



# Napa County

## Board Agenda Letter

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Board of Supervisors

**Agenda Date:** 12/17/2024

**File ID #:** 24-1934

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**TO:** Board of Supervisors  
**FROM:** Christine Briceño, Director of Human Resources  
**REPORT BY:** Joy Cadiz, Staff Services Manager  
**SUBJECT:** Adoption of a Resolution Authorizing a Matching Employer Contribution for the Benefit of 401(a) Retirement Savings Plan Participants for the 2025 Calendar Year

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### **RECOMMENDATION**

Adopt a Resolution establishing a \$1,800 Matching Employer Contribution for Management, Confidential, and Non-Classified Officers and Non-Classified employees who are participants in Napa County's 401(a) Retirement Savings Plan during calendar year 2025, an \$800 Matching Employer Contribution for SEIU employees who are participants in Napa County's 401(a) Retirement Savings Plan during calendar year 2025, and a \$900 Matching Employer Contribution for NCPPA employees who are participants in Napa County's 401(a) Retirement Savings Plan during calendar year 2025. (Fiscal Impact: \$111,600 Expense; Fund Dependent on Department Participation; Budgeted; Discretionary)

### **BACKGROUND AND DISCUSSION**

On August 6, 2002, the County established the 401(a) Retirement Savings Plan ("Plan") for the benefit of Management, Confidential, and Non-Classified Officers and Non-Classified employees. Section 4.02-1 of the Plan provides that the County may provide an Employer Contribution involving a Match ("Match") to be allocated to the 401(a) pre-tax sub-account of each eligible officer or employee. To encourage saving for retirement, the Match has historically been made available to any Management, Confidential, or Non-Classified officer or employee of the County who participates in and has deferred an equivalent amount of their income into the County's 457 Deferred Compensation Plan (i.e., a dollar-for-dollar match up to a stated maximum). In its collective bargaining agreement with Service Employee International Union, Local 1021 (SEIU), the County agreed to provide a deferred compensation Match during calendar year 2025 for the benefit of County employees who are SEIU members and participate in the Plan. In its total tentative agreement with the Napa County Probation Professionals Association (NCPA), the County agreed to provide a deferred compensation Match during calendar year 2025 for the benefit of County employees who are NCPA members and participate in the Plan.

Whether a Match is provided is determined annually and is subject to the sole discretion of the County acting through its Board of Supervisors. Internal Revenue Service regulations state that if a Match is to be provided, it must be established by resolution of the Board of Supervisors prior to the commencement of the calendar year during which the Match will be made available. The Resolution must identify the maximum amount of the Match and the conditions under which the Match will be made. The recommended Resolution satisfies these requirements.

The past practice of the Board has been to make available a Match for the benefit of each Management, Confidential, and Non-Classified officer, and employee participant. The Board previously authorized a \$1,600 Match for calendar year 2024. The Match recommended by the County Executive Officer to be made available in 2025 is \$1,800 per Management, Confidential, and Non-Classified officer, and employee participant, \$800 per SEIU employee participant, and \$900 per NCPPA employee participant. The funds to cover the recommended Match are included in the County's Fiscal Year 2024-2025 budget.

**FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Funds to cover the Match are included in the Fiscal Year 2024-2025 Approved Budget for each County department. Match costs projected to be incurred in Fiscal Year 2025-2026 will be included in each department's budget request.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Promoting increased savings for retirement is important. Aggressive deferred compensation programs also are a valuable retention and recruitment tool. The 2025 annual cost of the Match contribution is projected to total approximately \$111,600 based on 2024 participation.
Is the general fund affected?	Yes

Future fiscal impact:

The deferred compensation Match must be made on a calendar year basis, and the County operates on a fiscal year basis, some portion of the authorized Match may affect the following year's budget. Whether it actually affects the following year's budget depends on the timing and the amount of deferrals authorized by participants into their 457 Deferred Compensation Plan sub-accounts. Past experience with the Match demonstrates that most, but not all, Employer Contributions involving a Match have been paid during the first six months of each calendar year, which are the last six months of each fiscal year. Thus, based on past experience, the impact on each department's Fiscal Year 2025-2026 budget of the proposed calendar year 2025 Employer 401(a) contribution Match is expected to be minimal. To be consistent with IRS regulations, the decision whether to offer a Match must be made by the County annually by adopting a resolution approving the amount of the Match and the applicable conditions. Approving a Match in one year does not obligate the Board to approve a similar Match (or any Match) in the following calendar year. Therefore, approving the proposed \$1,800 Match, \$800 Match, and \$900 Match for 2025 will have no binding future fiscal impact beyond calendar year 2025 other than the potential but minimal effect noted in the previous paragraph.

Consequences if not approved:

Under the terms of the Memoranda of Understanding with NCPPA and SEIU, the Board is contractually obligated to provide the negotiated benefit of 401(a) Employer Matching contribution of \$1,800, \$800, or \$900 for qualifying participants. If not approved, the County will be in violation of the contracts as approved.

**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.