rules that must be observed and adhered to by an employee. The prohibited activities are provided as examples; specific activities must directly relate to an employee’s job.

**PROHIBITED ACTIVITIES**

Employment, activities, and enterprises that may cause, or give the appearance, of incompatibility or conflict of interest are prohibited under this Statement. Prohibited activities include, but are not limited to, all of the following:

**1. PRESTIGE OR INFLUENCE**

A F5AC employee shall not:

- Use the prestige or influence of F5AC for the employee’s private gain or advantage or the private gain or advantage of another



- Use his or her status as a F5AC employee to solicit directly or indirectly business of any kind or to purchase goods or services for private use at discounts from a person who does business with the commission
- Receive compensation, from other than F5AC, for lobbying the Legislature, the Governor, or any state or local agency, on any issue affecting the F5AC or matters under its jurisdiction

## **2. USE OF F5AC TIME AND PROPERTY**

Subject to applicable laws, rules, or regulations, each employee shall devote his or her full time, attention, and efforts to his or her commission employment during his or her hours of duty with F5AC. Accordingly, no F5AC employee shall use commission time, facilities, equipment or supplies for his or her private gain or advantage, or for the private gain or advantage of another person. Examples of misuse of commission time and property include, but are not limited to:

- Using F5AC organizational resources, such as postage or office supplies, for personal or private gain or advantage; and
- Arranging for employment outside of commission service during the employee's regular work hours with F5AC, excluding situations in which the employee uses vacation leave or paid time off (PTO) for those hours

## **3. CONFIDENTIAL INFORMATION**

No employee shall utilize his or her status as a F5AC employee to acquire access to confidential information other than on behalf of F5AC.

Additionally, no employee shall use such information for private gain or advantage or provide confidential information to persons to whom issuance of this information has not been authorized.

## **4. GIFTS**

No employee shall receive or accept, directly or indirectly, any gift, including money, or any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who:

- Is doing, or is seeking to do, business of any kind with F5AC
- Is seeking a grant from F5AC
- Or whose activities are regulated or controlled by F5AC

Gifts should not be accepted under circumstances from which it could be reasonably concluded that the gift was intended to influence an employee's future official activities or reward him or her for past ones.

Exceptions to the above restrictions on gifts include inexpensive advertising items bearing the name of firms, such as pens, pencils, paperweights, calendars, and other gifts of minimal value. Gifts of this nature are acceptable.

**5. OUTSIDE COMPENSATION FOR F5AC DUTIES**

No employee shall receive or accept money or any other consideration from anyone other than F5AC for the performance of his or her duties as a F5AC employee.

No employee shall prepare, present, or publish any speech, article, or other writing relating to the operation of F5AC for compensation from a source other than the commission without prior approval of F5AC.

**6. ACTIVITIES UNDER EMPLOYEE’S JURISDICTION**

No employee shall perform an act or activity in other than his or her capacity as a F5AC employee knowing that the act may later be subject, directly or indirectly, to the employee’s control, inspection, review, audit or enforcement. For example, a F5AC employee who reviews grants proposals should not provide consultation services to an outside organization whose proposals the employee would later review as part of his/her work with F5AC.

**7. OUTSIDE EMPLOYMENT**

Accepting outside employment is permissible for F5AC employees when this employment does not conflict with F5AC work. If a F5AC employee is in doubt as to whether employment outside of F5AC may conflict with the employee’s position with F5AC, the employee shall inform his or her supervisor in writing prior to accepting such employment. If the supervisor cannot reach a decision, the supervisor will consult with the Ethics Officer, Human Resources Administrator, and/or CEO prior to making a decision.

General prohibitions on outside employment include, but are not limited to:

- Any employment outside of commission service for which the employee is selected or retained wholly or partially because of his or her position with F5AC, unless this work is for a public entity or another First 5 agency
- Employment by a person doing work financed by F5AC
- The private practice of law or other outside employment by an employee who is a member of the State Bar which may require his or her appearance before any state agency, Board or Commission, or any committee of the Legislature on behalf of his or her outside employer or client regarding a matter in which F5AC is involved

**8. CAMPAIGN ACTIVITIES**

Pursuant to Government Code section 8314, no employee shall participate in campaign activity, as specified in section 8314, on commission-compensated time.

**9. MANDATED COMPLIANCE WITH CITY OF OAKLAND GOVERNMENT ETHICS ACT, MUNICIPAL CODE CHAPTER 2.25**

F5AC employees whom the City of Oakland determines are required to file Form 700 with the City of Oakland as a result of their work under F5AC's contact with the City of Oakland shall read and be aware of the City of Oakland Government Ethics Act including, without limitation, the provisions prohibiting Conflicts of Interest and Personal Gain, influencing contracts with former employers, and nepotism, and all such F5AC employees will adhere to the City of Oakland Government Ethics Act and will not engage in activities in violation of that Act.

**10. ADDITIONAL INCOMPATIBLE ACTIVITIES AND NOTICE PROCEDURES**

Although this Statement attempts to anticipate the types of incompatible activity issues that are most likely to arise for F5AC employees, it is not a complete list. Therefore, when F5AC learns that an employee is involved in an activity that F5AC believes is inconsistent, incompatible, in conflict with, or inimical to the employee's employment with F5AC, the CEO, after consultation with the F5AC Ethics Officer, shall provide a written explanation of F5AC's decision that the activity in question should be terminated. Unless otherwise justified for good cause, the activity in question shall be terminated within 30 days of receiving F5AC's decision. F5AC's decision is prospective only and is subject to the review and appeal process as described below.

**APPEAL PROCEDURES**

Employees may file a complaint concerning the application of this Statement with the Ethics Officer of F5AC.

Employees are expected to comply with written or verbal work orders given to them by their supervisors. If an employee believes that an order to perform a specific duty is incompatible with his/her activities, the employee may ask his or her supervisor for a written order to perform that specific duty. (Supervisors need not provide written orders where the orders given employees do not relate to an incompatible act). If a supervisor refuses to provide a written order, an employee may submit a written summary of the supervisor's order to his/her personnel file. If an employee believes an order is in violation of this Statement, he or she has a right to pursue the issue through the grievance/complaint process, if the employee continues to have a good faith belief in the validity of the complaint, after conferring with the Ethics Officer of F5AC.

**PENALTY FOR VIOLATION OF STATEMENT**

An employee who violates a provision of this Statement is subject to disciplinary action, including termination, in the case of intentional violation.

**ETHICS OFFICER**

The Ethics Officer will develop provisions for educating employees about potential appeal of conflict violations, and in the case of unintentional violations, the Ethics Officer will direct the employee on the appropriate procedure and documentation to cure accidental or unintentional violations, with all related reporting requirements, including reports to the CEO and/or the Commission as appropriate where material issues are impacted.

An employee may also seek a prospective clearance of a potential conflict through a reasoned opinion or guidance from the Ethics Officer. If appropriate, the Ethics Officer may then seek assistance from the Attorney General's Office or specialized counsel. An employee retains the right to seek advice from the FPPC on any aspect of the Political Reform Act that affects his or her official duties.

**FILING AND CERTIFICATION REQUIREMENT**

All employees must file a Certification of receipt of this Statement upon

- Initial appointment
- A change in duties or circumstances that raises the issue of potential conflict with this Statement

Additionally, all those employees subject to ethics training requirements must certify that they have reviewed the Statement as part of the ethics training required to be completed once every two calendar years.

**CERTIFICATION**

The following certification is to be signed and submitted by employees to comply with the Incompatible Activities Statement.



**APPENDIX B: DECLARATION OF INTERESTS**

In order for First 5 Alameda County to maintain an equitable and transparent funding process, we are asking that you disclose the names of agencies and businesses where you have a direct, indirect or appearance of conflict of interest.

**Direct conflicts:** defined as

- having a current or previous relationship with the agency (e.g. employment by the agency of you or your spouse or dependent children, current/past board membership, your child or an immediate family member receives services from the agency),
- having an interest in property that is within 500 feet of the agency, or
- receiving income or a gift from the agency within the last 12 months.

**Indirect conflicts:** defined as

- any family members (other than spouse or dependent children) having a current or previous relationship with the agency (e.g. employment, current/past board membership).

**Appearance of conflict of interest:** defined as

- Any situation where it could be perceived that a conflict exists (e.g. you have a strong bias for or against the agency, you are friends with the Executive Director of the agency).

Please include the names of agencies or businesses where you have direct, indirect or perceived conflicts of interest and the nature of your relationship:

Agency/Business	Nature of Relationship

Name: \_\_\_\_\_  
(Please print)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**FIRST 5 ALAMEDA COUNTY CONFLICT OF INTEREST CODE**

**REVISED JUNE 15, 2023**

---

**Conflict of Interest Code of  
The First 5 Commission of Alameda County (F5AC)**

The Political Reform Act, Government Code sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict-of-Interest Codes. The Fair Political Practices Commission has adopted a regulation, California Code of Regulations, title 2, section 18730, which contains the terms of a standard Conflict-of-Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings.

Therefore, the terms of California Code of Regulations, title 2, section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission along with the attached Appendices in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict-of-Interest Code of the First 5 Commission of Alameda County.

All designated employees shall file their statements of economic interests with the First 5 Commission of Alameda County. Upon receipt of the statements of the Board members and the Chief Executive Officer, the agency shall make and retain a copy and forward the originals to the Alameda County Board of Supervisors, which shall be the filing officer. Statements for all other designated employees shall be retained by the First 5 Commission of Alameda County, and shall be made available for public inspection and reproduction. (Gov. Code section 81008.)

**Disclosure Categories**

**Category 1**

All business positions, investments in, or income (including gifts and loans) received from any entities that provide serves of the type which are eligible to receive Proposition 10 funding.

**Category 2**

All interests in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the agencies.

**Category 3**

All business positions, investments in, or income (including gifts and loans) received from business entities that manufacture, provide or sell services or supplies of a type utilized by the agency and associated with the job assignment of designated position assigned to this disclosure category.

**Category 4**

Individuals who perform under contract the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendations or counsel to the agency which could affect financial interest shall be required to file Statements of Economic Interests, unless they fall within the Political Reform Act’s exceptions to the definition of consultant. The level of disclosure shall be as determined by the Chief Executive Officer (or head) of the agency.

---

\* The Chief Executive Officer may determine in writing that a particular consultant, although a “designated position” is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. A copy of the written determination is a public record and shall be retained by the agency and made available for public inspection in the same manner and location as this conflict-of-interest code.

A list of the individuals required to file disclosures under this category and their respective levels of disclosure is on file in the Commission’s Chief Executive Officers’ office.

APPENDIX A

<b><u>Designated Position</u></b>	<b><u>Assigned Disclosure Category</u></b>
Board of Commissioners	1, 2, 3
Ex-Officio Representatives	1, 2, 3
Consultants*	4
Staff listed in Appendix B	1, 2, 3



CONFLICT OF INTEREST DISCLOSURE CATEGORIZATIONS CY 2022

DESIGNATED OFFICIALS	DISCLOSURE CATEGORY
COMMISSIONER, CHAIR	1, 2, 3
COMMISSIONER, VICE CHAIR	1, 2, 3
COMMISSIONER ALTERNATE	1, 2, 3
COMMISSIONER	1, 2, 3
EX-OFFICIO REPRESENTATIVES	4
CONSULTANTS	4

APPENDIX B

Designated Employees	Disclosure Category
Accounting Manager	1, 2, 3
Accounts Payable Specialist	1, 2, 3
Applications Administrator	1, 2, 3
Centralized Eligibility & Enrollment Coordinator	1, 2, 3
Chief Executive Officer	1, 2, 3
Chief Financial Officer	1, 2, 3
Chief Human Resources Officer	1, 2, 3
Chief of Programs	1, 2, 3
Chief of Staff	1, 2, 3
Chief Operations Officer	1, 2, 3
Communications Specialist	1, 2, 3

Compliance Officer	1, 2, 3
Contracts and Budget Administrator	1, 2, 3
Contracts and Budget Manager	1, 2, 3
Contracts and Budget Specialist	1, 2, 3
Deputy Chief Executive Officer	1, 2, 3
Director, Early Care & Education	1, 2, 3
<del>Director of Human Resources</del>	<del>1, 2, 3</del>
Director of <del>Data Policy, Planning</del> & Evaluation	1, 2, 3
Director of Pediatric Care Coordination	1, 2, 3
Director of Planning	1, 2, 3
Director of Programs	1, 2, 3
Evaluation Officer	1, 2, 3
Evaluation Specialist	1, 2, 3
Family & Community Support Programs Manager	1, 2, 3
Fathers Corps Program Administrator	1, 2, 3
Fathers Corps Program Manager	1, 2, 3
Finance Administrator	1, 2, 3
Finance Officer	1, 2, 3
Government Affairs and Policy Officer	1, 2, 3
Help Me Grow Developmental Screening Coach	1, 2, 3
Help Me Grow Prevention Manager	1, 2, 3
Help Me Grow Program Services Coordinator	1, 2, 3
Help Me Grow Senior Community Liaison	1, 2, 3
<del>Human Resources Administrator</del>	<del>1, 2, 3</del>

<del>Interim Director of Early Care and Education</del>	<del>1, 2, 3</del>
Information Technology Specialist	1, 2, 3
Office & Facilities Manager	1, 2, 3
Parent Engagement Administrator	1, 2, 3
Payroll & Finance Manager	1, 2, 3
Program Administrator, Early Care & Education	1, 2, 3
Program Administrator, Neighborhoods Ready for School	1, 2, 3
<del>Program Administrator, Training</del>	<del>1, 2, 3</del>
Project Manager	1, 2, 3
Provider Support Manager	1, 2, 3
QECE Program Manager	1, 2, 3
Quality Improvement Coach	1, 2, 3
<del>Quality Counts Rating Manager</del>	<del>1, 2, 3</del>
<del>Quality Rating Improvement Systems Administrator</del>	<del>1, 2, 3</del>
<del>Senior Administrator, Information Systems</del>	<del>1, 2, 3</del>
Senior Administrator, Community Programs	1, 2, 3
Senior Administrator, Data & Evaluation	1, 2, 3
Senior Administrator, Early Care and Education	1, 2, 3
Senior Administrator, Early Care and Education Facilities	1, 2, 3
Senior Administrator, Early Care & Education Provider Partnerships	1, 2, 3
Senior Administrator, Early Care & Education Workforce Development	1, 2, 3
Senior Administrator, ECE Fiscal Operations	1, 2, 3
Senior Administrator, Finance	1, 2, 3

**AGENDA ITEM 4b2**

Senior Administrator, Human Resources	1, 2, 3
Senior Administrator, Help Me Grow	1, 2, 3
Senior Administrator, Policy & <del>Data</del>	1, 2, 3
<del>Senior Administrator, Policy &amp; (Interim) ECE Fiscal Operations</del>	<del>1, 2, 3</del>
<del>Senior Administrator, Programs</del>	<del>1, 2, 3</del>
Strategic Communications Officer	1, 2, 3
Strategic Initiatives and Planning Officer	1, 2, 3
Technology Officer	1, 2, 3
Training Administrator	1, 2, 3



**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, Chief Executive Officer  
Christine Hom, Chief Operating Officer  
Maria Canteros, Finance Administrator

**Date:** June 15, 2023

**Subject:** FY 2023-25 Budget Proposal – Final Reading

---

#### **ACTION REQUESTED**

To review, discuss and provide feedback on the following FY 2023-25 Budget Proposal.

#### **BACKGROUND**

Each First 5 Commission is required by statute to adopt a Strategic Plan that outlines the use of tobacco tax funds to serve children age 0-5 and their families. The First 5 Alameda County Commission has approved a five-year Strategic Plan for FY 2022-27. This budget proposal covers the second and third year of the plan, FY 2023-25. First 5 Alameda staff is requesting approval in principle of the second year of the budget (FY 2024-25) at the identical revenue and expense amounts of FY 2023-24 to enable the agency to engage in two-year awards that span FY 2023-25. The full FY 2024-25 budget will be brought to the Commission for consideration beginning in April 2024.

This presentation is the second reading of the FY 2023-25 budget proposal and incorporates new information related to revenue streams. In addition, the list of proposed FY 2023-24 and FY 2023-25 contracts will be presented in conjunction with the proposed budget.

As is the practice of First 5 Alameda County, changes that occur during the course of the fiscal year will be formally incorporated into the budget during the Mid-Year Budget Modification in February 2024.

#### **CURRENT BUDGET PROPOSAL**

This document provides a fiscal summary of revenue projections and budgeted expenditures as follows:

- First 5 Salaries and Benefits
- Contracts
- Grants & Stipends
- Professional Service contracts
- Program Operating costs
- Infrastructure costs

The following Revenue and Expense projections reflect the priorities of the FY 2022-27 Strategic Plan that was approved by the Commission in June 2022.

#### **REVENUE AND AVAILABLE FUNDS FOR FY 2023-24**

Combined Revenues and Sustainability Funds for FY 2023-24 are projected to be \$50.6 million. We are temporarily using our Sustainability Fund to make a loan to support a steady state so as not to reduce Agency capacity as we anticipate the continued build-out of the early childhood system. This means we are continuing our maintenance of effort approach as we anticipate the receipt of Measure C funding, which will allow us to repay the loan from our Sustainability Fund, and to replace Prop 10 as tobacco tax revenue declines. Therefore, \$5.9 million of Sustainability Funds is budgeted as a loan to close the gap between revenue and projected expenses. This figure is consistent with the proposed FY 2023-32 Long Range Financial Plan.

REVENUE TYPE	2023-24 PROPOSED	RATIONALE/DETAILS
<b>Tobacco Tax</b>		
	\$9,989,067	The tobacco tax revenue projection (Prop 10 and 56) is based on California Department of Finance and First 5 California projections for county commissions. Tobacco taxes are expected to decrease as per First 5 California's projections updated in March 2023 and reflect the decreased revenue due to the passing of the Prop 31 Flavored Tobacco Ban.
<b>Measure AA Tax Revenue</b>		
	\$23,181,428	City of Oakland Measure AA parcel tax funding for the Oakland Children's Initiative.
<b>Other First 5 Income</b>		
	\$1,370,293	Funding includes the projected First 5 California IMPACT grant to support local QRIS work and Children's Council of San Francisco (First 5 San Francisco) funding for the IMPACT Local Regional Training and Technical Assistance Hub.
<b>Interagency Income</b>		
	\$3,847,469	Funding includes contracts with Alameda County Health Care Services Agency (with combined contribution from Social Services Agency, Probation Department, Child Support Services and HCSA) to support Fathers Corp work; funding from the Alameda County Office of Education/CA State Block Grant for projected monies for QRIS grant and Inclusive Learning Grant; funding from Alameda County Public Health Department for shared ECChange maintenance and hosting costs, support of Perinatal Health Outreach Services staffing and the Help Me Grow Central Access Phone Line Services; funding from Alameda County Social Services Agency for workforce development

REVENUE TYPE	2023-24 PROPOSED	RATIONALE/DETAILS
		activities, Early ID activities, continued development of the CEL application; carryover of funding from the Alameda County Housing and Community Development Agency to continue the ECE needs assessment in Unincorporated Alameda County and projected monies from the California Department of Social Services for Quality Counts California QRIS Block Grant; and a new award from the City of Berkeley to provide Fathers Corp trainings and technical assistance for Berkeley's Fatherhood Initiative.
<b>Grants</b>		
	\$3,393,513	Funding from Sunlight Giving for general operating support; Alameda Alliance for Health and Stupski Foundation funding for the HMG Pediatric Care Pilot; Child Family & Community Services funding to support Parent Engagement and Operations activities and Kaiser Permanente Hospitals Foundation monies for Fatherhood activities; and funds from the California Wellness Foundation and Heising-Simons Foundation to support the Fatherhood Summit, October 2023.
<b>Fiscal Leveraging</b>		
	\$2,500,000	Projected funding for Medi-Cal Administrative Activities (MAA); estimates are based on MAA invoices submitted in FY 2022-23.
<b>Other Income</b>		
	\$324,000	Projected other income includes revenue from investments.
<b>Total Revenue (1)</b>	<b>\$44,605,770</b>	Tobacco Tax, Other First 5 Income, Interagency Income, Grants, Fiscal Leveraging and Other Income.
<b>Reserves: Sustainability Fund (2)</b>	<b>\$5,960,933</b>	Draw down from Sustainability Fund to balance the budget.
<b>Grand Total</b>	<b>\$50,566,703</b>	Total Revenues and Available Funds = (1) + (2)

**EXPENDITURES FOR FY 2023-24**

In the FY 2022-27 Strategic Plan planned activities are categorized under ten major strategies:

**PROGRAMS STRATEGIES:**

- Pediatric Care Coordination (Early Identification, Screening and Care Coordination)
- Parent Partnership
- Neighborhoods Ready for School
- Fatherhood
- Quality Early Childhood Education
  - Children's Health Initiative and Expansion

**AGENCY STRATEGIES:**

- Data and Evaluation
- Policy and Advocacy
- Training
- Communications

**OPERATIONAL SUPPORT STRATEGY:**

- Finance
- Human Resources
- Technology
- Administration and Facilities

The following Expense proposal provides the cost for each of the ten strategies detailed in the Strategic Plan. The program strategy expenditures presented below consist of Salaries and Benefits, Program related Contracts, Grants, Stipends, Professional Services costs and Program Operating costs. Operational Support Strategies include Finance, Human Resources, Technology, Administration and Facilities costs. Indirect agency infrastructure costs are reflected in the Operational Support Strategies budgets. The budget narrative provides detail on each Strategy and is to be read in conjunction with the Strategic Plan.

Consistent with legislative requirements brought about by AB 109, expense costs continue to be separated into three categories: Program, Evaluation and Administration. The expenses in each category are consistent with First 5 California guidelines, and those set forth in the Government Finance Officers Association's First 5 Financial Management Guide.

**Salaries and Benefits**

For FY 2023-24, total salaries and benefits are projected to be \$18,649,906. Salaries are budgeted based on actual amounts. Benefits are budgeted at 53% of salaries. Consistent with direction from the Commission, the approved benefit package has remained mostly consistent with Alameda County, including membership in the Alameda County Employee's Retirement Association (ACERA). The 53% benefit allocation is based on actual cost estimates that are revised periodically as needed.



### Expenditures by Strategies

The **Pediatric Care Coordination** (formerly Early Identification) strategy budget proposal for FY 2023-24 is **\$4,525,360** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$4,525,360	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Alameda County Public Health Department</li> <li>▪ Alameda County Social Services Agency</li> <li>▪ Alameda Alliance for Health</li> <li>▪ Stupski Foundation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue support to parents and caregivers in accessing resources, and increase parent knowledge of child development through family navigation</li> <li>▪ Broaden screening efforts in alignment with Pediatric Care Coordination Strategic Plan, including enhancing screening technology and purchase of ASQ kits</li> <li>▪ Continue support for HMG Pediatric Care Pilot</li> <li>▪ Continue local system integration and expansion with managed care plans, health care and social services agencies</li> <li>▪ Continue support of Project DULCE activities</li> </ul>

The **Parent Partnership** strategy budget proposal for FY 2023-24 is **\$2,378,546** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$2,378,546	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Child Family &amp; Community Services</li> <li>▪ Alameda County Public Health Department</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue support of Family Navigation services</li> <li>▪ Continue support of parent focused services prioritizing children age 0-3 years with community partners and parent leaders to inform programming and investments</li> </ul>

The **Neighborhoods Ready for School** strategy budget proposal for FY 2023-24 is **\$3,200,000** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$3,200,000	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue support of school readiness and place based work with Oakland Unified School District in the Castlemont Corridor</li> <li>▪ Continue support of Parent Café programming</li> <li>▪ Continue implementation of place based investments including West and East Oakland, Fruitvale/San Antonio neighborhoods and Union City</li> </ul>

The **Fatherhood** strategy budget proposal for FY 2023-24 is **\$863,800** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$863,800	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Alameda County Health Care Services Agency</li> <li>▪ Kaiser Permanente Hospitals Foundation</li> <li>▪ City of Berkeley</li> <li>▪ California Wellness Foundation</li> <li>▪ Heising-Simons Foundation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue incorporating Father Friendly Principles into additional programs and community initiatives</li> <li>▪ Continue Father Friendly Principles awareness, adoption, implementation, and capacity building campaign to public systems and CBOs</li> <li>▪ Implement Fatherhood Interagency Workgroup</li> <li>▪ Support for Fatherhood Training and Technical Assistance for Northern California FJC Collaborative</li> <li>▪ Fatherhood Summit support</li> </ul>

The **Quality Early Childhood Education (QECE)** strategy budget proposal for FY 2023-24 is **\$5,243,903** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$5,243,903	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ First 5 California</li> <li>▪ Children’s Council of San Francisco (Regional IMPACT T/TA Hub)</li> <li>▪ Alameda County Office of Education</li> <li>▪ CA Department of Education</li> <li>▪ CA Department of Social Services</li> <li>▪ Alameda County Social Services Agency</li> <li>▪ Grant Indirect Revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to provide core infrastructure, coordinator and convener role for the Quality Rating and Improvement System (QRIS)</li> <li>▪ Continue the recruitment, training and engagement of ECE providers in to the QRIS</li> <li>▪ Continue to conduct and communicate assessment and rating with providers</li> <li>▪ Continue to support trainings, playgroups and provide stipends for Family, Friend and Neighbor providers and Family Child Care sites</li> <li>▪ Provide coaching, consultation, quality improvement services and training on social emotional development (CSEFEL)</li> <li>▪ Continue support for sustainable advising and professional development in institutions of higher education</li> <li>▪ Continue support of ECE workforce pilot program</li> </ul>

The **Data and Evaluation** strategy budget proposal for FY 2023-24 is **\$1,378,411** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$1,378,411	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Child Family &amp; Community Services</li> <li>▪ Grant Indirect Revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Funding to support evaluations of ECE Workforce activities, HMG Parent Survey, Fathers Corp 10 Year report, place-based work</li> <li>▪ Technical assistance to contractors for RBA reporting</li> <li>▪ Continue development of data dashboard, performance monitoring and analysis for each F5AC program strategy in alignment with results-based accountability</li> <li>▪ Continue support of the Unincorporated Alameda County ECE Needs Assessment</li> </ul>

The **Policy and Advocacy** strategy budget proposal for FY 2023-24 is **\$2,334,703** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$2,334,703	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Alameda County Housing &amp; Community Development Agency</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Grant Indirect Revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue focus on local policy and systems changes to result in the institutionalization of the work that began at First 5</li> <li>▪ Contribute to First 5 Association policy work</li> <li>▪ Continue developing an annual policy platform for local efforts aligned with F5AC programs and priorities around school readiness, child development, family supports, child friendly neighborhoods</li> <li>▪ Continue support of Alameda County Early Childhood Policy Committee activities</li> <li>▪ Continue support of the Unincorporated Alameda County ECE Needs Assessment</li> </ul>

The **Training** strategy budget proposal for FY 2023-24 is **\$700,000** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$700,000	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to provide training on best, promising practices and peer learning communities for the multi-disciplinary workforce serving families with young children</li> <li>▪ Develop curriculum and capacity building tools connecting trainings to workforce development, parent engagement and place based strategies</li> <li>▪ Support training for staff development program</li> </ul>

The **Communications** strategy budget proposal for FY 2023-24 is **\$843,000** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$843,000	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Child Family &amp; Community Services</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue development of dissemination strategy for F5AC reports and information</li> <li>▪ Continue development of social media strategy</li> <li>▪ Continue enhancements to agency website</li> <li>▪ Develop multi-year campaign that connects with policy platform, parent engagement and education on child development</li> <li>▪ Develop collateral materials regarding impacts of F5 investments to promote sustainability</li> </ul>

The **Children’s Health Initiative and Expansion** budget proposal for FY 2023-24 is **\$19,911,981** and consists of:

FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$19,911,981	<ul style="list-style-type: none"> <li>▪ Measure AA Tax</li> <li>▪ Alameda County Social Services Agency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of the Oakland Children’s Initiative</li> <li>▪ Development of the Centralized Eligibility List (CEL) application</li> </ul>

The **Operational Support (Finance, Human Resources, Technology, Administration and Facilities)** strategy budget proposal for FY 2023-24 is **\$9,187,000** and consists of:

ADMINISTRATION, INFORMATION AND TECHNOLOGY STRATEGY		
FY 2023-24 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$9,187,000	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Alameda County Public Health Department</li> <li>▪ Alameda County Social Services Agency</li> <li>▪ Investment Revenue</li> <li>▪ Child Family &amp; Community Services</li> <li>▪ Grant Indirect Revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Includes Administration, Technology, Finance, Human Resources, Commission, facilities management and consolidated operating costs to support agency operations</li> <li>▪ Expand and update data systems to build capacity for cross data systems exchange of information, including the enhancement of internal databases, expansion of data system agility and responsiveness, improved performance and productivity, update of electronic data sharing confidentiality and privacy practices</li> <li>▪ Includes agency wide infrastructure costs of insurance, memberships/dues, professional services, utilities, janitorial and maintenance</li> </ul>

**Administrative Cap**

As part of the agency Financial Policies and consistent with AB 109 and SB 35, First 5 Alameda County has set an administrative cost cap of 15%. Costs are segregated through the year into the Program, Evaluation and Administrative areas according to guidelines and definitions set forth by First 5 California and the Government Finance Officers Association’s (GFOA) First 5 Financial Management Guide.

The proposed budgets’ costs are:

FY 2023-24 COSTS	
Program	82%
Evaluation	3%
Administration	15%
<b>TOTAL</b>	<b>100%</b>


**Fiscal Impact**

The fiscal impact is \$50,566,703 in budgeted expenses, a major portion of which will be funded by a combination of Measure AA, tobacco taxes and other revenue sources amounting to \$44,605,770. The balance is proposed to be funded by the use of Sustainability Funds totaling \$5,960,933 in FY 2023-24.

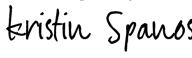
**RECOMMENDATION**

That the Executive Committee recommend the Commission approve the FY 2023-25 Budget Proposal – Final Reading.

Submitted by:

DocuSigned by:  
  
 5659DF0B756A46A...  
 Christine Hom  
 Chief Operating Officer

Approved by:

DocuSigned by:  
  
 ED630B4561544E4...  
 Kristin Spanos  
 Chief Executive Officer

DocuSigned by:  
  
 8493762444274F9  
 Maria Canteros  
 Finance Administrator

**First 5 Alameda County  
Proposed Budget - Revenue  
July 1, 2023 - June 30, 2024**

Revenues	Approved 2nd Modified Budget FY2022-23	Final Reading Proposed Budget FY2023-24	Change Increase/ (Decrease)	Notes	NOTES
<b>Tobacco Tax Revenue</b>	10,998,811	9,989,067	(1,009,744)	1	Projected Tobacco Tax revenue, budgeted amount for Alameda County, updated in March 2023.
<b>Measure AA Parcel Tax Revenue</b>	23,181,428	23,181,428	0	2	City of Oakland's annual revenue from Measure AA tax for the Oakland Children's Initiative.
<b>Other First 5 Income</b>					
First 5 California (IMPACT 2020)	1,225,293	1,225,293	-	3	Projected First 5 California IMPACT grant year 1 of 2, term July 2023 to June 2024
Children's Council of San Francisco (First 5 San Francisco/Hub)	186,069	145,000	(41,069)	4	Projected First 5 IMPACT Regional Training and Technical Assistance Hub for Region 4, term July 2023 to June 2024.
<b>Total Other First 5 Income</b>	1,411,362	1,370,293	(41,069)		
<b>Interagency Income</b>					
Alameda County Health Care Services Agency (Fathers Corp)	400,000	400,000	-	5	ACHCSA Fathers Corp funding for year 2 of 5 year award, term July 2023 to June 2024.
Alameda County Office of Education (QRIS Block Grant)	447,292	489,585	42,293	6	Projected ACOE QRIS Block Grant grant award term July 2023 to June 2024.
Alameda County Office of Education (Inclusive ELC Grant)	74,723	26,561	(48,162)	7	ACOE Inclusive ELC grant award ends December 31, 2023.
Alameda County Public Health Dept. (shared Technology costs)	122,812	141,409	18,597	8	Projected ACPHD annual shared technology costs to support ECChange maintenance and hosting.
Alameda County Public Health Dept. (Perinatal Health Outreach Services)	140,000	140,000	-	9	ACPHD grant award for Perinatal Health Outreach Support services, term July 2023 to June 2024.
Alameda County Social Services Agency (CEL Application)	1,000,000	882,222	(117,778)	10	Carryover of ACSSA funds supporting the development of the CEL Application, term ends December 2023.
City of Berkeley (Fathers Corp)	-	25,000	25,000	11	New award from the City of Berkeley to provide Fathers Corp trainings and technical assistance for Berkeley's Fatherhood Initiative, term July 2023 to June 2024.
<b>Federal Pass-through Grants:</b>					
Alameda County Housing and Community Development Agency	51,158	30,407	(20,751)	12	Carryover of ACHCDA grant for the ECE needs assesment in Unincorporated Alameda County, term ends December 2024.
Alameda County Public Health Dept. CHDP (CAP)	479,658	479,658	-	13	Projected ACPHD HMG Central Access Phone Line Services, term July 2023 to June 2024.
Alameda County Social Services Agency (Family Navigator, Comprehensive Child Development and Workforce Pilot)	807,507	717,508	(89,999)	14	Projected ACSSA grant to support Family Navigator, Comprehensive Child Development and Workforce Pilot, term July 2023 to June 2024.
<b>Federal Pass-through State Grants:</b>					
California Dept. of Social Services (QCC QRIS Block Grant)	515,119	515,119	-	15	Projected CDSS Quality Counts California Block Grant, term July 2023 to June 2024.
California Dept. of Education (Preschool Development Grant)	55,081	-	(55,081)	16	CDE grant for Preschool Development Grant Renewal ended December 2022.
<b>Total Interagency Income</b>	4,093,350	3,847,469	(245,882)		
<b>Grants</b>					
Sunlight Giving	390,000	525,000	135,000	17	Sunlight Giving general support award of \$200,000, year 2 of 3, plus carryover of unspent funds received in prior periods.
Alameda Alliance for Health	1,453,036	1,453,036	-	18	Projected Alameda Alliance for Health grant to support HMG's Pediatric Care Pilot (care coordination member engagement activities).
Tipping Point	20,000	-	(20,000)	19	One-time funding in the prior fiscal year to support the evaluation of the ECE Workforce Pilot.
Stupski Foundation	160,500	214,877	54,377	20	Stupski Foundation grant award to support personnel costs for the Director of Pediatric Care Coordination position, term is January 2023 to December 2024.
Kaiser Permanente Hospitals Foundation	110,000	88,000	(22,000)	21	Kaiser Permanente Hospitals Foundation grant award, term January 2022 to December 2023, to support Fatherhood Training and T/A for Northern California Family Justice Center Collaborative.
Child Family & Community Services (via CA Children and Families Foundation)	1,392,600	1,072,600	(320,000)	22	Carryover of funds received from the defunct Child Family & Community Services agency to support Parent Partnership and other infrastructure costs.
California Wellness Foundation		20,000	20,000	23	Funds to support the Fatherhood Summit, October 2023.
Heising-Simons Foundation		20,000	20,000	24	Funds to support the Fatherhood Summit, October 2023.
<b>Total Grants</b>	3,526,136	3,393,513	(132,623)		
<b>Fiscal Leveraging - MediCal Administrative Activities</b>	2,000,000	2,500,000	500,000	25	MAA FY2023-24 projected revenue from FY2022-23 invoices (paid a year in arrears).
<b>Other Income</b>					
Investment Revenue	324,000	324,000	-	26	Projected investment revenue for FY2023-24.
Miscellaneous Revenue - Other	14,850	-	(14,850)	27	No rental income in FY23-24; Office space lease was terminated with First 5 Association in December 2022.
<b>TOTAL REVENUE</b>	45,549,937	44,605,770	(944,167)		
<b>RESERVES</b>					
<b>Proposition 10 - Sustainability Funds</b>	4,981,188	5,960,933	979,745		
<b>TOTAL REVENUES &amp; AVAILABLE FUNDS</b>	50,531,125	50,566,703	35,578		

First 5 Alameda County  
Proposed Expenditure Budget by Expenditure Category  
July 1, 2023 - June 30, 2024

Expenditures	2nd Modified Budget FY 2022-23	Final Reading Proposed Budget FY 2023-24	Variance from Prior Year	Variance from Prior Year %	Notes
Personnel Costs	\$18,235,424	\$18,649,906	\$414,483	2%	1
Program Contracts/Grants	\$30,471,703	\$29,863,530	(\$608,173)	-2%	2
Program Operating Costs	\$532,253	\$551,419	\$19,166	4%	
Infrastructure Costs	\$1,291,746	\$1,501,848	\$210,102	16%	3
<b>TOTAL EXPENDITURES</b>	<b>\$50,531,126</b>	<b>\$50,566,703</b>	<b>\$35,578</b>	<b>0%</b>	

**Notes:**

Major changes in Expenditure Category costs, between the FY 2022-23 Second Modified Budget and the Proposed FY 2023-24 Budget.

**1. Personnel Costs**

FY 2023-24 proposed personnel increase is in support of the implementation of the Children's Health Initiative (Measure AA), expansion of Pediatric Care Coordination activities and infrastructure expansion.

**2. Program Contracts/Grants**

FY 2023-24 proposed decrease in contracts and grants reflect the prior year's one-time funding awards and re-direction of budget to support personnel costs.

**3. Infrastructure Costs**

FY 2023-24 proposed increase in infrastructure costs due to additional funding activities.

**First 5 Alameda County  
Proposed Operating Expenditure Budget By Strategy  
July 1, 2023 - June 30, 2024**

AGENDA ITEM 5a3

	Parent Partnership	Pediatric Care Coordination	Quality Early Childhood Education	Fatherhood	Neighborhoods Ready for School	Policy & Advocacy	Data & Evaluation	Training	Communications	Operational Support (Finance, Human Resources, Technology & Admin/Facilities)	Children's Health Initiative and Expansion	TOTAL PROPOSED ORIGINAL BUDGET
<b>PROPOSED FY2023-24 BUDGET - SECOND READING</b>												
	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24
<b>Personnel Costs</b>												
Salaries & Benefits	1,030,315	3,387,212	2,491,392	460,916	530,848	2,231,938	1,059,701	408,097	499,655	5,566,434	983,397	18,649,906
<b>Program Contracts/Grants</b>												
Contracts	1,340,480	1,044,649	2,121,912	300,955	2,654,152	90,413	310,100	175,000	265,413	1,883,527	18,928,584	29,115,185
Grants & Stipends	0	0	452,000	3,000	0	0	0	0	0	0	0	455,000
Professional Services*	0	4,000	63,446	75,000	0	3,165	0	97,000	0	50,734	0	293,345
Total Contracts/Grants	1,340,480	1,048,649	2,637,358	378,955	2,654,152	93,578	310,100	272,000	265,413	1,934,261	18,928,584	29,863,530
<b>Program Operating Costs**</b>	7,750	89,499	115,153	23,929	15,000	9,187	8,610	19,903	77,932	184,456	0	551,419
<b>Infrastructure Costs</b>	0	0	0	0	0	0	0	0	0	1,501,848	0	1,501,848
<b>Total Direct Program Costs</b>	<b>2,378,545</b>	<b>4,525,360</b>	<b>5,243,903</b>	<b>863,800</b>	<b>3,200,000</b>	<b>2,334,703</b>	<b>1,378,411</b>	<b>700,000</b>	<b>843,000</b>	<b>9,187,000</b>	<b>19,911,981</b>	<b>50,566,703</b>





**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, Chief Executive Officer  
Christine Hom, Chief Operating Officer  
Maria Canteros, Finance Administrator

**Date:** June 15, 2023

**Subject:** FY 2023-2032 Long Range Financial Plan – First Reading

---

**ACTION REQUESTED**

To review the following FY 2023-32 Long Range Financial Plan.

**BACKGROUND**

First 5 Alameda County has adopted a Long Range Financial Plan (LRFP) annually since March 2004. Adoption of a Long Range Financial Plan has been a statutory requirement of all First 5 Commissions since 2006-07. The current LRFP was formally approved by the Commission in June 2022. An update to the LRFP is included with underlying assumptions as well as historical background information. The update reflects the Proposed Budget for FY 2023-24 and the most recent Tobacco Tax revenue forecast from the California Department of Finance and First 5 California as of March 2023.

**MINIMUM FUND BALANCE REQUIREMENTS**

First 5 Alameda County has used Sustainability Funds to augment operating budget needs and to mitigate Proposition 10 tobacco tax revenue declines, to the extent authorized by the Commission. The Sustainability Fund balance as of June 30, 2022 was \$32.1 million. This Fund may not be spent down to zero; some funds must be maintained as an operating reserve to cover ongoing cash flow requirements to act as a buffer for delays in receiving state tobacco tax monies or other revenues. The policy is to maintain an amount in the Fund Balance, at a minimum, equal to six months of operating expenses plus an amount to cover fiscal obligations under the Reduction in Workforce Policy.

**FISCAL IMPACT**

There is no fiscal impact.

**RECOMMENDATION**

That the Executive Committee recommend the Commission approve the following FY 2023-32 Long Range Financial Plan.

Submitted by:

DocuSigned by:  
*Christine Hom*  
5659DE0B756A46A...  
Christine Hom  
Chief Operating Officer

Approved by:

DocuSigned by:  
*Kristin Spanos*  
ED639B4561544E4...  
Kristin Spanos  
Chief Executive Officer

DocuSigned by:  
*Maria Canteros*  
8493762444274E9...  
Maria Canteros  
Finance Administrator

**ASSUMPTIONS FOR THE REVISED LONG RANGE FINANCIAL PLAN**

Presented below are the assumptions used to develop the Long Range Financial Plan.

**REVENUES**

FY 2022-23 figures reflect the revised budget approved in February 2023. For FY 2022-23 and subsequent years, the following revenue assumptions were used:

- **Tobacco Tax** – The California Department of Finance (DoF) prepared revised projections of First 5 tobacco tax revenues in April 2023 through the period ending FY 2026-27. These consider the effects of the federal tobacco tax, other declines in state tobacco tax revenues due to newer legislation (SBx2-7 Smoking Age Increase to 21 effective June 2016, Proposition 56 \$2 dollar tobacco tax increase effective April 2017, Proposition 31 Flavored Tobacco Ban), Prop 99, backfill amounts and other factors. The projections listed below cover FY 2027-2032.

Historically, the DoF projections have been on the conservative side; actual revenues received being equal to or higher than projections with the exception of FY 2018-19 and FY 2021-22. We anticipate receiving updated revenue projections from the DoF and First 5 CA periodically and we will continue to forecast revenue conservatively.

<u>Fiscal Year</u>	<u>DoF Projection</u>	<u>Actual Revenue</u>
2010-2011	\$14.0m	\$14.3m
2011-2012	\$13.8m	\$14.5m
2012-2013	\$13.3m	\$13.6m
2013-2014	\$13.2m	\$13.2m
2014-2015	\$13.0m	\$13.3m
2015-2016	\$12.1m	\$13.2m
2016-2017	\$11.6m	\$12.6m
2017-2018	\$10.6m	\$11.3m
2018-2019	\$12.8m	\$12.1m
2019-2020	\$11.5m	\$12.6m
2020-2021	\$11.9m	\$13.0m
2021-2022	\$12.9m	\$12.5m
2022-2023	\$11.0m	
2023-2024	\$10.0m	
2024-2025	\$9.6m	
2025-2026	\$9.2m	
2026-2027	\$8.9m	
2027-2028	\$8.6m	
2028-2029	\$8.3m	
2029-2030	\$8.1m	
2030-2031	\$7.9m	
2031-2032	\$7.7m	

Based on the above DoF projection for FY 2022-23, the Long Range Financial Plan assumes a 12.4% decrease in tax revenue from the prior year. Moving forward beyond FY 2023-24,

**AGENDA ITEM 5b1**

revenues are expected to continue decreasing at rates between approximately 9.2% to approximately 4% and 3% per year through 2032. If actual revenues show a significant change during the year, the projection for the current year will be brought to the Commission at mid-year, along with other budget modification proposals.

- **Measure AA Tax Revenue** – Funding from the City of Oakland Measure AA parcel tax for the Oakland Children’s Initiative activities (\$23,000,000)
- **Interagency Income -**
  - Funding from First 5 California (IMPACT) – to support local QRIS work including rating and quality improvement in child care settings (\$1,225,000)
  - Funding from First 5 San Francisco via Children’s Council of San Francisco – for the IMPACT Local Regional T/TA Hub (\$145,000)
  - Funding from AC Health Care Services Agency and AC Social Services Agency to support Fathers Corps work (\$400,000)
  - AC Public Health Department funding for ECChange database hosting and maintenance (\$141,000)
  - AC Public Health Department funding to support the Prenatal Health Outreach Services program (\$140,000)
  - Funding from AC Office of Education Block Grant 9 to support Quality Rating Improvement Systems work (projected award \$490,000)
  - Funding from the AC Office of Education to support the Inclusive Early Learning Grant (\$27,000)
  - AC Public Health Department funding for Help Me Grow (HMG) Linkage Line services (\$480,000)
  - Pass through funding from AC Social Services Agency to support early child development activities in the Castlemont neighborhood, workforce development pilot and family navigation services (\$718,000)
  - Funding from AC Social Services Agency to support the Centralized Eligibility List (CEL) Application Project (\$882,000)
  - Funding from the City of Berkeley to support Fathers Corp activities (\$25,000)
- **State Grants -**
  - Funding from the California Department of Social Services QCC QRIS Block Grant (projected award \$515,000)
- **Other Grants –**
  - Projected funding from the Alameda Alliance for Health for continued support of HMG's Pediatric Care Pilot to conduct member engagement activities related to care coordination (projected award \$1,450,000)
  - Funding from the Stupski Foundation through October 2022 to support HMG’s Pediatric Care Coordination activities (\$215,000)
  - Funding from Sunlight Giving for general operating support (\$525,000)
  - Funding from Kaiser Permanente Hospitals Foundation in support of Fatherhood activities (\$88,000)
  - Funding from the California Wellness Foundation and Heising-Simons Foundation to support the Fatherhood Summit (\$40,000)

**AGENDA ITEM 5b1**

As and when new grants are awarded, the Long Range Financial Plan will be revised accordingly.

- **Miscellaneous Income** – None
- **Fiscal Leveraging** – Since FY 2009-10, fiscal leveraging revenues consist entirely of federal reimbursements under the Medi-Cal Administrative Activities (MAA) program. Gross MAA revenues for the prior fiscal year are usually received 8-12 months in arrears. As a result of the perpetual time study methodology introduced by the granting agency in FY 2013-14 and the inclusion of actual client count for invoicing, revenues are expected to average approximately \$2.5 million. For the purposes of this LRFP, it is assumed that programs eligible for MAA claiming will be reimbursed at this level in the FY 2023-24 budget year and conservatively continuing between \$2.5 million to \$1.8 million through FY 2031-32.
- **Investment Revenue** – The FY 2023-24 proposed budget assumes \$324,000 of investment revenue due based on current year projections.

**EXPENSES**

FY 2023-24 expenditure figures are from the current proposed budget process. For FY 2024-32, total projected Proposition 10 funded expenses are estimated in line with projected revenue declines and are in compliance with the Agency's minimum fund balance policy. Other expenses have been budgeted if supported by committed external fundings such as Oakland Children's Initiative. The plan, outside of FY 2023-24, does not provide for any cost of living allowances or inflationary increases. In prior years these increases have been covered within the range of annual budgetary savings, and this is expected to continue in future years as well.

**Use of Sustainability Funds**

We are temporarily using our Sustainability Fund to make a loan to support a steady state so as not to reduce Agency capacity as we anticipate the continued build-out of the early childhood system. This means we are continuing our maintenance of effort approach as we anticipate the receipt of Measure C funding, which will allow us to repay the loan from our Sustainability Fund, and to replace Prop 10 as tobacco tax revenue declines. Therefore, \$5.9 million of Sustainability Funds is budgeted as a loan to close the gap between revenue and projected expenses. This figure is consistent with the proposed FY 2023-32 Long Range Financial Plan.

**MINIMUM FUND BALANCE REQUIREMENTS**

The Sustainability Fund cannot be spent down to zero; some funds must be maintained as an operating reserve to cover ongoing cash flow requirements to act as a buffer if there are delays in receiving state tobacco tax revenues or other revenues. The recommendation is to maintain an amount in the Fund Balance, at a minimum, equal to six months of operating expenses plus an amount to cover fiscal obligations.

**HISTORICAL BACKGROUND**

The Long Range Financial Plan tool was designed to strategically guide the use of First 5 Alameda County's Sustainability Fund. The Sustainability Fund was established by the First 5 Alameda County

**AGENDA ITEM 5b1**

Commission as a strategy to ensure a long term commitment to funding services for children age 0-5, even as the tobacco tax revenue declined.

The Sustainability Fund is projected to be approximately \$27 million at the end of the current 2022-23 fiscal year and was accumulated in a number of ways over the past years. First, the Fund developed through the initial reserve that occurred when tax dollars were accumulated but could not be spent until a Strategic Plan was passed (Jan. 1999-Jan. 2000). Thereafter, contributions to the Sustainability Fund were intentionally budgeted over several years (2001-2004). Finally, budgeted funds that remained unspent were directed by the Commission to be added to the Sustainability Fund, rather than be rolled-over to the subsequent year's budget (2001-present). It is important to note however that, Sustainability Funds have been budgeted for program use since 2005-06, which means that expenses have been projected higher than revenues in each of those years, but budget savings in those years made it unnecessary to draw from the Fund. These changes have resulted in draws periodically from the Sustainability Fund only since FY 2009-10.

The following is a summary of the use of sustainability funds as indicated in the Long Range Financial Plan. The plan assumes that Sustainability Funds will continue to be used to maintain a balanced budget, throughout the plan time frame.

<u>Draw down from Sustainability for Operations (\$millions)</u>		
<u>Fiscal Year</u>	<u>Planned draw down</u>	<u>Actual amount drawn</u>
<u>FY 2009-2013 Strategic Plan</u>		
2009-10	\$6.9m	\$3.3m
2010-11	\$9.3m	\$6.7m <sup>1</sup>
2011-12	\$4.1m	\$0.8m
2012-13	\$9.0m	\$5.3m <sup>2</sup>
<u>FY 2013-17 Strategic Plan</u>		
2013-14	\$1.7m	\$0.0
2014-15	\$2.3m	\$1.5m
2015-16	\$2.3m	\$1.2m
2016-17	\$4.9m	\$0.0
<u>FY 2017-22 Strategic Plan</u>		
2017-18	\$3.5m	\$0.0
2018-19	\$2.0m	\$0.0
2019-20	\$3.7m	\$0.0
2020-21	\$6.1m	\$1.4m
2021-22	\$4.1m	\$2.0m
<u>FY 2022-27 Strategic Plan</u>		
2022-23	\$5.0m	
2023-24	\$5.9m	

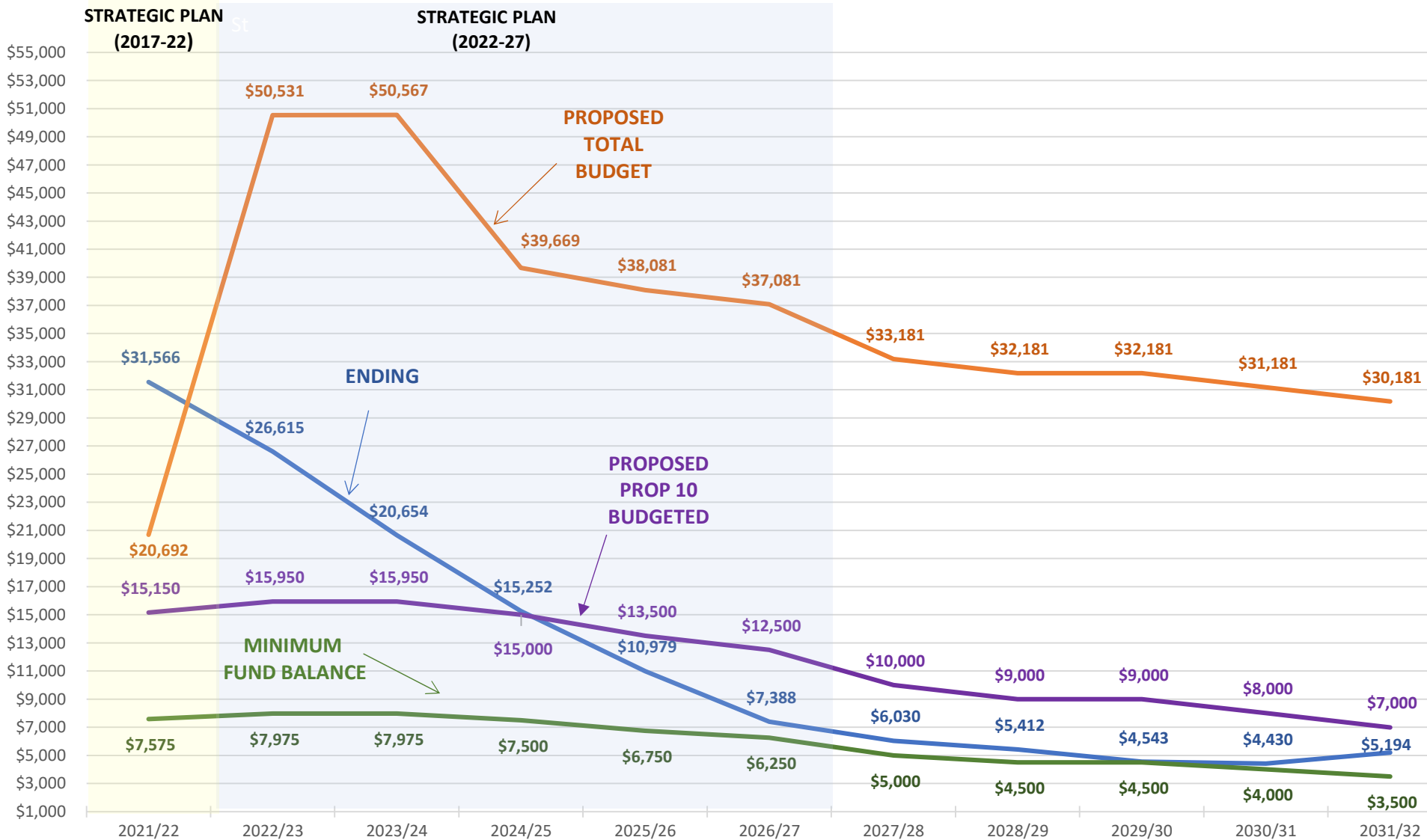
<sup>1</sup> Increased outlay on Contracts in order to reduce fund balance in anticipation of AB 99 – which required all First 5s to transfer half their fund balance to the State of CA by the end of 2012. AB 99 was subsequently repealed and the threat passed.

<sup>2</sup> Purchase of office building at 1115 Atlantic Ave., Alameda in April 2013.

Dollars in Thousands	2017 - 2022	2022 - 2027 Strategic Plan					2027-2032 Strategic Plan TBD				
	Strategic Plan	Modified Budget	Proposed Budget	Projections			Projections				
	Actual 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Beginning Fund Balance</b>	\$ 34,158	\$ 31,566	\$ 26,615	\$ 20,654	\$ 15,252	\$ 10,979	\$ 7,388	\$ 6,030	\$ 5,412	\$ 4,543	\$ 4,543
<b>REVENUES</b>											
Proposition 10 Tobacco Tax	\$ 12,558	\$ 10,999	\$ 9,989	\$ 9,598	\$ 9,227	\$ 8,909	\$ 8,642	\$ 8,382	\$ 8,131	\$ 7,887	\$ 7,650
City of Oakland Measure AA Tax		\$ 23,181	\$ 23,181	\$ 23,181	\$ 23,181	\$ 23,181	\$ 23,181	\$ 23,181	\$ 23,181	\$ 23,181	\$ 23,181
Other First 5 Revenue	\$ 989	\$ 1,411	\$ 1,370	\$ 1,000	\$ 1,000	\$ 1,000					
- First 5 California (IMPACT 2020)	\$ 900	\$ 1,225	\$ 1,225	\$ 1,000	\$ 1,000	\$ 1,000					
- First 5 San Francisco/Childrens Council of SF (T/TA Hub)	\$ 89	\$ 186	\$ 145								
Interagency Income - County	\$ 2,501	\$ 3,523	\$ 3,333	\$ 400	\$ 400	\$ 400					
- ACHCSA (Fathers Corps)	\$ 138	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400					
- ACPHD (Data Systems Hosting and Maintenance)	\$ 117	\$ 123	\$ 141								
- ACPHD (Home Visiting/PHOC)		\$ 140	\$ 140								
- AC Office of Educ. (QRIS Block Grant)	\$ 568	\$ 447	\$ 490								
- AC Office of Educ. (Inclusive Early Learning)	\$ 121	\$ 74	\$ 27								
- City of Berkeley (Fathers Corp)			\$ 25								
Interagency Income - Federal Pass-through											
- ACPHD HMG Linkage Line	\$ 459	\$ 480	\$ 480								
- ACHCDA (Unincorporated Needs Assessment)		\$ 51	\$ 30								
- ACSSA (Navigation, Workforce Pilot, Comp Child Dev)	\$ 698	\$ 808	\$ 718								
- ACSSA (FCC Grants)	\$ 400										
- ACSSA (CEL Application Project)		\$ 1,000	\$ 882								
State Grants - Federal Pass-through	\$ 539	\$ 570	\$ 515								
- CA Dept. of Social Services (QCC QRIS Block Grant)	\$ 454	\$ 515	\$ 515								
- CA Dept. of Education (Preschool Development Grant)	\$ 85	\$ 55									
Other Grants (Private, Foundation or Other)	\$ 1,140	\$ 3,527	\$ 3,394	\$ 88							
- Alameda Alliance for Health	\$ 572	\$ 1,453	\$ 1,453								
- Aurrera Health Group	\$ 49										
- Sunlight Giving	\$ 320	\$ 390	\$ 525								
- Stupski Foundation	\$ 169	\$ 161	\$ 215	\$ 88							
- CA Wellness Foundation	\$ 20		\$ 20								
- Heising-Simons Foundation			\$ 20								
- Child Family & Community Services		\$ 1,393	\$ 1,073								
- Tipping Point		\$ 20									
- Kaiser Permanente Hospitals Foundation	\$ 10	\$ 110	\$ 88								
Miscellaneous Income	\$ 67	\$ 15									
Fiscal Leveraging (MAA)	\$ 2,043	\$ 2,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850
Investment Income	\$ 549	\$ 324	\$ 324	\$ 217	\$ 160	\$ 115	\$ 78	\$ 63	\$ 57	\$ 48	\$ 48
<b>TOTAL REVENUES</b>	<b>\$ 20,386</b>	<b>\$ 45,550</b>	<b>\$ 44,606</b>	<b>\$ 36,984</b>	<b>\$ 36,468</b>	<b>\$ 36,105</b>	<b>\$ 33,750</b>	<b>\$ 33,477</b>	<b>\$ 33,219</b>	<b>\$ 32,966</b>	<b>\$ 32,729</b>
<b>TOTAL EXPENSES</b>	<b>\$ 20,692</b>	<b>\$ 50,531</b>	<b>\$ 50,567</b>	<b>\$ 39,669</b>	<b>\$ 38,081</b>	<b>\$ 37,081</b>	<b>\$ 33,181</b>	<b>\$ 32,181</b>	<b>\$ 32,181</b>	<b>\$ 31,181</b>	<b>\$ 30,181</b>
<b>TOTAL PROP 10 EXPENSES</b>	<b>\$ 15,150</b>	<b>\$ 15,950</b>	<b>\$ 15,950</b>	<b>\$ 15,000</b>	<b>\$ 13,500</b>	<b>\$ 12,500</b>	<b>\$ 10,000</b>	<b>\$ 9,000</b>	<b>\$ 9,000</b>	<b>\$ 8,000</b>	<b>\$ 7,000</b>
<b>CASHFLOW</b>											
Total Disbursements	\$ 20,692	\$ 50,531	\$ 50,567	\$ 39,669	\$ 38,081	\$ 37,081	\$ 33,181	\$ 32,181	\$ 32,181	\$ 31,181	\$ 30,181
(Shortfall)/Surplus Revenue over Expenses (Use of Sustainability Fund)	\$ (2,592)	\$ (4,951)	\$ (5,961)	\$ (5,402)	\$ (4,273)	\$ (3,591)	\$ (1,358)	\$ (618)	\$ (869)	\$ (113)	\$ 650
Ending Fund Balance	\$ 31,566	\$ 26,615	\$ 20,654	\$ 15,252	\$ 10,979	\$ 7,388	\$ 6,030	\$ 5,412	\$ 4,543	\$ 4,430	\$ 5,194
MINIMUM FUND BALANCE REQUIRED (50% OR 6 Months of Prop 10 Budgeted Expenses)	\$ 7,575	\$ 7,975	\$ 7,975	\$ 7,500	\$ 6,750	\$ 6,250	\$ 5,000	\$ 4,500	\$ 4,500	\$ 4,000	\$ 3,500

# LONG RANGE FINANCIAL PLAN FY 2023-2032

## BUDGET & FUND BALANCE IN MILLIONS







**To:** First 5 Alameda County Executive Committee

**From:** Maria Canteros, Finance Administrator

**Date:** June 15, 2023

**Subject:** GASB 54 Fund Balance Commitment

---

#### REQUESTED ACTION

To review the classification of the fund balance.

#### BACKGROUND

There is no single number in governmental accounting and financial reporting that attracts more interest and discussion than *fund balance*. Fund balance, also referred to as net assets, is the difference between asset and liabilities in the governmental funds balance sheet.

The Governmental Accounting Standards Board (GASB) adopted Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The planned use of net assets is required to be reported in various categories depending on the constraints imposed on the use of resources. The categories in which governments are required to categorize fund balance are (in order of most to least constrained): Nonspendable, Restricted, Committed, Assigned and Unassigned. The more constrained the resources, the less likely they can be redeployed to other uses.

#### GASB 54

A hierarchy of fund balance classifications has been created by the Governmental Accounting Standards Board (GASB), based primarily on the extent to which governments are bound by constraints on resources reported in the funds. This approach which is referred to as GASB 54 is intended to provide users more consistent and understandable information about a fund's net resources. GASB 54 went into effect in FY 2010-2011, and for the first time F5AC's fund balance was presented accordingly in the financial statements for the fiscal year which ended on June 30, 2011. In summary, the hierarchy of five possible classifications of fund balance is:

**Nonspendable Fund Balance**

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here.
- Amounts that must be maintained intact legally or contractually.

**Restricted Fund Balance**

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

**Committed Fund Balance**

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

**Assigned Fund Balance**

- For any remaining amounts not classified in Special Revenue Funds as any of the above or amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

**Unassigned Fund Balance**

- For any remaining amounts not classified as any of the above.

F5AC's General Sustainability Fund or stabilization fund currently meets the definition of "Assigned" as defined in GASB 54. At the end of the current fiscal year, it is projected that F5AC will have approximately \$26.6 million in the General Fund Balance which will be reported in the audited financial statements as previously approved by the Commission in June 2022 to be in compliance the requirements of GASB 54. In the current FY 2022-23, we have also designated a Special Revenue Fund for the City of Oakland's Measure AA Parcel Tax revenue. The projected Special Revenue Fund balance is \$12.9 million.

**PROPOSED ACTION TO DESIGNATE FUND BALANCE**

1. To accept Staff's recommendation to designate a portion of the General Fund balance not to exceed \$10.9 million of net assets as of June 30, 2023, as "Committed" to be used for Contracts and Grants, in accordance with the FY 2023-24 budget that is up for adoption by the Commission on June 22, 2023.
2. To accept Staff's recommendation to "Assign" a portion of ending General Fund balance not to exceed \$15.7 million of net assets as of June 30, 2023, for budget stabilization (balancing the budget), in accordance with the Long Range Financial Plan to be adopted by the Commission on June 22, 2023. Funds committed to budget stabilization shall only be used to maintain F5AC services as long as possible during anticipated funding declines in accordance with the Long Range Financial Plan. They can only be committed to other uses by a majority vote of the Commission. These funds are not anticipated to be replenished after they are used for budget stabilization.

**AGENDA ITEM 6**

- To accept Staff’s recommendation to designate the projected balance of \$12.9 million of net assets in the Special Revenue Fund as of June 30, 2023, as “Committed” to be used for Contracts and Grants, in accordance with the FY 2023-24 budget that is up for adoption by the Commission on June 22, 2023.

**FISCAL IMPACT**

This action is for classification purposes only. There is no fiscal impact.

Use of General Fund Balance	Maximum Amount	GASB 54 Classification
FY 2023-24 budgeted Contracts and Grants	\$10.9 million	Committed Fund Balance
Budget stabilization - Long Range Financial Plan	\$15.7 million	Assigned Fund Balance

Use of Special Revenue Fund Balance	Maximum Amount	GASB 54 Classification
FY 2023-24 budgeted Contracts and Grants	\$12.9 million	Committed Fund Balance

**RECOMMENDATION:**

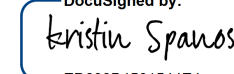
That the Executive Committee recommend the Commission approve the classification of fund balance as outlined above.

Submitted by:

DocuSigned by:  
  
 8493762444274F0...

Maria Canteros  
 Finance Administrator

Reviewed by:

DocuSigned by:  
  
 ED639B4561544E4

Kristin Spanos  
 Chief Executive Officer

Reviewed by:

DocuSigned by:  
  
 5659DE0B756A46A

Christine Hom  
 Chief Operating Officer



**To:** First 5 Alameda County Executive Committee

**From:** Maria Canteros, Finance Administrator

**Date:** June 15, 2023

**Subject:** FY 2023-2024 ACERA 401(h) Account Authorization

---

#### **ACTION REQUESTED**

That the Executive Committee review the resolution to fund the FY 2023-2024 ACERA 401(h) account with the purpose of providing tax free health benefits to retirees.

#### **BACKGROUND**

In order for the Alameda County Employees Retirement Association (ACERA) to provide tax-free health benefits to its retirees, it is required that participating agencies such as First 5 Alameda County establish and pay post-retirement benefits through a 401(h) account. In 2007-08, the Commission authorized the establishment of such an account.

The 401(h) account, also called the Advance Reserve Account, is funded by a portion of regular First 5 retirement contributions. First 5 contributions are then supplemented by the Supplemental Retiree Benefits Reserve (SRBR) in the amount of the 401(h) contribution. The effect is a no-cost transaction.

For FY 2023-2024 (and every year), it is required that the participating member agencies of ACERA authorize the required contributions to the account. The required contribution is determined by ACERA's actuary, Segal Consulting. Based on the actuarial analysis, First 5's contribution for FY 2023-2024 is \$92,703.29. The contribution per pay period is \$3,565.51 beginning with pay period 23-14.

#### **FISCAL IMPACT**

There is no fiscal impact.

**RECOMMENDATION**

That the Executive Committee recommend that the Commission approve the resolution to fund the FY 2023-2024 ACERA 401(h) account authorization.

Submitted by:

DocuSigned by:  
*Maria Canteros*  
8493762444274E9  
\_\_\_\_\_  
Maria Canteros  
Finance Administrator

Reviewed by:

DocuSigned by:  
*Kristin Spanos*  
ED639B4561544E4  
\_\_\_\_\_  
Kristin Spanos  
Chief Executive Officer

Reviewed by:

DocuSigned by:  
*Christine Hom*  
5659DF0B756A46A  
\_\_\_\_\_  
Christine Hom  
Chief Operating Officer

**RESOLUTION****FIRST 5 ALAMEDA COUNTY RESOLUTION  
APPROVING 401(H) ACCOUNT PURSUANT  
TO SECTION 31592**

**WHEREAS**, in 1996, the Alameda County Employees' Retirement Association ("ACERA") Board of Retirement informed the Board of Supervisors that by adoption of Resolution No. 96-111, the Board of Retirement had established a health benefits account intended to satisfy the requirements of Internal Revenue Code ("IRC") Section 401(h) and the regulations thereunder ("401(h) Account") in order to provide non-vested, tax-free health benefits to eligible County and Participating Employer retirees (collectively, the "Retirees"); and

**WHEREAS**, in 1996, this Board of Supervisors adopted Resolution No. R-96-634, which provided that ACERA could offer such non-taxable benefits if the County designated a portion of its contribution to ACERA for a fiscal year as a contribution to the 401(h) Account, and

**WHEREAS**, under Section 31592.4 and Article 5.5 of the County Employees Retirement Law of 1937 ("CERL"), assets in the Supplemental Retiree Benefit Reserve ("SRBR") at the end of a fiscal year of ACERA may, in the immediately succeeding fiscal year, be transferred to the Employer Advance Reserve account of the Participating Employers, and treated as a contribution to ACERA by the County and as applicable by other Participating Employers to the extent that in the immediately succeeding fiscal year the County and other Participating Employers make contributions to ACERA's 401(h) Account in order to pay for retiree health benefits; and

**WHEREAS**, Section 31592.4 and Article 5.5 of the CERL thus permit the Participating Employers to contribute to a 401(h) Account and pay for retiree health benefits for a fiscal year without increasing the First 5 Alameda County's total contributions to ACERA for that fiscal year; and

**WHEREAS**, commencing with the 1996-1997 fiscal year, and for each fiscal year thereafter, the County has directed that a specified portion of its fiscal year contribution to ACERA for that year be contributed to the 401(h) Account; and

**WHEREAS**, in 2007 First 5 Alameda County authorized ACERA to establish and manage a 401(h) sub-account on its behalf to provide tax free health benefits for its retirees.

**NOW THEREFORE, IT IS RESOLVED AS FOLLOWS:**

1. In fiscal year July 1, 2023 - June 30, 2024, First 5 Alameda County shall contribute to ACERA \$92,703.29 to be used only for the payment of retiree health benefits. This contribution shall be made on the terms and conditions set forth in the Agreement between First 5 Alameda County and ACERA concerning such contributions, executed on June 28, 2007.
2. This contribution shall be designated, in writing, as being only for First 5 Alameda County's IRC § 401(h) Account and such designation shall be made at the time of the contribution.

3. Such contribution is contingent on the Board of Retirement immediately transferring, in accordance with Government Code §31592.4, an amount equal to such contribution from ACERA's SRBR account to First 5 Alameda County's Advance Reserve account. Such amount shall be treated as a contribution for pension and therefore shall be applied to reduce the pension contribution otherwise required by First 5 Alameda County for the fiscal year beginning July 1, 2023.
4. No party, including any existing or future First 5 Alameda County employee, retiree, spouse or dependent, shall have any vested rights, contractual rights or other rights in or to any retiree health benefits or payment or subsidy for any such benefits nor shall any such person or ACERA have any such rights to have First 5 Alameda County contribute towards paying or subsidizing the cost of any retiree health benefits provided by ACERA under the 401(h) Account or otherwise. First 5 Alameda County may modify or terminate, at any time and without any limitation, its decision to contribute to First 5 Alameda County's 401(h) Account. This modification or termination may occur even if it may affect any employee first hired prior to the date of such modification, any person who retired prior to such date, and/or any person who became a spouse or dependent of an employee or retiree prior to such date.
5. All contributions by First 5 Alameda County to its 401(h) sub-account shall be governed by requirements of the IRC and all administrative and other applicable rules established by ACERA governing such sub-account and ACERA's 401(h) Account.