



Children & Families
Commission of Orange County

**Agenda Item No. 1
February 6, 2008 Meeting**

DATE: January 28, 2008

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

08 FEB 06 PM 1:22

SUBJECT: Administrative Actions

A. Fiscal Year 2007-2008 Mid-Year Budget Review (*Report and Action*)

In addition to presenting the monthly Financial Highlights Report (Attachment 1), it is necessary to make certain technical accounting adjustments to conform the Commission's Operating Budget to program funding actions taken by the Commission between the adoption of the FY 2007-2008 Budget in May 2007 and December 2007. The adjustments to the adopted FY 2007-2008 Operating Budget include an increase in expenditures of \$932,774 to fund the Commission-approved expansion of the School Readiness Nursing program, and a decrease in Medi-Cal Administrative Activities (MAA) revenue of \$500,000 to account for a lower level of MAA reimbursable expenses.

In addition, a review of the FY 2006-2007 Budget to the FY 2006-2007 Audited Financial Statements identified a total budget carryover of \$16,696,327 that is comprised of two items: (1) FY 2006-2007 appropriations were encumbered, consistent with prior year practice at fiscal year-end, for all fourth quarter unbilled balances of program contracts not expended by the end of FY 2006-2007, and (2) FY 2006-2007 appropriations totaling \$5,207,603 that remained undesignated at the end of FY 2006-2007, and are available for future program commitments. The following recommended actions are required to ratify implementation of the technical accounting adjustments as presented.

Recommended Actions:

1. Implement a decrease of FY 2007-2008 budgeted revenues (MAA Revenues) by \$500,000; and an increase of \$932,774 to budgeted appropriations (School Nursing Programs).
2. Direct the FY 2006-2007 Budget appropriation carryovers of \$11,488,724 be incorporated in the FY 2007-2008 Operating Budget for program commitments; direct FY 2006-2007 Budget appropriations carryover of \$5,207,603 to be transferred to the Undesignated/Unreserved Account of the FY 2007-2008 Budget for future program commitments.

B. Commission Investment Program and County Investment Pool (*Report*)

Since the Commission's January 2008 meeting there have been no new developments negatively affecting the Orange County Investment Pool (OCIP). Continuing the

Commission's assertive oversight role in monitoring the investment program, staff began attending the Treasurer's weekly investment meetings. At these meetings, the Treasurer's chief investment staff review current market indicators and conditions, discuss actions taken or pending actions before the Federal Reserve, and analyze appropriate portfolio adjustments to maintain compliance with the County's investment policy. Given current market volatility, the Treasurer is reinvesting maturing securities in shorter-term, high grade Treasury and Agency notes for the OCIP.

As reported in the media, at their January 29, 2008 meeting, the Board of Supervisors considered the "Final Report on Risk Analysis of the Treasurer's Investment Pools." The risk assessment, prepared by PFM Asset Management, was ordered by the Board in December 2007. The County's Treasury Oversight Committee's regular quarterly meeting is scheduled for January 30, 2008. The Committee members will discuss the PFM report and proposed changes to the County's Investment Policy. In addition, the Commission-appointed Investment Oversight Committee will review the PFM report as they begin their annual review of the Commission's Investment Policy Statement when they meet on February 7, 2008. We will continue to brief the Commission on new developments.

C. Conflict of Interest Code (Report)

Financial disclosure statements for the calendar year 2007 must be filed by April 1, 2008. Form 700 and instructions will be distributed to the Commission in early February 2008. Reporting requirements will remain the same for 2007 filings. The Commission's Conflict of Interest Policy was last adopted by the Commission and by the Code Reviewing Body (Orange County Board of Supervisors) in September and November 2006, respectively. Pursuant to the Government Code (Section 87300 *et seq.*), the Conflict of Interest codes of each agency must be reviewed, and amended if necessary, each even-numbered year. Accordingly, we will review the Commission's Conflict of Interest Policy, present it to the Commission for adoption, and finally submit it to the Code Reviewing Body by the October 1, 2008 deadline.

D. Renewal and Amendment of Project Management Services Contracts with Altmayer Consulting and The Olin Group (Report and Action)

The staffing model established under the Commission Business Plan relies upon professional service firms and consultants to manage Commission programs. In addition, there is a need to cover workload for staff currently on leave. The following two contracts require action at this time, and the balance of the on-call consultant service contracts will be reviewed at the May 2008 Commission meeting. A draft resolution (Attachment 2) has been prepared to incorporate both actions as recommended.

Recommended Action:

1. Adopt resolution (Attachment 2) authorizing the Executive Director or designee to:
 - Renewal of Agreement C-192 Altmayer Consulting Inc. for an additional year at the current amount of \$120,000 with same terms and conditions. Services will include,

but not be limited to financial planning, organizational development and project management.

- Increase and a one-year renewal of Agreement C-219 with The Olin Group. Inc. for services including, but not limited to grant development, support to external non-profit programs, partnership development with local foundations and businesses, and project management.
 - Increase not to exceed total by \$50,000 for balance of current agreement (through June 30, 2008), new total \$175,000.
 - Renew current agreement for one year at the not to exceed amount of \$150,000 effective July 1, 2008.

E. YMCA Santa Ana Project Update

The Commission approved a multi-year funding partnership with the YMCA in November 2007. The partnership supports health and nutrition projects at a joint use aquatics complex at the new YMCA facility and Segerstrom High School in Santa Ana in an amount up to \$8 million, including up to \$1.5 million in matching funds. The two \$1 million endowment funds to support the nutrition and fitness programs, approved by the Commission in January 2008, are in process to be established at either the Orange County Community Foundation or through an alternative mechanism acceptable to the Commission.

The YMCA completed a preliminary site plan that includes a full health clinic with three exam rooms and office space for a pediatrician, fitness director, and nutritionist. Patricia Riba, M.D. has been working closely with the YMCA project planners on space planning for the comprehensive health clinic that will include obesity prevention programs. A joint use aquatics plan is in process that will include an Olympic size swimming pool on the Segerstrom High School site and a lap pool on the YMCA site. The YMCA representatives will present a status report of the project and a display of the architectural renderings at the March 5, 2008 Commission meeting.

The Commission continues to provide fund development support for the project. A \$1 million grant is being developed for submission to the Kresge Foundation. The grant request will include design detail and statistics on the aquatic/recreation facility ratio to population in Santa Ana. The Kresge Foundation has funded numerous YMCA capital projects. The Commission has developed a list of potential grantors and will coordinate with the YMCA to submit two-to-three proposals each month.

Attachments:

1. Financial Highlights
2. Resolution to increase and renew Agreements C-129 and C-219 for project management services.

FINANCIAL HIGHLIGHTS

December 31, 2007

Investment Update

The Children and Families Commission of Orange County investment portfolio consisting of U.S. Treasury bills is **\$40,125,000** with laddered maturities extending through October 2009. The Commission's investment portfolio report is included in Attachment 1C. Unrealized gains and losses that are noted have not become actual. They become realized gains and losses when the security in which there is a gain or loss is actually sold. The U.S. Treasuries in the Commission's investment portfolio are held until maturity.

Revenue Update

The Children and Families Commission of Orange County received and recorded **\$16,262,246** in total revenues year to date. The detail of all revenues received is included in Attachment 1B.

- \$14,943,070 – Tobacco Tax Revenues for July 2007 through November 2007. As reported by the state, Prop 10 revenues for July 2007 through November 2007 were approximately \$56,930 or .37% lower than the year to date estimated budget plan of \$15,000,000. Commission cash receipts for tobacco tax revenue include payments through October totaling \$12,072,288 as included in Attachment 1B.
- \$4,127,925 – Interest Revenues received for July 2007 through December 2007 are approximately \$627,925 or 17.9% higher than the year to date estimated budget plan of \$3,500,000. The increase in rate of return earned by the Commission's funds on deposit at the County Treasurer has contributed to the higher than expected interest earnings.

Expenditure Update

The total actual operating expenditures and encumbrances year to date are **\$57,123,659**. Overall budgeted expenditures and encumbrances were approximately \$20,583,164 or 56% higher than the year to date current operating budget plan of \$36,540,495. This variance is due to timely contract executions resulting in encumbrance reservations against the fiscal year 2007-2008 budget.

The following is an overview of the actual operating expenditures and encumbrances for the year to date ended December 31, 2007:

- \$57,123,659 – Total Year To Date Actual Operating Expenditures and Encumbrances
 - \$53,159,923 for Children's Programs
 - \$30,147,768 – Healthy Children Programs
 - \$4,631,467 – Strong Families Programs
 - \$13,498,916 – Ready to Learn (School Readiness) Programs
 - \$4,881,772 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of \$1,833,586)
 - \$3,963,736 for Administrative Functions

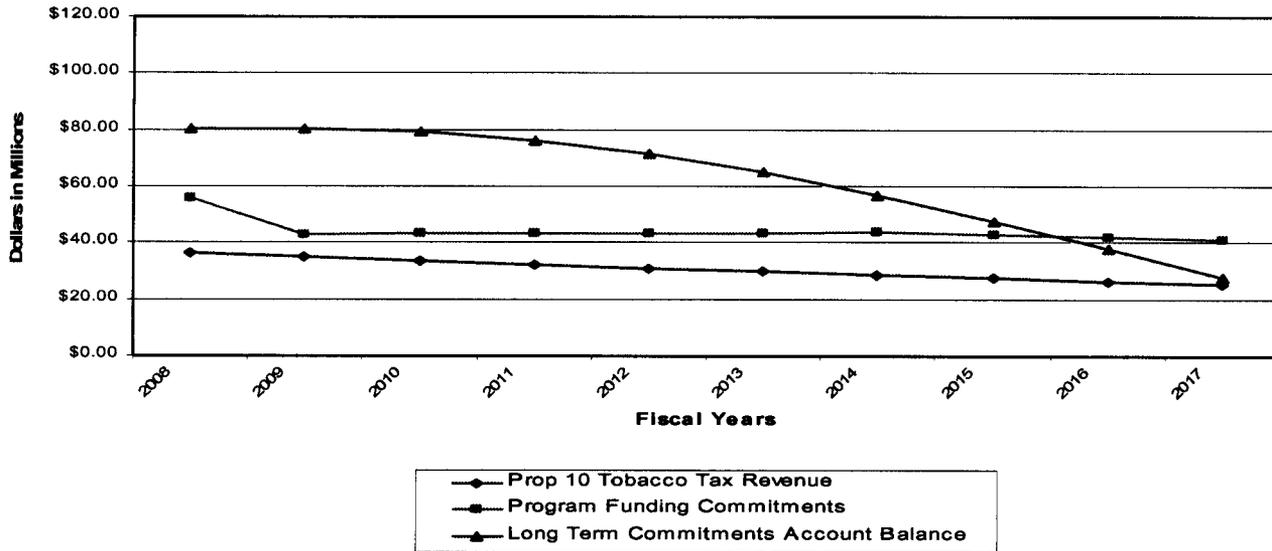
Administrative costs and functions are defined by State Commission guidelines (Fiscal Memorandum No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenditures and encumbrances of \$3,963,736 were 3.7% of the year to date ended December 31, 2007 Operating Budget of \$107,708,288.

Consistent with 10-Year Financial Plan

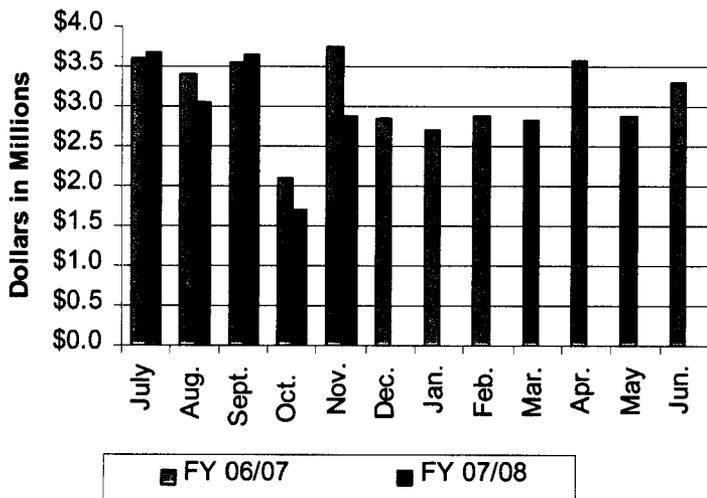
The Commission has dedicated funding for long-term support of programs consistent with the current Ten-Year Financial Plan.

Children and Families Commission of Orange County Snapshot Period Ended December 31, 2007

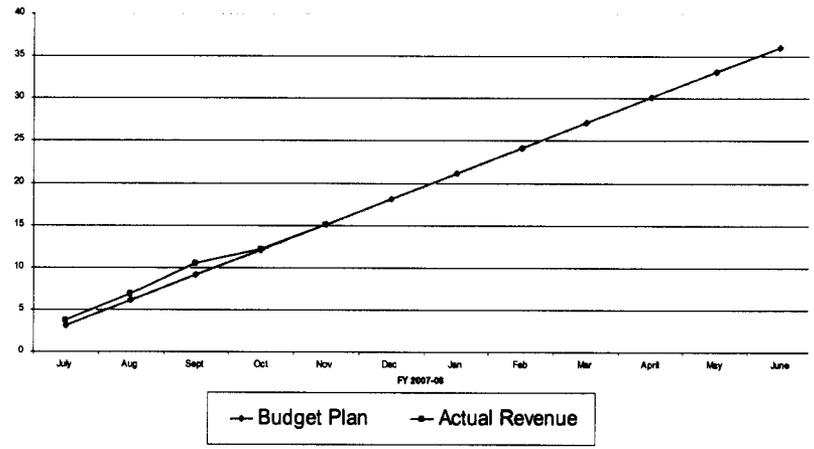
1) Ten-Year Financial Plan Projections



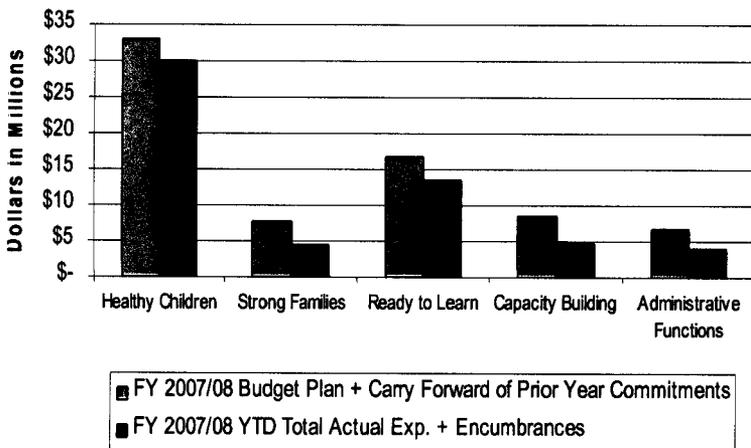
2) FYS 06/07 & 07/08 Tobacco Monthly Revenues *



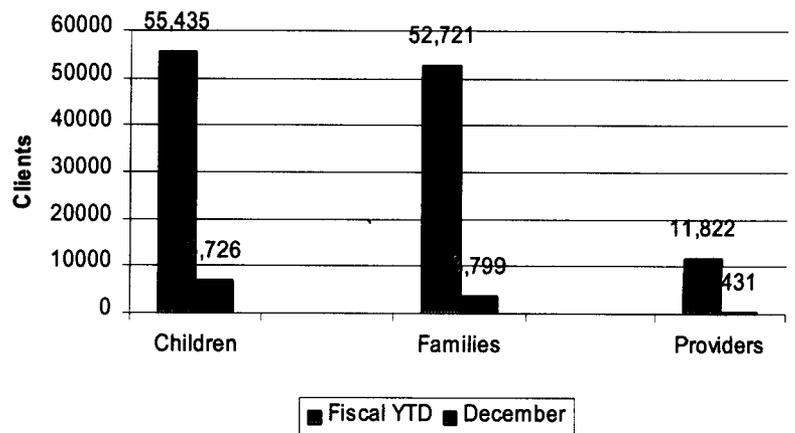
3) FY 2007-08 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date *



4) FY 2007-08 Budget Plan Vs. YTD Total Actuals



5) Clients served in December and Fiscal YTD



* SOURCE: County Funds Distribution Report (July 07 – November 07) First 5 California

**Children and Families Commission of Orange County
Comparison of FY 2007-08 Budget vs. Actuals - Unaudited
Period Ended 12/31/07**

High Level Summary

	FY 2007-08 (budget + carry forward for prior year commitments)	FY 2007-08 YTD Total Actual Expend. & Encumb. Thru 12/31/07	Budget vs. Actuals	Actuals % of Final Budget Amount
FINANCING				
<u>General Purpose Revenues</u>				
Tobacco Tax Revenue	36,000,000	12,072,288	-23,927,712	34%
All Other General Purpose Revenues	8,070,000	4,251,862	-3,818,138	53%
General Purpose Revenues Subtotal	44,070,000	16,324,150	-27,745,850	37%
Special Purpose Revenues	5,649,564	-61,905	-5,711,469	-1%
TOTAL REVENUES	49,719,564	16,262,246	-33,457,318	33%
Multi-Year Commitments - Operating Budget	0	0		
Fund Balance Available	46,500,000	43,587,439		
PY Carry forward Encumbrances	11,488,724	14,087,217		
TOTAL FINANCING	107,708,288	73,936,902	-33,457,318	69%
REQUIREMENTS				
<u>PROGRAM SERVICES</u>				
Healthy Children	33,059,512	30,147,768	-2,911,744	91%
Strong Families	7,632,423	4,631,467	-3,000,957	61%
Ready to Learn	16,643,485	13,498,916	-3,144,568	81%
Capacity Building	8,395,398	4,881,772	-3,513,626	58%
TOTAL PROGRAM SERVICES	65,730,819	53,159,923	-12,570,896	81%
Administrative Functions	6,850,172	3,963,736	-2,886,436	58%
Contingency Funding	500,000	0	-500,000	0%
TOTAL OPERATING EXPENSES	73,080,990	57,123,659	-15,957,332	78%
Transfer to Long Term Commitments Account	10,000,000	0	-10,000,000	0%
Undesignated/Unreserved	24,627,298			
TOTAL REQUIREMENTS	107,708,288	57,123,659	-25,957,332	53%
FINANCES LESS EXPENSES	0	16,813,243	16,813,243	

**Children and Families Commission of Orange County
Investment Portfolio Report
As of 12/31/07**

Attachment 1C

<u>Issuer</u>	<u>Treasury Bond (semi-annual coupons)</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Days to Maturity</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Accrued Earnings</u>	
										<u>For Month</u>	<u>To Date</u>
U.S. Treasury Security	8/17/2006	1/31/2008	532	4.9822	912828EU0	4,957,812.50	5,005,470.00	7,848.99	20,885.61	\$ 131,350.63	
U.S. Treasury Security	8/25/2006	4/30/2008	614	4.9197	912828FC9	4,996,093.75	5,024,220.00	24,983.44	20,842.71	44,433.79	
U.S. Treasury Security	9/6/2006	4/30/2008	602	4.8511	912828FC9	5,001,562.50	5,024,220.00	23,908.54	20,565.03	40,039.94	
U.S. Treasury Security	9/15/2006	10/15/2008	761	4.7986	912828BM1	4,835,937.50	4,991,405.00	53,494.36	19,917.52	135,272.32	
U.S. Treasury Security	9/26/2006	1/15/2009	842	4.5856	912828BV1	4,855,468.75	5,007,810.00	73,037.88	19,010.07	154,371.30	
U.S. Treasury Security	10/2/2006	4/15/2009	926	4.6332	912828CE8	4,821,484.40	5,001,560.00	92,167.27	19,210.51	121,207.51	
U.S. Treasury Security	10/11/2006	7/15/2009	1008	4.7447	912828CN8	4,856,445.30	5,039,845.00	119,740.03	19,683.21	147,389.29	
U.S. Treasury Security	10/16/2006	10/15/2009	1095	4.8011	912828CX6	4,803,125.00	5,030,470.00	147,875.82	19,866.66	115,432.29	
Subtotal for: Treasury Bond						39,127,929.70	40,125,000.00	543,056.33	159,981.32	889,497.07	
Grand Total						\$ 39,127,929.70	\$ 40,125,000.00	\$ 543,056.33	\$ 159,981.32	\$ 889,497.07	

All of the above investments and any investment decisions made for the month December 31, 2007 were in full compliance with the Commission's investment policy as adopted on May 2, 2007.

The Commission had adequate cash flows for six months of operations.

Signed by: _____
Director of Finance

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-08-C&FC

February 6, 2008

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR TO PREPARE AND NEGOTIATE THE FINAL FORM OF STANDARD FORM AGREEMENTS BETWEEN THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AND ALTMAYER CONSULTING, INC. AND THE OLIN GROUP, INC.; NEGOTIATE THE FINAL FORM OF AN AMENDMENT TO AN AGREEMENT WITH THE OLIN GROUP, INC. FOR CONSULTANT SERVICES; AND, AUTHORIZE APPROVAL AND EXECUTION OF SUCH AGREEMENTS ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the "Act") implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County ("Commission"); and

WHEREAS, Commission adopted its First Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County's children prenatal through five years of age as codified in the Act; and

WHEREAS, the Executive Director and Commission Counsel have prepared a standard Master Agreement for Agreements ("Master Agreement"), which was approved by the Commission; and

WHEREAS, the Commission previously entered into Agreements with Altmayer Consulting, Inc. and The Olin Group, Inc. for Consultant services in support of Commission programs; and

WHEREAS, the Commission desires to renew Agreement No. C-192 with Altmayer Consulting, Inc., for a term of one year at an amount not to exceed \$120,000 under the same terms and conditions of the Original Agreement, as amended, to continue to provide Consultant services for the period July 1, 2008 through June 30, 2009, as detailed in the February 6, 2008 Executive Officer's Report; and

WHEREAS, the Commission desires to amend Agreement No. C-219 with The Olin Group, Inc. to provide additional funds in an amount not to exceed \$50,000, for a total contract maximum obligation of \$175,000, to provide additional Consultant services through June 30, 2008, as detailed in the February 6, 2008 Executive Officer's Report; and

WHEREAS, the Commission desires to renew Agreement No. C-219 with The Olin Group, Inc., for a term of one year at an amount not to exceed \$150,000 under the same terms and conditions of the Original Agreement, to continue to provide Consultant services for the period of July 1, 2008 through June 30, 2009, as detailed in the February 6, 2008 Executive Officer's Report; and

WHEREAS, Commission desires to authorize the Executive Director or designee, to negotiate the terms and final form of Agreement to renew Agreement C-192, as amended, with Altmayer Consulting, Inc. to continue to provide Consulting services for the period July 1, 2008 through June 30, 2009 in an amount not to exceed \$120,000, as specified in the February 6, 2008 Executive Officer's Report; and

WHEREAS, Commission desires to authorize the Executive Director or designee, to negotiate the terms and final form of an Amendment to Agreement C-219 with The Olin Group, Inc. to provide additional funding in an amount not to exceed \$50,000, for a total contract maximum obligation of \$175,000, to provide additional Consultant services through June 30, 2008, as specified in the February 6, 2008 Executive Officer's Report; and

WHEREAS, Commission desires to authorize the Executive Director or designee, to negotiate the terms and final form of Agreement to renew Agreement C-219, as amended, with The Olin Group, Inc. to continue to provide Consultant services for the period July 1, 2008 through June 30, 2009 in an amount not to exceed \$150,000, as specified in the February 6, 2008 Executive Officer's Report; and

WHEREAS, Commission has reviewed the February 6, 2008 Executive Officer's Report relating to the Scope of Services to be provided and hereby finds and determines that the proposed Agreements and Amendment are in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreement to renew Agreement C-192, as amended, with Altmayer Consulting, Inc., for the period July 1, 2008 through June 30, 2009 in an amount not to exceed \$120,000; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Amendment to Agreement C-219 with The Olin Group, Inc. in an amount not to exceed \$50,000, for a new total of \$175,000, through June 30, 2008; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreement to renew Agreement C-219, as amended, with The Olin Group, Inc., for the period July 1, 2008 through June 30, 2009 in an amount not to exceed \$150,000.

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 The Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 The Commission authorizes the Executive Director, or designee, to negotiate the terms and final form of an Agreement to renew Agreement No. C-192, as amended, with Altmayer Consulting, Inc. for the period July 1, 2008 through June 30, 2009 in an amount not to

exceed \$120,000 to continue to provide Consultant services consistent with the February 6, 2008 Executive Officer's Report and scope of services referenced therein.

Section 3 The Commission authorizes the Executive Director, or designee, to negotiate the terms and final form of an Amendment to Agreement No. C-219 with The Olin Group, Inc. in an amount not to exceed \$50,000 for a new total of \$175,000 to provide additional Consultant services through June 30, 2008 consistent with the February 6, 2008 Executive Officer's Report and scope of services referenced therein.

Section 4 The Commission authorizes the Executive Director, or designee, to negotiate the terms and final form of an Agreement to renew Agreement No. C-219, as amended, with The Olin Group, Inc. for the period July 1, 2008 through June 30, 2009 in an amount not to exceed \$150,000 to continue to provide Consultant services consistent with the February 6, 2008 Executive Officer's Report and scope of services referenced therein.

Section 5 The form of the Agreements shall be substantially comparable to the form of the approved Master Agreement, subject to minor, non-substantive revisions as reviewed and approved by the Executive Director or designee. The approval by Commission Counsel and the Executive Director, or designee, of the final form of the Agreements shall be conclusively evidenced by the execution of such agreement by the Commission Chair and delivery thereof to the Commission Clerk.

Section 6 Commission hereby approves renewal of Agreement C-192, as amended, with Altmayer Consulting, Inc. for the period July 1, 2008 through June 30, 2009 in an amount not to exceed \$120,000 to continue to provide Consultant services as specified in the February 6, 2008 Executive Officer's Report.

Section 7 Commission hereby approves the Amendment to Agreement C-219 with The Olin Group, Inc. in an amount not to exceed \$50,000, for a new total of \$175,000, to provide additional Consultant services through June 30, 2008, as specified in the February 6, 2008 Executive Officer's Report.

Section 8 Commission hereby approves renewal of Agreement C-219, as amended, with The Olin Group, Inc. for the period July 1, 2008 through June 30, 2009 in an amount not to exceed \$150,000 to continue to provide Consultant services, as specified in the February 6, 2008 Executive Officer's Report.

Section 9 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreements on behalf of the Commission.

Section 10 A copy of the final Agreements when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Agreements shall be placed on file in the office of the Clerk of the Commission.

Section 11 In addition to the authorization of Sections 2, 3, and 4 above, the Executive Director, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement(s), (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities and duties to be performed

under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 12 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing was passed and adopted by the following vote of the Children and Families Commission of Orange County on February 6, 2008 to wit:

AYES Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s): _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, DARLENE J. BLOOM, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

DARLENE J. BLOOM
Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: ___-08-C&FC

Agenda Date: February 6, 2008

Item No. ___



I certify that the foregoing is a true and correct copy of the Resolution adopted by the

DARLENE J. BLOOM, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy of final Agreements and Amendment)