



Agenda Date: 12/4/2007
Agenda Placement: 6Q

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Patricia Tyrrell for Robert Westmeyer - County Counsel
County Counsel
REPORT BY: Patricia Tyrrell, Attorney IV , 259-8251
SUBJECT: Resolutions amending 457 and 401(a) Plans to add NVWMA eligible employees

RECOMMENDATION

Napa County Counsel and the Napa County Deferred Compensation Board of Control request adoption of the following two resolutions:

1. A Resolution amending Section 3.14 of the County's 457 Deferred Compensation Plan and allowing the Napa Vallejo Waste Management Authority to be an Employer that may provide the Plan to Employees of the Authority; and
2. A Resolution amending Section 3.01 and Schedule A of the County's 401(A) Retirement Savings Plan and allowing the Napa Vallejo Waste Management Authority to be an Employer that may provide the Plan to Eligible Classes of Employees of the Authority.

EXECUTIVE SUMMARY

The County has two deferred compensation plans. The purpose of the plans are to ensure that its employees may protect current income from state and federal income taxes until retirement when, more likely than not, most employees will be in a lower tax bracket. The oldest plan was established in 1975 pursuant to section 457 of the Internal Revenue Code. The more recent plan was established in 2002 pursuant to section 401(a) of the Internal Revenue Code.

The Internal Revenue Code permits the provider of a deferred compensation plan to make it available to other employers who are then known as "Associate Employers". To date, the County's deferred compensation plan has been made available to 6 associate employers. Examples are the employees at LAFCO and the Napa Courts.

To date no request to be added as an "Associate Employer" has been denied. The Manager of the Napa Vallejo Waste Management Authority has requested that the Authority be permitted to join the County's Deferred Compensation Plan as an associate employer.

The Auditor has indicated that adding an additional associate employer will not affect her office's workload to any

significant degree. Adding an associate employer will potentially increase the funds on deposit in the County's plan. At some point increases in the assets of a deferred compensation plan, whether as a result of associate employers or increased contributions by county employees, have the potential to reduce the fees charged by the administrators of the County's deferred compensation plan to the participants.

The County of Napa Deferred Compensation Board has recommended that the Board of Supervisors authorize the Napa Vallejo Waste Management Authority to join the County's Deferred Compensation Plan as an associate employer.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County has two deferred compensation plans. The oldest plan was established in 1975 pursuant to section 457 of the Internal Revenue Code. The more recent plan was established in 2002 pursuant to section 401(a) of the Internal Revenue Code.

The Internal Revenue Code permits the provider of a deferred compensation plan to make it available to other employers who are then known as "Associate Employers". To date, the County's deferred compensation Plan has been made available to 6 associate employers. The associate employers are:

Flood Control and Water Conservation District
Napa County Transportation & Planning Agency (NCTPA)
Local Agency Formation Commission (LAFCO)
Napa Courts
In-Home Support Services (IHSS)
Children and Families First

The Manager of the Napa Vallejo Waste Management Authority has requested that the Authority be permitted to join the County's Deferred Compensation Plan as an associate employer. The Auditor has indicated that adding an additional associate employer will not affect her workload to any significant degree. Adding an associate employer will increase the funds on deposit in the County's deferred compensation plan. At some point increases in the assets of a deferred compensation plan as a result of associate employers being added to the plan will enable the plan to negotiate lower rates charged by the administrators of the Plan to the participants.

The members of the County of Napa Deferred Compensation Board, in exercising their responsibilities as fiduciaries, have recommended that the Board of Supervisors authorize the Napa Vallejo Waste Management Authority to join the County's Deferred Compensation Plan as an associate employer.

It is recommended that the attached two resolutions be adopted.

SUPPORTING DOCUMENTS

- A . Resolution Amending 401(a) Deferred Compensation to Add NVWMA
- B . Resolution Amending 457 Deferred Compensation to Add NVWMA

CEO Recommendation: Approve

Reviewed By: Maiko Klieman