



Agenda Date: 8/23/2005
Agenda Placement: 6P

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Patricia Tyrrell for Robert Westmeyer - County Counsel
County Counsel
REPORT BY: Brandi Periera, PARALEGAL , 251-1090
SUBJECT: Adoption of a resolution establishing a \$1,000 County Match for the 401(a) Retirement Savings Plan Participants for the 2006 calendar year

RECOMMENDATION

County Counsel and County Executive Officer request adoption of a resolution establishing a \$1,000 County Match for the benefit of 401(a) Retirement Savings Plan participants for the 2006 calendar year.

EXECUTIVE SUMMARY

In 2002 the County established the 401(a) Retirement Savings Plan enabling the Management, Confidential and Non-Classified officers and employees of the county, including elected officials, to increase significantly the amount of their annual compensation they are able to defer until retirement.

The 401(a) Retirement Savings Plan also provides for an Employer Contribution ("Match") to each eligible officer or employee's 401(a) sub-account who participates in, and has deferred an equivalent amount of their income into, the County's existing 457 Deferred Compensation Plan. Match contributions are made in \$100 minimum payments. The payments are processed quarterly.

The Match is required to be established annually on or before January 1st by a duly adopted Resolution. The past practice of the Board has been to provide a \$1,000 Match in those years the Board has concluded to provide a Match. The Match for calendar year 2005 was \$1,000.

The County Executive Officer has recommended that the Match for the calendar year 2006 be set at \$1,000 per employee. The funds to cover the Match were included in the FY2005/2006 budget approved in June.

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it currently budgeted?	No
What is the revenue source?	Departments will be expected to absorb these costs in their respective FY2005-06 budgets to the extent possible for those costs incurred on or before June 20, 2006. Match costs incurred during the 2006/2007 fiscal year will be included in each department's FY 2006-07 budget request. If Departments are unable to absorb these costs in their respective FY2005-06 budgets, funds are available in designations set aside for employee salaries and benefits.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The annual costs of the deferred compensation match contribution is approximately \$136,000.
Is the general fund affected?	Yes
Future fiscal impact:	Departments will include these costs in future budget requests. The decision to offer the Match will be made by the Board each year as part of the budget process.
Consequences if not approved:	The Board is under no legal obligation to adopt the resolution authorizing the \$1,000 Employer Match Contribution. A redetermination is required each year by the Board. Thus approving a Match this year does not obligate the Board to approve a similar Match in the following year.
Additional Information:	None

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

On August 6, 2002 the County established the 401(a) Retirement Savings Plan (hereafter the "Plan"), enabling the Management, Confidential and Non-Classified officers and employees of the county, including elected officials, to increase significantly the amount of their annual compensation they are able to defer until retirement.

The Plan also provides for an Employer Contribution ("Match") to each eligible employee's 401(a) sub-account who participates in, and has deferred an equivalent amount of their income into, the County's existing 457 Deferred Compensation Plan. Participants in the 401(a) plan must authorize a deferral of at least \$100 into their 457 Deferred Compensation Plan sub-account during a calendar quarter before they are entitled to receive a Match. The Match contributions are processed quarterly. If an employee fails to defer at least \$100 during a quarter that amount is added to the amount deferred in the next quarter until the \$100 minimum is reached. Match transfers are processed within 30 days of the end of each calendar quarter.

Section 4.02 of the Plan specifies that the Match shall be established annually on or before January 1st by a duly adopted Resolution. The past practice of the Board has been to provide a \$1,000 Match in those years the Board has concluded to provide a Match. The Match for calendar year 2005 was \$1,000.

The County Executive Officer has recommended that the Match for the calendar year 2006 be set at \$1,000. Funds to cover the Match were approved by the Board at its June 13th budget hearing.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Lorenzo Ziálcita