

Agenda Date: March 18, 2010
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Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Donald Kendig, CPA, Business Manager (961-8854)

SUBJECT: Fiscal Year 2009-10 Contributions to the District's 401 (h) Retiree Medical Account

RECOMMENDATION:

Adopt a resolution that provides for the making of contributions to the District's 401 (h) Retiree Medical Account for fiscal year 2009-10 in accordance with Internal Revenue Code.

DISCUSSION:

For many years, the Santa Barbara County Employees' Retirement System (SBCERS) provided a Retiree Medical Program comprised of two options. One was a fifteen dollar (\$15) per-month-per-year-of-service pre-tax payment to offset the purchase of medical benefits from one of the County's health plans. The second was a four dollar (\$4) per-month-per-year-of-service taxable cash supplement for retirees who opted out of the County health plans for retirees.

It eventually came to light that the manner in which these subsidies were provided to retirees was non-compliant with Internal Revenue Code (IRC) requirements. In response, your Board executed an agreement with SBCERS on October 16, 2008 setting forth the terms for implementation of an IRC compliant 401(h) Retiree Medical Program and related District Retiree Medical Trust (trust).

In addition to executing an agreement, your Board adopted a resolution providing for the establishment of the trust as well as the first contribution to it during fiscal year 2008-09.

For fiscal year 2009-10, your Board adopted a budget providing for contributions to the trust, however it was brought to our attention by the SBCERS office that a specific resolution language must be adopted providing for contributions in a given fiscal year.

Attached you will find a resolution with the necessary language that provides for making contributions to the District's 401 (h) Retiree Medical Account for fiscal year 2009-10 in accordance with the IRC requirements for contributions.

For fiscal year 2010-11, forward, we will be providing a similar resolution as part of the budget adoption process.

FISCAL IMPACT:

The adoption of the attached resolution does not affect the current fiscal year 2009-10 budget or costs of providing the Retiree Medical Program.

Attachments (1)