



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: CEO  
Department No.: 012  
For Agenda Of: March 20, 2018  
Placement: Administrative  
Estimated Time:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Mona Miyasato, County Executive Officer  
Director(s)  
Contact Info: Jeff Frapwell, Budget Director, 568-3400

**SUBJECT: Amendment to Regulations Governing Payment of Retiree Health Benefits from a 401(h) Account**

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the Third Amendment to the Regulations Governing Payment of Retiree Health Benefits from a 401(h) Account (Attachment A);
- b) Authorize staff to notify other Participating Employers (certain special districts and courts) of the County's intent to close participation in the 401(h) Account for New Employees of the other Participating Employers (Attachment B); and
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA Guidelines, because the actions consist of administrative activities of government that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

The recommended action a) updates and clarifies four (4) sections in the County's 401(h) Regulations Governing Payment of Retiree Health Benefits. In addition, it memorializes the effective date of elimination of eligibility by Bargaining Unit as approved by Memorandum of Understanding and/or Board Resolution, and invokes Board authority provided in Section 3.01 of the Regulations to "...amend the Health Plan from time to time".

The recommended action b) authorizes staff to notify other Participating Employers (certain special districts and courts) of the County's intent to close participation in the 401(h) Account for New Employees of the other Participating Employers effective December 31, 2018. If the plan is not closed to all Participating Employers, the County, as the plan sponsor, would be left maintaining the plan for non-County employers at some point in the future when all eligible County employees stop receiving the benefit.

**Background:**

The County maintains an Other Post-Employment Benefits (OPEB) plan that provides a health benefit to eligible retirees. In 2008 the County adopted the 401 (h) regulations and entered into an agreement with the Santa Barbara County Employees' Retirement System (SBCERS) to administer the plan.

As a result of subsequent changes to post-employment benefits approved by Memorandum of Understanding with Bargaining Units or Board Resolution, the Retiree Medical Program was discontinued for general member (non-safety) employees hired on or after June 25, 2012 and for all safety groups by January 16, 2017 per Attachment A.

The Third Amendment amends the 401(h) Account Plan to reflect these changes and to include a comprehensive summary of the effective date of elimination of eligibility by Bargaining Unit. Recommended action b) authorizes staff to notify other Participating Employers (certain special districts and courts) of the County's intent to close participation in the 401(h) Account for New Employees of the other Participating Employers hired on or after December 31, 2018 pursuant to Section 3.01 of the 401(h) Regulations.

**Fiscal and Facilities Impacts:**

**Budgeted:** Yes, contributions to the plan are budgeted annually.

**Fiscal Analysis:**

No current fiscal impact as a result of these actions, in that the changes already appear in MOUs. Closing the plan will result in lower costs to the County in the future.

**Key Contract Risks:**

N/A

**Staffing Impacts:**

N/A

**Special Instructions:**

None

**Attachments:**

Attachment A: Third Amendment to Regulations

Attachment B: Sample Letter to participating Special Districts

**Authored by:** Lori Gentles

**cc:** Mona Miyasato, County Executive Officer  
Michael C. Ghizzoni, County Counsel  
Theo Fallati, Auditor-Controller  
Gregory Levin, SBCERS CEO  
Assistant CEOs