

PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111

Fax (661) 947-8604

www.palmdalewater.org

LAGERLOF, SENECA, GOSNEY & KRUSE LLP
Attorneys



Board of Directors

ROBERT E. ALVARADO
Division 1

GORDON G. DEXTER
Division 2

GLORIA DIZMANG
Division 3

KATHY MAC LAREN
Division 4

STEVE R. CORDOVA
Division 5

July 18, 2013

***Agenda for Regular Meeting
of the Board of Directors of the Palmdale Water District
to be held at the District's office at 2029 East Avenue Q, Palmdale
Wednesday, July 24, 2013
7:00 p.m.***

NOTE: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale. Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance.
- 2) Roll Call.
- 3) Adoption of Agenda.
- 4) Public comments for non-agenda items.
- 5) Presentations:
 - 5.1) Cash for Grass Rebate Program. (Water Conservation Supervisor Beck)

- 6) Action Items - Consent Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
 - 6.1) Approval of minutes of regular meeting held July 10, 2013.
 - 6.2) Payment of bills for July 24, 2013.
- 7) Action Items – Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
 - 7.1) Consideration and possible action on Cafeteria Healthcare Plan proposal and minimal employee and retiree premium contribution towards health insurance benefits. (General Manager LaMoreaux/Personnel Committee)
 - 7.2) Consideration and possible action on Board and staff attendance at conferences, seminars, and training sessions as follows:
 - a) None at this time.
- 8) Information Items:
 - 8.1) Reports of Directors: Meetings/Committee Meetings/General Report.
 - 8.2) Report of General Manager.
 - a) District vacancies.
 - b) Palmdale Recycled Water Authority status.
 - c) Monthly Department Reports.
 - d) Before the First Drop marketing campaign videos.
 - 8.3) Report of Attorney.
- 9) Public comment on closed session agenda matters.
- 10) Closed session under:
 - 10.1) Government Code Section 54956.9(d)(1), pending litigation: *Antelope Valley Ground Water Cases*.
 - 10.2) Government Code Section 54956.9(d)(1), pending litigation: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW*.
 - 10.3) Government Code Section 54956.9(d)(1), pending litigation: *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561*.
 - 10.4) Government Code Section 54956.9(d)(1), pending litigation: *Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*.

- 11) Public report of any action taken in closed session.
- 12) Board members' requests for future agenda items.
- 13) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: July 18, 2013 July 24, 2013
TO: BOARD OF DIRECTORS Board Meeting
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.1 – CONSIDERATION AND POSSIBLE ACTION
ON CAFETERIA HEALTHCARE PLAN PROPOSAL AND MINIMAL
EMPLOYEE AND RETIREE PREMIUM CONTRIBUTION TOWARDS
HEALTH INSURANCE BENEFITS.***

Recommendation:

Staff and the Personnel Committee recommend the Board take the following action:

- 1) Approve and establish a Cafeteria 125 Plan administered by a third-party firm that includes the option for a Flexible Savings Account (FSA) and dependent care;
- 2) Blue Cross PPO (Prudent Buyer Advantage) be added to the District's existing three offered medical insurances;
- 3) The District cap its contribution to medical, dental, and vision insurance coverage at \$1,600 per month per employee;
- 4) This action also apply to future retirees; and
- 5) This action become effective January 1, 2014.

Alternative Options:

The alternative is to take no action with the District's existing medical, dental, and vision insurance coverage and costs remaining as is.

Background:

For the past several months, the Personnel Committee has been reviewing the District's medical, dental, and vision insurance plans, the cost of these plans, and options for reducing the District's costs while still remaining competitive with other similar agencies' overall benefit packages.

During this review, the Personnel Committee discussed in depth the various insurance plans and costs provided by ACWA/JPIA as well as insurance plans and costs provided through an independent broker. The Committee determined that a Cafeteria 125 Plan with the District's current three offered medical insurance plans plus an additional PPO plan is the best option for the District and for the District's employees.

July 18, 2013

The Cafeteria 125 Plan, the Cap of \$1,600 per month per employee for medical, dental, and vision insurance coverage, and potential out-of-pocket expenses for employees were presented to employees and discussed at the recent all-hands meeting. The recommended action is a result of Committee discussions and employee input.

The District's Kaiser plan rates will be reduced beginning in 2014 as the District will be incorporated into ACWA/JPIA's coverage pool for determining rates. This will move all employees using Kaiser as medical insurance for their families well under the proposed \$1,600 Cap. Adding the Blue Cross Advantage Plan will provide another choice for employees preferring a PPO system, and employees using the Advantage Plan for their families will also fall under the proposed \$1,600 Cap.

Employees will have the option during open enrollment to make changes to their current plans with any changes becoming effective January 1, 2014.

Strategic Plan Element:

This work is part of Strategic Elements 4.0 Personnel Management and 6.0 Financial Management.

Budget:

This item will not affect the 2013 Budget.

Supporting Documents:

- Palmdale Water District Insurance Benefit Cost Control Options (Using 2014 Kaiser Rates)

**PALMDALE WATER DISTRICT
INSURANCE BENEFIT COST CONTROL OPTIONS
(USING 2014 KAISER RATES)**

[illegible]

NOTES: 1. PWD Employee Annual Salary Summary

\$38k - \$50k:	17
\$50k - \$75k:	33
\$75k - \$100k:	24
\$100k + :	8

Average: \$70,400
Median: \$67,900

2. Addition of Blue Cross Advantage PPO as an option

Employee w/Family (Medical, Dental, & Vision) = \$1,507.24

3. Insurance Premium Total w/2014 Estimated Kaiser Rate

Employee w/Family (Medical, Dental, & Vision) = \$1,380.76

4. Kaiser Rate Change Summary (Based on 2013 ACWA/JPIA Rates as Estimate)

<u>Plan</u>	<u>2013</u>	<u>2014</u>	<u>Difference</u>
Employee	542.86	446.10	(96.76)
Couple	1,075.83	882.32	(193.51)
Family	1,518.19	1,244.40	(273.79)

MINUTES OF MEETING OF THE PERSONNEL COMMITTEE OF THE PALMDALE WATER DISTRICT, JUNE 11, 2013:

A meeting of the Personnel Committee of the Palmdale Water District was held Tuesday, June 11, 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:

Personnel Committee:

Kathy Mac Laren, Chair

Gloria Dizmang, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager

Matt Knudson, Engineering Manager

Dennis Hoffmeyer, Senior Accountant

Dawn Deans, Executive Assistant

2 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 May 1, 2013.

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 May 1, 2013, as written.

4.2) Discussion and Possible Action on Optional Healthcare Plans and Minimal Employee and Retiree Premium Contribution Towards Health Insurance Benefits. (Acting Human Resources Manager Burns)

General Manager LaMoreaux reviewed the District's current medical coverage plans, the number of employees in each plan, the number of retirees in each plan, and the

cost of each plan and then provided an overview of five alternate medical coverage plan proposals and the cost and pros and cons of each of these proposals, and after a brief discussion of each of these proposals, it was determined that the District convert its medical coverage plan to a Cafeteria Plan with a funding cap for medical, dental, and vision insurance of \$1,500.00 per month effective January 1, 2014 with possible consideration of annual CPI adjustments; that this proposal be presented to employees for input; that the Committee further consider this proposal and employee input at their next Committee meeting; and that the proposal then be presented to the Board for consideration.

After a further discussion, the Committee determined that the funding cap for medical, dental, and vision insurance should be increased to \$1,600.00 per month.

General Manager LaMoreaux then stated that he and Acting Human Resources Manager Burns will further develop this proposal for presentation to District staff for discussion at the next all-hands meeting.

General Manager LaMoreaux then reviewed the District's current retiree medical coverage policy, the purpose of this policy, five proposals for modifying this policy only for employees with five years of full-time service or less, and coordination with Medicare and placing a cap on the District's costs for these proposals, and after a brief discussion of each of these proposals, it was determined that the District's policy for retiree medical coverage be revised to increase the retirement age to 60 and 25 years of service be required for a retiree to receive medical coverage; that this revision apply only to employees with five years of full-time service or less; and that the Committee further discuss this proposal.

It was then discussed that these changes will not affect current retirees; however, the Board may change current retiree health care coverage in the future.

4.3) Discussion and Possible Action on Developing a Wellness Program. (Acting Human Resources Manager Burns)

Chair Mac Laren recommended an Herbalife consultant present their Wellness Program to the Committee.

Committee Member Dizmang then recommended the District model a Wellness Program after the City of Palmdale's Wellness Program until ACWA/JPIA develops a Wellness Program.

General Manager LaMoreaux then stated that he will direct Acting Human Resources Manager Burns to model a Wellness Program after the City of Palmdale's Wellness Program and that a presentation by Herbalife on their Wellness Program will be placed on the next agenda.

5) Project Updates.

5.1) Status on Organizational Assessment. (General Manager LaMoreaux)

General Manager LaMoreaux stated that The Mathis Group completed their work at the District last week; that a draft set of recommendations is expected towards the end of the month; and that data for the graphs should be available at that time.

6) Information Items.

There were no further information items.

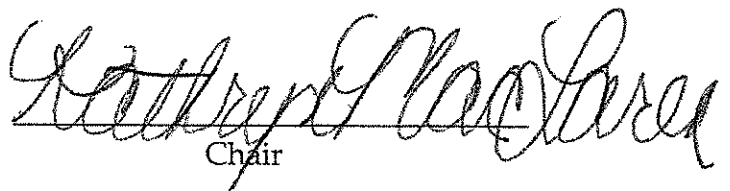
7) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

It was determined that the next Personnel Committee meeting will be held July 11, 2013 at 6:30 p.m.

8) Adjournment.

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


Chair

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE
WATER DISTRICT, JUNE 12, 2013:**

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, June 12, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order.

1) Roll Call.

Attendance:

Finance Committee:
Gloria Dizmang, Chair
Steve Cordova, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Mike Williams, Finance Manager
Bob Egan, Financial Advisor
Matt Knudson, Engineering Manager
Dennis Hoffmeyer, Senior Accountant
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Cordova, seconded by Chair Dizmang, 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 May 8, 2013.**

After a brief discussion, it was moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the meeting held May 8, 2013.

**4.2) Discussion and Overview of Cash Flow Statement and Current Cash
Balances as of April 30, 2013. (Financial Advisor Egan)**

Financial Advisor Egan reviewed the increase in year-end cash as of April 30, 2013 and stated that interest and principal bond payments were made last month; that

the \$2.4 million increase for the month is due to the receipt of property taxes, increased water sales, and Department of Water Resources refunds; that investments changed very little; that projects under the new bond have not been included and will be shown on future reports; and that anticipated year-end cash is an increase of \$2.4 million over projected due to stronger assessment monies and higher water sales.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for April 30, 2013. (Finance Manager Williams)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending April 30, 2013 and stated that the increase of assessments and increased water sales have been highlighted on the balance sheet and that all departments are operating at or below the targeted expenditure percentage of 33.3% or less and continue to keep expenses down, with the exception of Engineering due to the implementation of the GIS project.

4.4) Discussion and Overview of Committed Contracts Issued. (Engineering Manager Knudson)

Engineering Manager Knudson reviewed the revised Committed Contracts and Payout Schedules for capital projects, projects funded by the Water Quality Fee, and projects funded from the Water Revenue Series 2013A Bonds.

4.5) Discussion and Overview on Series 2013A Issuance. (Financial Advisor Egan/Finance Manager Williams)

Financial Advisor Egan informed the Board that the Series 2013A bond issuance will save the District nearly \$2 million in present value over a 20-year period; that the District's bond rating increase was critical and essential to completing this bond issuance and would not have been possible without the rate increase due to the need to demonstrate solid management; that the true interest cost is 3.98%; that market conditions were favorable when the bonds were sold, and current conditions are much higher; that this bond issuance is a positive situation for the District in terms of total cash, present value savings, and the amount of money available for projects; and that the bond team, including staff, did a great job.

The Committee then commended staff and the bond team on the completion of this bond issuance.

General Manager LaMoreaux then stated that the Post-Pricing booklet for the Series 2013A Issuance and final Official Statement are available for review.

5) Information Items.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

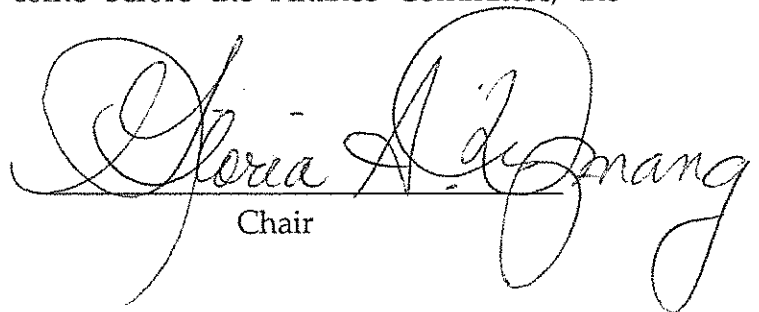
There were no requests for future agenda items.

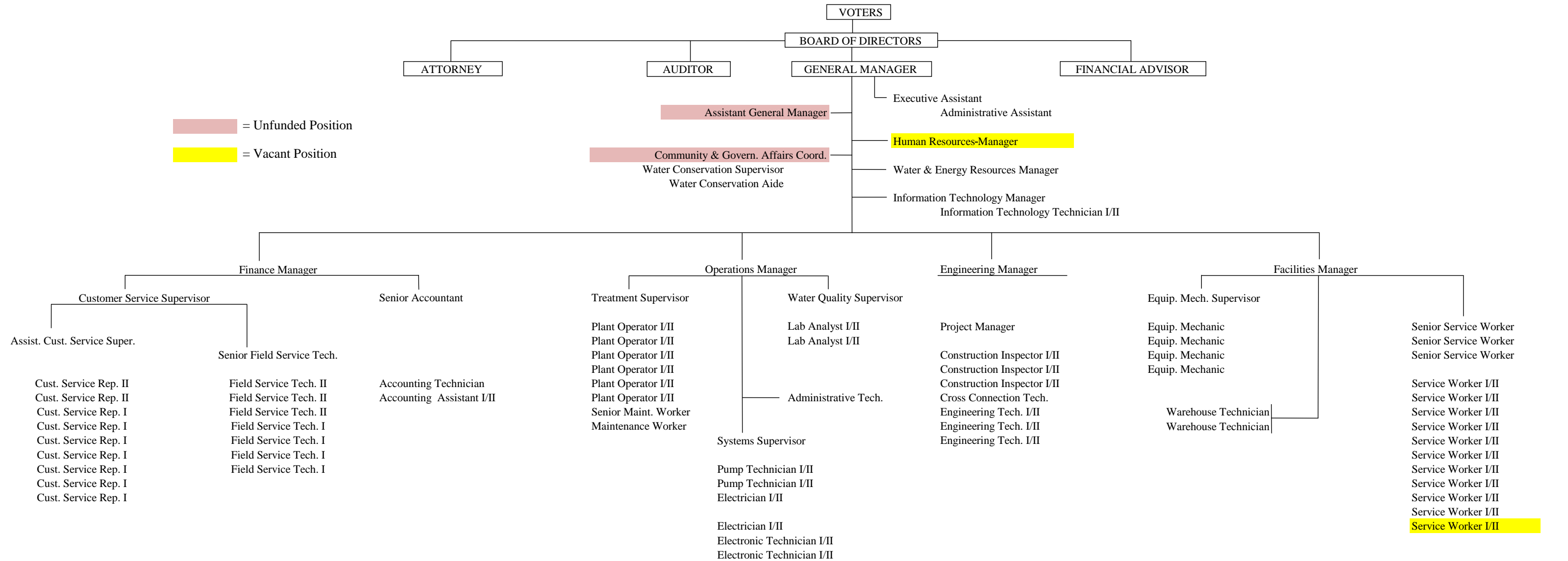
Chair Dizmang then stated that on June 5, she visited Assemblyman Fox in Sacramento to discuss the difference between AVEK and the District, why water rates are different in different areas, and senior assistance; that his assistant is very sharp; that on June 6, she attended the California Special Districts Association workshop regarding the Board's Role in Finance and Fiscal Responsibility and reviewed the items discussed at this workshop; and that on June 7, she, President Mac Laren, General Manager LaMoreaux, and Water & Energy Resources Manager Pernula visited Oroville Dam and then provided an overview of that visit.

The next Finance Committee meeting was then scheduled for July 10, 2013 at 5:00 p.m.

7) Adjournment.

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


Chair



SUMMARY TABLE

Hiring Authorizations		Filled By		Status
Date	Position			
11/14/2012	Field Service Tech. I	Service Worker	New Hire	Complete
11/14/2012	Service Worker I/II	New Hire		Complete
11/14/2012	Senior Maint. Worker	Maint. Worker	New Hire	Complete
2/13/2013	Treatment Plant Supervisor	New Hire		Complete
4/10/2013	Water Quality Supervisor	Lab Analyst II	New hire	Complete

Palmdale Water District

Position Vacancy and Hiring Process Status

Organization Chart Approved by Board Action Nov. 14, 2012

Date: July 24, 2013

DDL