MINUTES OF MEETING OF THE PERSONNEL COMMITTEE OF THE PALMDALE WATER DISTRICT, JANUARY 22, 2013:

A meeting of the Personnel Committee of the Palmdale Water District was held Tuesday, January 22, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Mac Laren called the meeting to order.

1) Roll Call.

Attendance:	**Others Present:**
Personnel Committee:	Dennis LaMoreaux, General Manager
Kathy Mac Laren, Chair	Robert Alvarado, PWD Director
Gloria Dizmang, Committee Member	Matt Knudson, Engineering Manager
	Jeannie Burns, Acting Human Resources Manager
	Dawn Deans, Executive Assistant
	3 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Dizmang, seconded by Chair Mac Laren, and unanimously carried to adopt the agenda, as written.

3) Public Comments.

There were no public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held December 18, 2012.

It was moved by Committee Member Dizmang, seconded by Chair Mac Laren, and unanimously carried to approve the minutes of the Personnel Committee meeting held December 18, 2012, as written.

4.2) Discussion and Possible Action on Conducting an Organizational Assessment. (General Manager LaMoreaux)

General Manager LaMoreaux reviewed a Request for Proposals for conducting an Organizational Assessment for the District, and after a brief discussion of the firms,

schedule, and scope of work, it was determined that the Committee will review the draft Request for Proposals, provide comments, and General Manager LaMoreaux will then send the Request for Proposals.

4.3) Discussion and Possible Action on Employee Contribution Towards CalPERS Retirement. (Chair Mac Laren)

Chair Mac Laren stated that there is no additional information on this item at this time, and this item will be tabled until the next Personnel Committee meeting.

She then stated that Agenda Item No. 4.5 will now be considered.

4.5) Discussion and Possible Action on Prior Cuts Borne by District Employees. (Committee Member Dizmang)

Committee Member Dizmang stated that based on information provided by General Manager LaMoreaux, copy attached, since 2009, prior cuts borne by District employees total approximately $600,000 followed by discussion of these cuts and the hardship to individual employees by these cuts.

Mr. Peter Henrie, Plant Operator, then informed the Committee of the personal financial impact he will experience based on no performance-based merit increase, no cost of living adjustment, and an employee contribution towards CalPERS and stated that all employees will experience this financial hardship and then commented on the minimal impact to customers from the recently approved budget and rate increase.

Chair Mac Laren thanked Mr. Henrie for his comments and stated that Agenda Item No. 4.7 will now be considered.

4.7) Discussion and Possible Action on Establishing Goals for the Personnel Committee. (Chair Mac Laren)

Chair Mac Laren recommended the Personnel Committee establish goals; that goals will help the Board have healthcare plan options established in the event they need to be implemented; that goals will help employees be fully aware of these options and aware there may be changes with possible contributions towards health-care and retirement benefits; and that there is ample time to present any changes in plans or

contributions to employees during open enrollment after which the Committee established the following goals for 2013:

1) To review all ACWA insurance programs and make necessary adjustments to agency and staff contributions with the key word being necessary.
2) To review employee contributions to CalPERS.
3) To review benefit packages and remain competitive with other water agencies.

Chair Mac Laren then stated that Agenda Item No. 4.4 will now be considered.

4.4) Discussion and Possible Action on Minimal Employee Premium Contribution Towards Health Insurance Benefits. (Chair Mac Laren)

Committee Member Dizmang requested all insurance programs offered by ACWA be provided to the Committee for review prior to considering this item.

Chair Mac Laren then stated that Agenda Item No. 4.6 will now be considered.

4.6) Discussion and Possible Action on Optional ACWA Programs and Benefits. (Chair Mac Laren)

Acting Human Resources Manager Burns reviewed the Kaiser high deductible health insurance plan offered through ACWA and the drawbacks of these types of plans followed by discussion of several articles on these plans, the effect of Obamacare on healthcare costs, wellness programs, preventive care, and increasing healthcare costs due to the high cost of prescription drugs after which the Committee requested program information and general costs on the additional healthcare programs offered through ACWA.

Chair Mac Laren then stated that the Committee is at the stage of researching and considering all healthcare programs; that this is a slow process; and that the hope is to be able to provide all healthcare plan options prior to open enrollment.

5) Information Items.

Acting Human Resources Manager Burns distributed information regarding retiring baby-boomers, the public sector not being prepared for these retirements, and filling these vacancies in the workforce.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

Chair Mac Laren requested an item be placed on the next agenda for "Discussion and possible action on retiree healthcare benefits" followed by discussion of the District's policy for retiree healthcare coverage, coordination with Medicare, implementing a two-tiered program, and requiring retiree healthcare coverage under the District's least expensive healthcare plan.

Filling the Human Resources Manager position was then discussed, and it was determined that filling this position will be considered after completion of the Organizational Assessment.

There were no further requests for future agenda items.

It was determined that the next Personnel Committee meeting will be held February 6, 2013 at 6:30 p.m.

7) Adjournment.

There being no further business to come before the Personnel Committee, the meeting was adjourned.

Kathryn Mac Laren
Chair

AGENDA ITEM NO. 4.5

PALMDALE WATER DISTRICT

BOARD MEMORANDUM

DATE: January 21, 2013 **January 22, 2013**

TO: PERSONNEL COMMITTEE **Committee Meeting**

FROM: Mr. Dennis D. LaMoreaux, General Manager

RE: ***AGENDA ITEM NO. 4.5 – REPORT ON PRIOR CUTS BORNE BY DISTRICT EMPLOYEES***

The following information is provided in response to the December 18, 2012 written request from Director Dizmang, copy attached.

1) How many personnel layoffs have occurred? How much money was saved by the District? Were any of the positions reinstated? At what cost to the District?

In 2009 there were three (3) retirements from a 2-year incentive program and four (4) layoffs summarized as follows:

Position	Occurrence	Position Replaced	Estimated Savings[1]
USA Locator	Retired	No	$86,600 (annually)
Customer Serv. Rep.	Retired	Yes	n/a
Operations Manager	Retired	Yes	n/a
Engineering Aide	Layoff	No[2]	$104,300 (annually)
Risk/Safety Officer	Layoff	No	$112,200 (annually)
Maintenance Worker	Layoff	No[2]	$55,300 (annually)
HR Manager	Layoff	Yes[3]	$16,100 (one time)

Notes:

[1]Includes an estimate of benefits using a factor of 1.40 rounded to nearest $100.

[2]The employees involved were later rehired into other positions as vacancies occurred.

[3]A HR consultant was hired by the District and shared HR duties with the Assistant General Manager, Executive Secretary, and a new position of Administrative Assistant after the layoff. The Assistant General Manager position compensation was increased over 16% partially in response to this action. The laid-off employee was later rehired into the same position and the Assistant General Manager left the District. The Assistant General Manager position was

reset to a normal salary range and remains vacant. The number reflects the net amount of savings from 2009, not the savings between the HR Manager and Assistant General Manager positions.

2) **How many times were job furloughs established? How much was saved by the District? Are any of these furloughs still in effect? Have any been cancelled? How much did this cost/save the District?**

Furloughs of two (2) days per month were established for exempt and non-exempt employees for a six-month period by Board action on June 10, 2009. The initial savings estimate from this action was $258,000. However, it was done such that employees could file for EDD compensation, furloughs were ended after four (4) months, and the effect was also reduced due to paying some employees to respond to emergencies. The maximum potential savings from the four (4) month furlough was then $172,000. The actual savings were $69,000 per the General Manager's memo dated September 30, 2009. Many employees did file for compensation from EDD. The District paid $40,382 and $17,792 to EDD covering the claims in 2010 and 2011 respectively. The net District-wide savings from this action was then $10,826.

It should be noted that the District-wide savings are not a direct reflection on the effect to individual employees. Only a minority of employees are needed to respond to emergencies. While many of the remaining employees filed with EDD, the compensation was significantly less than the compensation lost due to the furloughs.

Additional Board action at the same meeting closed the office during the time period between Christmas and New Year's Day. The savings from this were minimal as employees were, and are, able to use accumulated vacation or other paid leave. This action was evaluated by the Board in 2010 and left in place. The cost savings from employees not using accumulated paid leave are as follows:

2009:	$4,144
2010:	$5,785
2011:	$1,623
2012:	$2,138

3) **How many times did employees NOT get cost of living increases? What did this save the District? How many times have COLA's been paid? At what rates (higher to make up for losses or what was due)?**

A summary of the changes in CPI and Board actions for the years 2007 – 2012 is as follows:

Year	CPI	Board Action
2007	2.9%	3.0%
2008	5.4%	5.0%
2009	(2.2%)	0%

2010	0.9%	0%
2011	1.6%	1.6%
2012	1.9%	0.6%
Totals:	10.5%	10.2%

Using an amount of $59,000 per 1% change in COLA, the difference between CPI and approved COLA is $17,700.

4) **What other sacrifices have the employees made to assist the District with the budget? Please explain and report how much savings to the District. (Not including any cost saving measures done by the various departments.)**

Other effects of Board/General Manager action on employee compensation are as follows:

- No availability of performance/merit increases for 2009 and 2010: approximately $220,000;
- One of two Floating Holidays was removed for 2009;
- Elimination of employee appreciation events (Picnic/Theme Park and Christmas Dinner): $8,000 annually, and;
- Negative effect on employee morale and productivity in 2009 from how the various items were discussed and handled.

December 18, 2012

Dennis,

In order to make good decisions the Board needs to be informed of the following:

Statistics from 2007-2012

1. How many personnel layoffs have occurred? How much money was saved by the District? Were any of these positions reinstated? At what cost to the district? (Please include benefits.)

2. How many times were job furloughs established? How much was saved by the District? Are any of these furloughs still in effect? Have any been cancelled? How much did this cost/save the District?

3. How many times did employees NOT get cost of living increases? What did this save the District? How many times have COLs been paid? At what rates (higher to make up for losses or what was due) ?

4. What other sacrifices have the employees made to assist the District with the budget? Please explain and report how much savings to the District.

I am not asking the cost saving measures done by the various departments.

Thank you!

Gloria

cc: Kathy MacClaren, Chair, Personnel Committee
Dawn Dean, Administrative Assistant

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