

# LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

## MEMORANDUM

**DATE:** JULY 28, 2020

**TO:** BOARD OF DIRECTORS  
Lake Arrowhead Community Services District

**FROM:** CATHERINE CERRI, General Manager

**SUBJECT:** CONSIDER APPROVAL OF SIDE LETTER NO. 2 BETWEEN LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT AND THE MANAGERS, SUPERVISORS AND CONFIDENTIAL EMPLOYEE UNIT AMENDING THE CURRENT MEMORANDUM OF UNDERSTANDING SECTION 5.5 RETIREE HEALTH INSURANCE

### A. RECOMMENDATION

Authorize the General Manager to sign and execute Side Letter #2 to the Memorandum of Understanding (MOU) between the Lake Arrowhead Community Services District (District) and the Managers, Supervisors and Confidential Employees Unit (MSCEU) amending Section 5.5 of the MOU.

### B. REASON FOR RECOMMENDATION

The District would like to change its current health insurance but Section 5.5 of the MSCEU MOU may create a liability in the future.

### C. BACKGROUND INFORMATION

The District is currently considering a change to its health insurance benefits. Section 5.5 of the current MSCEU MOU states that the District will make available a retiree medical plan as long as there is no cost to the District. Two of the health insurance plans under consideration would require the District to contribute a certain amount towards retiree health insurance premiums if medical plans were offered to them. This would create an associated Other Post Employment Benefit (OPEB) liability. Many local agencies carry an OPEB Liability but LACSD has

avoided these costs and staff do not recommend incurring this type of liability at this time.

The General Manager met with the MSCEU who agreed to remove this language from their MOU without anything in return. This will enable the District to move forward with a change in health insurance without incurring a liability. Approval of this side letter will confirm that the District does not offer retiree health insurance at this time.

The current MOU is effective from October 1, 2018 through September 30, 2022. This is the second side letter for the current MOU. The only change affected by this side letter #2 is to amend the language in Section 5.5. Please see attached acknowledgement letter by the MSCEU.

**D. FISCAL IMPACT**

There is no current fiscal impact but approval of this side letter could avoid future liabilities.

**E. ENVIRONMENTAL IMPACT**

None

**F. ATTACHMENTS**

- Side Letter #2 to the MSCEU MOU



Subject to the Lake Arrowhead Community Services District's approval, the Lake Arrowhead Community Services District ("District") and the Managers, Supervisors and Confidential Employees Unit ("Unit") have met and hereby agree to the terms and conditions set forth in the 2018-2022 Memorandum of Understanding ("MOU") between the District and the Unit and Side Letter No. 2 as follows:

July 1, 2020

Lake Arrowhead Community Services District and the Unit Recognize Section 5.5 Retiree Health Insurance as amended in the below Side Letter #2 for the current MOU 2018-2022.

**Current:**

Section 5.5 Retiree Health Insurance. The District will make available a retiree medical plan as long as there is no cost to the District and it does not incur any additional liability, cost increase, risk, or legal concerns. The eligible retiree will not receive a stipend for premiums and will be responsible for the full premium rate and administration costs.

The retiree may be cancelled from the retiree medical plan the month they reach the age of eligibility for Medicare.

**Amended:**

Section 5.5 Retiree Health Insurance. The District does not offer a retiree medical plan at this time.

**Acknowledged**

A handwritten signature in black ink, appearing to read "Michael Blackwood", written over a horizontal line.

Michael Blackwood

A handwritten date "7/15/2020" written in black ink, positioned above a horizontal line.

Date

Managers, Supervisors and Confidential Employees Unit