

**Resolution No.
Sonoma County Administration Building
Santa Rosa, CA 95403
Date: October 20, 2009**

CONCURRENT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA, THE BOARD OF DIRECTORS OF THE SONOMA COUNTY WATER AGENCY, THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION, AND THE BOARD OF DIRECTORS OF THE NORTHERN SONOMA COUNTY AIR POLLUTION CONTROL DISTRICT, APPROVING AMENDMENTS TO THE HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN DOCUMENT

WHEREAS, the Board of Supervisors/Directors/Commissioners sets the compensation, benefits, and terms and conditions of employment through Salary Resolution No. 95-0926, and memoranda of understanding with various employee organizations of the above-entitled public entities; and

WHEREAS, the County has evaluated the financial impact of the requirements under the Governmental Accounting and Standards Board (GASB) for financial reporting of the County's Other Post Employment Benefits (OPEB) Nos. 43 and 45, establishing the unfunded liability for the cost of County contributions for medical benefits provided to retired employees at \$414 million; and

WHEREAS, the Board of Supervisors/Directors/Commissioners have further evaluated and implemented various recommendations to address the OPEB unfunded liability, including the creation of a new tier of retiree health benefit for new employees hired by on or after January 1, 2009, by the above-entitled entities, through the establishment of a Health Reimbursement Arrangement (HRA) Plan, Resolution No. 09-0162a; and

WHEREAS, the Board of Supervisors/Directors/Commissioners have determined that the HRA Plan document should be amended to provide additional employer contribution options to provide the Board with alternatives to address budgetary reductions identified now and into the future; and

WHEREAS, the Plan Amendment No. 1, included in Attachment A, is incorporated into this resolution by reference, include 1) an Early Retirement Option (ERO) to provide a one-time payment to an employee as an incentive to retire to avoid a lay off of another employee; 2) a leave accrual pay off option, whereby an employee who is eligible to receive a pay off of accumulated leave as authorized by each MOU or the Salary Resolution, to have some of all of the pay off directed on a tax-free basis, into the HRA; and 3) allow pre-tax payments from the employer through a severance agreement, upon separation of employment or retirement; and

WHEREAS, employer contributions to the HRA previously authorized by the Board of Supervisors/Directors/Commissioners are outlined in the HRA plan document and future changes to eligibility criteria or contribution amounts to the HRA Plan Document are the subject of the collective bargaining process, included in each MOU, side letter or the Salary Resolution for unrepresented employees, and can only be approved by the Board of Supervisors/Directors/Commissioners.

NOW, THEREFORE BE IT RESOLVED, that the Health Reimbursement Arrangement (HRA) Plan document is amended to provide options for employer contributions, on a pre-tax basis for early retirement options, leave accrual payoffs and severance payments, pursuant to negotiated terms contained in the Memoranda of Understanding of each employee organization and the Salary Resolution for unrepresented employees, which is attached hereto and incorporated by reference as Attachment A herein.

BE IT FURTHER RESOLVED THAT, employer contributions to the HRA previously authorized by the Board of Supervisors/Directors/Commissioners are outlined in the HRA plan document and future changes to eligibility criteria or contribution amounts to the HRA Plan Document are the subject to the collective bargaining process, and can only be approved by the Board of Supervisors/Directors/Commissioners; and

AND BE IT FURTHER RESOLVED THAT, the HRA Plan document and amendments comply with current Internal Revenue code and Internal Revenue Service requirements and will be implemented by the Auditor-Controller, Treasurer-Tax Collector and Human Resources, as each option is negotiated and agreed to with each employee organization through its respective MOU or side letter agreement, and for unrepresented employees through amendments to the Salary Resolution.

Supervisors/Directors/Commissioners:

Brown: _____ Kerns: _____ Zane: _____ Carrillo: _____ Kelley: _____

Ayes: _____ Noes: _____ Absent: _____ Abstain: _____

SO ORDERED

**AMENDMENT NO. 1
TO THE
COUNTY OF SONOMA
HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN**

Pursuant to the authority set forth in Section 9.02, the HRA Plan is hereby amended by the Employer in the following manner.

Article II DEFINITIONS, Section 2.03 Eligible Employee, and Section 2.07 Participant, are amended as follows:

2.03 Eligible Employee.

- a. All regular full-time and part-time employees of the Employer in an allocated position of 0.5 full-time equivalent or greater, hired on or after January 1, 2009. An employee of the Employer who is hired prior to January 1, 2009 in a position that is less than 0.5 full-time equivalent and then is appointed to an allocated position of 0.5 full-time equivalent or greater on or after January 1, 2009, without a termination of employment, will become an Eligible Employee as of the first pay period following the appointment to an allocated position of 0.5 full-time equivalent or greater.
- b. For purposes of contributions made under Sections 4.03 and 4.04 and payment of benefits under this Plan from a Participant's HRA Account, an Eligible Employee shall also include employees of the Employer that meet the eligibility requirements for participation in the Plan as set forth in Section 3.01 b. or c., regardless of date of hire.

2.07 Participant. Any Eligible Employee who has met eligibility requirements under Section 3.01. Such Eligible Employee's Spouse and/or Dependents shall be treated as Participants for purposes of payment of benefits under Section 5.02, but not for purposes of contributions under Sections 4.02, 4.03 or 4.04.

Article III PARTICIPATION AND VESTING, Section 3.01 Eligibility for Participation, is amended and Section 3.02 Break in Service, is deleted and all subsequent Sections are renumbered accordingly, as follows:

3.01 Eligibility for Participation.

- a. Only Eligible Employees who meet all of the following requirements are eligible to participate in the Plan and have employer contributions made to an HRA Account under Section 4.02:
 1. Have completed 52 consecutive pay periods of regular service with the Employer in pay status excluding overtime as an Eligible Employee; and

2. Are contributing members of (or members who have contributions made on their behalf to) the Sonoma County Employees' Retirement Association for the duration of the period described in subsection a. above.
 3. If an Eligible Employee terminates employment with the Employer either before or after satisfying the eligibility requirements for participation under this subsection a., such individual must again satisfy such eligibility requirements for participation under subsection a. upon returning to employment with the Employer as an Eligible Employee.
- b. Effective October 20, 2009, employees of the Employer who are eligible to retire and receive a monthly benefit from the Sonoma Employees' Retirement Association (including reduced and unreduced retirement benefits) and who actually terminate employment with the Employer during designated window periods as adopted by resolution of the County of Sonoma Board of Supervisors/Directors/Commissioners or by other action of the Board of Supervisors /Directors/Commissioners are eligible to participate in the Plan. In addition, effective October 20, 2009, employees of the Employer, excluding at will appointees and elected officials, who terminate employment with the Employer (regardless of age or eligibility for retirement benefits) are eligible to participate in the Plan pursuant to a severance agreement negotiated with the Employer. Participation in the Plan shall be only for purposes of having Employer contributions made to an HRA Account under Section 4.03 and receiving payment of benefits under this Plan from the HRA Account. Such Eligible Employees shall not be eligible for contributions under Section 4.02 or Section 4.04 pursuant to this subsection b.
- c. Effective October 20, 2009, employees of the Employer are eligible to participate in the Plan, regardless of date of hire, pursuant to the terms of a collective bargaining agreement as set forth in a memorandum of understanding (MOU). In addition, effective October 20, 2009, non-represented employees of the Employer are eligible to participate in the Plan. Participation in the Plan under this subsection c. shall be only for purposes of having Employer contributions made to an HRA Account under Section 4.04 in lieu of receiving all or a portion of unused leave, vacation or other compensatory pay, as provided pursuant to a MOU or salary resolution and receiving payment of benefits under this Plan from the HRA Account. Such Eligible Employees shall not be eligible for contributions under Section 4.02 or Section 4.03 pursuant to this subsection c.

~~**3.02 Break in Service.** If an Eligible Employee terminates employment with the Employer either before or after satisfying the eligibility requirements for participation under Section 3.01, such individual must again satisfy such eligibility requirements for participation under Section 3.01 upon returning to employment with the Employer as an Eligible Employee.~~

3.023 Termination of Participation.

3.034 Vesting.

Article IV CONTRIBUTIONS, Section 4.02 Employer Contributions, is amended and new Sections 4.03 Employer Contributions for Employees Retiring or Terminating Employment, and 4.04 Employer Contributions in Lieu of Unused Leave Pay, are added, as follows:

4.02 Employer Contributions for Employees Hired On or After January 1, 2009. Once an Eligible Employee has met eligibility requirements under Section 3.01 a., the Employer shall make an initial contribution, as described in subsection a. below, and an on-going contribution, as described in subsection b. below, to the Eligible Employee's HRA Account. All Employer contributions made shall be paid to the Trustee for deposit into the Trust Fund in accordance with the terms of that document. Eligible Employees are immediately 100% vested in the contributions made to their HRA Accounts.

- a. As of the first pay date following the date an Eligible Employee has met eligibility requirements under Section 3.01 a., the Employer shall make a one-time, lump sum contribution equal to \$2,400 for full-time employees. The lump sum contribution for part-time Eligible Employees shall be pro-rated.
- b. For each pay period after the initial contribution is made, the Employer shall contribute \$0.58 per hour the Eligible Employee is in pay status to a maximum of 80 hours per biweekly period (excluding overtime hours), including for periods of qualified leave with pay.

4.03 Employer Contributions for Employees Retiring or Terminating Employment.

- a. On behalf of retiring Eligible Employees who are eligible to participate in the Plan in accordance with Section 3.01 b. for a designated window period, the Employer shall make a contribution to the Eligible Employee's HRA Account. The Employer contribution shall be an equal dollar amount for all employees eligible to participate under Section 3.01 b. in the same designated window period as adopted by the County of Sonoma board of supervisors or by other action of the board of supervisors.
- b. On behalf of Eligible Employees who terminate employment and are eligible to participate in the Plan in accordance with Section 3.01 b. pursuant to a severance agreement negotiated with the Employer, the Employer shall make a contribution to the Eligible Employee's HRA Account. The Employer contribution shall be an amount as set forth under the terms of the severance agreement.

All Employer contributions made shall be paid to the Trustee for deposit into the Trust Fund in accordance with the terms of that document. Eligible Employees are immediately 100% vested in the contributions made to their HRA Accounts.

4.04 Employer Contributions in Lieu of Unused Leave. On behalf of Eligible Employees who are eligible to participate in the Plan under a collective bargaining agreement in accordance with Section 3.01 c., the Employer shall make a contribution to the Eligible Employee's HRA Account. The Employer contribution shall be made in lieu of payment of all or a portion of unused leave at termination of employment, including sick, vacation, and compensatory leave, in an amount as set forth under the applicable memorandum of understanding (MOU). A list of the applicable MOUs is attached to this document as Appendix A. The contribution rate under a specific MOU shall be uniform for all similarly situated members of a bargaining unit. For non-represented employees, the Employer contribution made in lieu of payment of all or a portion of unused leave at termination of employment shall be a uniform rate for all similarly situated employees, as determined by the Employer. Eligible Employees will not be permitted to elect the amount of unused leave payable to their HRA Account as an Employer contribution.

All Employer contributions made shall be paid to the Trustee for deposit into the Trust Fund in accordance with the terms of that document. Eligible Employees are immediately 100% vested in the contributions made to their HRA Accounts.

Article V BENEFITS, Section 5.03 HRA Account Balance. is amended, as follows:

5.03 HRA Account Balance. Upon initial establishment of an HRA Account in accordance with Sections 4.02, 4.03 or 4.04 and thereafter upon completion of the audit each Plan Year in accordance with the terms of the Trust Fund, the Plan Administrator will provide each Participant with a statement of his or her HRA Account balance, including contributions, net income or losses, expenses and all payments made from the HRA Account for that Plan Year.

**Resolution No.
Sonoma County Administration Building
Santa Rosa, CA 95403**

Date: October 20, 2009

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY
AGRICULTURAL PRESERVATION AND OPEN SPACE DISTRICT, COUNTY OF SONOMA,
STATE OF CALIFORNIA APPROVING AMENDMENTS TO THE HEALTH REIMBURSEMENT
ARRANGEMENT (HRA) PLAN DOCUMENT**

WHEREAS, the Board of Directors of the Sonoma County Agricultural Preservation and Open Space District unilaterally sets salary and benefits for the district's appointed department head, unrepresented management, Confidential, and other Unrepresented employees; and

WHEREAS, the Board of Directors desires to provide salary and benefits of employment that are competitive with other local government employees; and

WHEREAS, the benefits granted to certain Sonoma County employees, as set forth in Salary Resolution No. 95-0926, as amended, and as it may be amended in the future, form a proper basis for competitive benefits to be granted to employees of the District; and

WHEREAS, the benefits of District employees shall be administered in the same manner as prescribed in Sonoma County Resolution No. 95-0926 as amended, and as it may be amended in the future; and

WHEREAS, the County has evaluated the financial impact of the requirements under the Governmental Accounting and Standards Board (GASB) for financial reporting of the County's Other Post Employment Benefits (OPEB) Nos. 43 and 45, establishing the unfunded liability for the cost of County contributions for medical benefits provided to retired employees at \$414 million; and

WHEREAS, the Board of Directors have further evaluated and implemented various recommendations to address the OPEB unfunded liability, including the creation of a new tier of retiree health benefit for new employees hired by on or after January 1, 2009, by the above-entitled entities, through the establishment of a Health Reimbursement Arrangement (HRA) Plan, Resolution No. 09-0162a; and

WHEREAS, the Board of Directors have determined that the HRA Plan document should be amended to provide additional employer contribution options to provide the Board with alternatives to address budgetary reductions identified now and into the future; and

WHEREAS, the Plan Amendment No. 1, included in Attachment A, is incorporated into this resolution by reference, include 1) an Early Retirement Option (ERO) to provide a one-time payment to an employee as an incentive to retire to avoid a lay off of another employee; 2) a leave accrual pay off option, whereby an employee who is eligible to receive a pay off of accumulated leave as authorized by each MOU or the Salary Resolution, to have some of all of the pay off directed on a tax-free basis, into the HRA; and 3) allow pre-tax payments from the employer through a severance agreement, upon separation of employment or retirement; and

WHEREAS, employer contributions to the HRA previously authorized by the Board of Directors are outlined in the HRA plan document and future changes to eligibility criteria or contribution amounts to the HRA Plan Document are the subject of the collective bargaining process, included in each MOU, side letter or the Salary Resolution for unrepresented employees, and can only be approved by the Board of Supervisors/Directors/Commissioners.

NOW, THEREFORE BE IT RESOLVED, that the Health Reimbursement Arrangement (HRA) Plan document is amended to provide options for employer contributions, on a pre-tax basis for early retirement options, leave accrual payoffs and severance payments, pursuant to negotiated terms contained in the Salary Resolution for unrepresented employees, which is attached hereto and incorporated by reference as Attachment A herein.

BE IT FURTHER RESOLVED THAT, employer contributions to the HRA previously authorized by the Board of Directors are outlined in the HRA plan document and future changes to eligibility criteria or contribution amounts to the HRA Plan Document are the subject to the collective bargaining process, and can only be approved by the Board of Directors; and

BE IT FURTHER RESOLVED THAT, the HRA Plan document and amendments comply with current Internal Revenue code and Internal Revenue Service requirements and will be implemented by the Auditor-Controller, Treasurer-Tax Collector and Human Resources, as each option is negotiated and agreed through amendments to the Salary Resolution.

BE IT FURTHER RESOLVED that District employees are not entitled to any appeal rights under Sonoma County Grievance Procedure.

BE IT FURTHER RESOLVED that nothing in this resolution is intended to confer on any employee any rights, benefits, or entitlement under the Civil Service Commission Rules or to otherwise abrogate their "at-will" status.

BE IT FURTHER RESOLVED that this Resolution is adopted and incorporated into the Personnel Policy of the Sonoma County Agricultural Preservation and Open Space District, as may be amended in the future to accommodate the provisions of this resolution.

Directors:

Brown: _____ Kerns: _____ Zane: _____ Carrillo: _____ Kelley: _____

Ayes: _____ Noes: _____ Absent: _____ Abstain: _____

SO ORDERED

**AMENDMENT NO. 1
TO THE
COUNTY OF SONOMA
HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN**

Pursuant to the authority set forth in Section 9.02, the HRA Plan is hereby amended by the Employer in the following manner.

Article II DEFINITIONS, Section 2.03 Eligible Employee. and Section 2.07 Participant. are amended as follows:

2.03 Eligible Employee.

- a. All regular full-time and part-time employees of the Employer in an allocated position of 0.5 full-time equivalent or greater, hired on or after January 1, 2009. An employee of the Employer who is hired prior to January 1, 2009 in a position that is less than 0.5 full-time equivalent and then is appointed to an allocated position of 0.5 full-time equivalent or greater on or after January 1, 2009, without a termination of employment, will become an Eligible Employee as of the first pay period following the appointment to an allocated position of 0.5 full-time equivalent or greater.
- b. For purposes of contributions made under Sections 4.03 and 4.04 and payment of benefits under this Plan from a Participant's HRA Account, an Eligible Employee shall also include employees of the Employer that meet the eligibility requirements for participation in the Plan as set forth in Section 3.01 b. or c., regardless of date of hire.

2.07 Participant. Any Eligible Employee who has met eligibility requirements under Section 3.01. Such Eligible Employee's Spouse and/or Dependents shall be treated as Participants for purposes of payment of benefits under Section 5.02, but not for purposes of contributions under Sections 4.02, 4.03 or 4.04.

Article III PARTICIPATION AND VESTING, Section 3.01 Eligibility for Participation. is amended and Section 3.02 Break in Service. is deleted and all subsequent Sections are renumbered accordingly, as follows:

3.01 Eligibility for Participation.

- a. Only Eligible Employees who meet all of the following requirements are eligible to participate in the Plan and have employer contributions made to an HRA Account under Section 4.02:
 1. Have completed 52 consecutive pay periods of regular service with the Employer in pay status excluding overtime as an Eligible Employee; and

2. Are contributing members of (or members who have contributions made on their behalf to) the Sonoma County Employees' Retirement Association for the duration of the period described in subsection a. above.
 3. If an Eligible Employee terminates employment with the Employer either before or after satisfying the eligibility requirements for participation under this subsection a., such individual must again satisfy such eligibility requirements for participation under subsection a. upon returning to employment with the Employer as an Eligible Employee.
- b. Effective October 20, 2009, employees of the Employer who are eligible to retire and receive a monthly benefit from the Sonoma Employees' Retirement Association (including reduced and unreduced retirement benefits) and who actually terminate employment with the Employer during designated window periods as adopted by resolution of the County of Sonoma Board of Supervisors/Directors/Commissioners or by other action of the Board of Supervisors /Directors/Commissioners are eligible to participate in the Plan. In addition, effective October 20, 2009, employees of the Employer, excluding at will appointees and elected officials, who terminate employment with the Employer (regardless of age or eligibility for retirement benefits) are eligible to participate in the Plan pursuant to a severance agreement negotiated with the Employer. Participation in the Plan shall be only for purposes of having Employer contributions made to an HRA Account under Section 4.03 and receiving payment of benefits under this Plan from the HRA Account. Such Eligible Employees shall not be eligible for contributions under Section 4.02 or Section 4.04 pursuant to this subsection b.
 - c. Effective October 20 2009, employees of the Employer are eligible to participate in the Plan, regardless of date of hire, pursuant to the terms of a collective bargaining agreement as set forth in a memorandum of understanding (MOU). In addition, effective October 20, 2009, non-represented employees of the Employer are eligible to participate in the Plan. Participation in the Plan under this subsection c. shall be only for purposes of having Employer contributions made to an HRA Account under Section 4.04 in lieu of receiving all or a portion of unused leave, vacation or other compensatory pay, as provided pursuant to a MOU or salary resolution and receiving payment of benefits under this Plan from the HRA Account. Such Eligible Employees shall not be eligible for contributions under Section 4.02 or Section 4.03 pursuant to this subsection c.

~~**3.02 Break in Service.** If an Eligible Employee terminates employment with the Employer either before or after satisfying the eligibility requirements for participation under Section 3.01, such individual must again satisfy such eligibility requirements for participation under Section 3.01 upon returning to employment with the Employer as an Eligible Employee.~~

3.023 Termination of Participation.

3.034 Vesting.

Article IV CONTRIBUTIONS, Section 4.02 Employer Contributions, is amended and new Sections 4.03 Employer Contributions for Employees Retiring or Terminating Employment, and 4.04 Employer Contributions in Lieu of Unused Leave Pay, are added, as follows:

4.02 Employer Contributions for Employees Hired On or After January 1, 2009. Once an Eligible Employee has met eligibility requirements under Section 3.01 a., the Employer shall make an initial contribution, as described in subsection a. below, and an on-going contribution, as described in subsection b. below, to the Eligible Employee's HRA Account. All Employer contributions made shall be paid to the Trustee for deposit into the Trust Fund in accordance with the terms of that document. Eligible Employees are immediately 100% vested in the contributions made to their HRA Accounts.

- a. As of the first pay date following the date an Eligible Employee has met eligibility requirements under Section 3.01 a., the Employer shall make a one-time, lump sum contribution equal to \$2,400 for full-time employees. The lump sum contribution for part-time Eligible Employees shall be pro-rated.
- b. For each pay period after the initial contribution is made, the Employer shall contribute \$0.58 per hour the Eligible Employee is in pay status to a maximum of 80 hours per biweekly period (excluding overtime hours), including for periods of qualified leave with pay.

4.03 Employer Contributions for Employees Retiring or Terminating Employment.

- a. On behalf of retiring Eligible Employees who are eligible to participate in the Plan in accordance with Section 3.01 b. for a designated window period, the Employer shall make a contribution to the Eligible Employee's HRA Account. The Employer contribution shall be an equal dollar amount for all employees eligible to participate under Section 3.01 b. in the same designated window period as adopted by the County of Sonoma board of supervisors or by other action of the board of supervisors.
- b. On behalf of Eligible Employees who terminate employment and are eligible to participate in the Plan in accordance with Section 3.01 b. pursuant to a severance agreement negotiated with the Employer, the Employer shall make a contribution to the Eligible Employee's HRA Account. The Employer contribution shall be an amount as set forth under the terms of the severance agreement.

All Employer contributions made shall be paid to the Trustee for deposit into the Trust Fund in accordance with the terms of that document. Eligible Employees are immediately 100% vested in the contributions made to their HRA Accounts.

4.04 Employer Contributions in Lieu of Unused Leave. On behalf of Eligible Employees who are eligible to participate in the Plan under a collective bargaining agreement in accordance with Section 3.01 c., the Employer shall make a contribution to the Eligible Employee's HRA Account. The Employer contribution shall be made in lieu of payment of all or a portion of unused leave at termination of employment, including sick, vacation, and compensatory leave, in an amount as set forth under the applicable memorandum of understanding (MOU). A list of the applicable MOUs is attached to this document as Appendix A. The contribution rate under a specific MOU shall be uniform for all similarly situated members of a bargaining unit. For non-represented employees, the Employer contribution made in lieu of payment of all or a portion of unused leave at termination of employment shall be a uniform rate for all similarly situated employees, as determined by the Employer. Eligible Employees will not be permitted to elect the amount of unused leave payable to their HRA Account as an Employer contribution.

All Employer contributions made shall be paid to the Trustee for deposit into the Trust Fund in accordance with the terms of that document. Eligible Employees are immediately 100% vested in the contributions made to their HRA Accounts.

Article V BENEFITS, Section 5.03 HRA Account Balance. is amended, as follows:

5.03 HRA Account Balance. Upon initial establishment of an HRA Account in accordance with Sections 4.02, 4.03 or 4.04 and thereafter upon completion of the audit each Plan Year in accordance with the terms of the Trust Fund, the Plan Administrator will provide each Participant with a statement of his or her HRA Account balance, including contributions, net income or losses, expenses and all payments made from the HRA Account for that Plan Year.