

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: MARCH 17, 2017

**AGENDA ITEM
E-3
MARCH 22, 2017**

**CONSIDER CURRENT METHODOLOGY OF COST OF LIVING
ADJUSTMENT (COLA) COMPUTATION AND RESOLUTION AMENDING
METHODOLOGY OF COMPUTING COLA**

ITEM

Consider current methodology of Cost of Living Adjustment (COLA) computation and Resolution amending methodology of computing COLA.

BACKGROUND

Since 2007, the Board of Directors annually considers awarding a Cost of Living Adjustment (COLA) to its employees based on the Board adopted Resolution 2006-1000 (attached). An excerpt from Resolution 2006-1000 is as follows:

Approve the use of the Consumer Price Index-Urban Wage Earners and Clerical Workers (Average of annual increase for the Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose) for all future Cost of Living Adjustments (COLA).

A summary of COLA computations and Board approvals is as follows:

Fiscal year	COLA Computation	Board Approved	Difference
7/1/16	1.400%	1.400%	0.00%
7/1/15	1.900%	1.900%	0.00%
7/1/14	1.625%	1.625%	0.00%
7/1/13	2.480%	2.480%	0.00%
7/1/12	3.020%	1.500%	(1.52%)
7/1/11	1.650%	0.000%	(1.65%)
7/1/10	0.000%	0.000%	0.00%
7/1/09	3.610%	3.610%	0.00%
7/1/08	3.220%	3.220%	0.00%
7/1/07	3.530%	3.530%	0.00%

The NCSD Employee Handbook, Section 3000(D) states the following:

Cost of Living Adjustments – Annually, the Board may consider a Cost of Living Adjustment (COLA). If the COLA is approved, District Salary Schedule will be adjusted accordingly, thus keeping the schedule current. Therefore, an employee may receive both a Cost of Living Adjustment and an increase in compensation pursuant to subdivision C above in any given year until the employee reaches Step 5. Upon reaching Step 5, the only salary adjustments an employee will receive will be Board-approved COLA, unless the employee is eligible for longevity pay.

The Finance and Audit Committee met on March 6, 2017 to review the employee Cost of Living Adjustment (COLA) to be included in the FY 17-18 budget. The proposed COLA was computed based upon Resolution 2006-1000. The Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County was computed at 1.470% and the CPI for the San Francisco-Oakland-San Jose was computed at 2.730%. The average of the two indexes is 2.1%.

The Finance and Audit Committee does not believe that the San Francisco CPI is reflective of the Central Coast economy. The Committee suggests that the California Consumer Price Index-All Items for Urban Wage Earners and Clerical Workers be used to make the computation. Utilizing this CPI, the computation is 1.88%, which is .22% less than the computation based on Resolution 2006-1000.

If the Board of Directors would like to change the method of computation, staff would recommend repealing Section 3 of Resolution 2006-1000 and adopting a Resolution establishing a new CPI.

RECOMMENDATION

The Board of Directors may confirm COLA of 2.1% as computed by Resolution 2006-1000 or adopt Resolution amending methodology of computing COLA and confirm COLA of 1.88% for FY 17-18.

ATTACHMENTS

- A. Resolution 2006-1000
- B. COLA computation based on Resolution 2006-1000
- C. Resolution 2017-XXXX
- D. COLA computation based on Resolution 2017-XXXX

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ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2006-1000**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE MONTHLY SALARY SCHEDULE, PROPOSED SALARY
RANGE PLACEMENT, AND CPI INDEX**

WHEREAS, the Nipomo Community Services District (herein "District") Board of Directors (herein "Board") is a local governmental agency formed and authorized to provide services within its jurisdiction, pursuant to Section 61000 et seq. of the California Government Code; and

WHEREAS, the Nipomo Community Services District contracted with a Koff & Associates, Inc. to perform a professional Salary and Benefits Survey; and

WHEREAS, the Board of Directors accepted and filed the final report titled "Total Compensation Study for the Nipomo Community Services District" on December 13, 2006; and

WHEREAS, Koff & Associates, Inc. recommended a new Monthly Salary Schedule and proposed Salary Range Placement in the report; and

NOW, THEREFORE, the Board of Directors of the Nipomo Community Services District does hereby resolve, declare, determine and order as follows:

1. Adopt the Monthly Salary Schedule (Exhibit "A")
2. Adopt the Proposed Salary Range Placement (Exhibit "B")
3. Approve the use of the Consumer Price Index-Urban Wage Earners and Clerical Workers (Average of annual increase for the Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose) for all future Cost of Living Adjustments (COLA).
4. Authorize Staff to advertise for the positions of District Engineer, Utility Foreman and Water Conservation Specialist at the newly approved monthly salary schedule

On the motion of Director Trotter, seconded by Director Harrison, and on the following roll call vote, to wit:

AYES: Director Trotter, Harrison, Eby, Winn and Vierheilig
NOES: None
ABSENT: None

The foregoing resolution is hereby passed, approved and adopted by the Board of Directors of the Nipomo Community Services District this 13th day of December, 2006.




Lawrence Vierheilig, President
Nipomo Community Services District

ATTEST:



Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM:



Jon S. Seitz
General Counsel

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ATTACHMENT B

NIPOMO COMMUNITY SERVICES DISTRICT
 CONSUMER PRICE INDEX ADJUSTMENT
 PROPOSED FOR JULY 1, 2017

	<u>SF</u>	<u>LA</u>	<u>AVERAGE</u>
CPI for current period	260.830	240.140	
Less CPI for previous period	<u>(253.910)</u>	<u>(236.646)</u>	
Equals index point change	6.920	3.494	
Divide by previous period CPI	253.910	236.646	
Equals	0.0273	0.0147	
Result multiplied by 100	<u>0.0273 x 100</u>	<u>0.0147 x 100</u>	
	<u>2.730</u>	<u>1.470</u>	<u>2.1</u>



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Data extracted on: February 21, 2017 (11:40:37 AM)

Consumer Price Index - Urban Wage Earners and Clerical Workers

Series Id: CWURA421SA0
 Not Seasonally Adjusted
 Area: Los Angeles-Riverside-Orange County, CA
 Item: All items
 Base Period: 1982-84=100

Download: [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2007	204.498	206.632	208.929	210.195	211.145	209.614	209.444	209.240	209.849	211.259	212.844	212.282	209.661	208.502	210.820
2008	213.825	214.231	216.493	217.914	219.702	222.435	223.245	221.230	220.285	218.726	214.083	211.007	217.765	217.433	218.096
2009	212.454	213.234	213.013	213.405	214.446	216.145	216.128	216.628	217.302	217.474	216.618	216.233	215.257	213.783	216.730
2010	217.290	217.090	218.157	218.475	218.787	218.222	218.367	218.752	218.427	219.339	218.694	219.619	218.435	218.004	218.866
2011	221.540	222.814	225.770	227.051	226.842	225.461	224.277	224.665	226.096	226.116	225.786	224.444	225.072	224.913	225.231
2012	226.245	227.585	230.281	230.023	230.180	228.917	228.446	230.229	231.085	233.431	230.426	228.940	229.649	228.872	230.426
2013	230.651	232.983	233.200	232.030	232.387	232.378	232.190	232.245	232.817	232.735	231.598	231.594	232.234	232.271	232.197
2014	232.578	233.886	235.500	235.717	236.647	236.880	236.963	236.504	236.451	235.921	233.896	232.330	235.273	235.201	235.344
2015	231.063	232.975	235.991	235.697	238.816	237.792	239.889	238.755	237.324	237.472	237.190	236.787	236.646	235.389	237.903
2016	238.609	238.262	239.146	239.536	240.320	240.522	240.580	240.267	240.851	241.932	240.809	240.846	240.140	239.399	240.881
2017	242.735														

Series Id: CWURA422SA0
 Not Seasonally Adjusted
 Area: San Francisco-Oakland-San Jose, CA
 Item: All items
 Base Period: 1982-84=100

Download: [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2007		208.803		211.189		211.422		211.620		213.133		214.204	211.370	209.986	212.754
2008		214.913		217.913		221.454		221.385		221.192		213.685	218.441	217.487	219.396
2009		216.797		218.587		220.996		221.279		221.708		220.121	219.645	218.182	221.109
2010		222.049		223.821		224.185		224.195		224.352		224.152	223.624	223.012	224.236
2011		226.638		231.600		230.605		231.445		232.371		231.109	230.337	229.074	231.600
2012		234.648		236.626		236.890		238.445		240.864		236.454	237.097	235.572	238.622
2013		240.262		241.764		243.052		242.903		243.711		242.602	242.125	241.141	243.109
2014		245.148		247.932		250.085		249.877		250.508		247.680	248.326	247.097	249.555
2015		249.809		252.875		254.736		256.060		256.107		255.492	253.910	252.041	255.780
2016		257.141		259.386		261.017		262.326		264.026		263.222	260.830	258.715	262.946

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ATTACHMENT C

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT AMENDING METHODOLOGY OF
COMPUTING EMPLOYEE COST OF LIVING ADJUSTMENTS (COLA)**

WHEREAS, the Nipomo Community Services District (herein "District") Board of Directors (herein "Board") is a local government agency formed and authorized to provide services within its jurisdiction, pursuant to Section 61000 et seq. of the California Government Code; and

WHEREAS, the Board annually reviews the employee Cost of Living Adjustment (COLA) based on the policy and procedures adopted in Resolution 2006-1000 which approved the use of the Consumer Price Index-Urban Wage Earners and Clerical Workers using the average of annual increases for the Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose; and

WHEREAS, the Board wishes to change the employee COLA computation to the Consumer Price Index for the California Consumer Price Index All Items for Urban Wage Earners and Clerical Workers, and

WHEREAS, the Board believes the California Consumer Price Index is more reflective of the economy of the Central Coast.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District:

Section 1. The above recitals are true and correct.

Section 2. Section 3 of Resolution 2006-1000 is hereby repealed.

Section 3. This resolution shall take effect immediately.

Upon a motion by Director ____, seconded by Director ____, on the following roll call vote, to wit:

**AYES:
NOES:
ABSTAIN:
ABSENT:**

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY
SERVICES DISTRICT AMENDING METHODOLOGY OF COMPUTING EMPLOYEE
COST OF LIVING ADJUSTMENTS (COLA)**

the foregoing resolution is hereby passed and adopted on this 22nd day of March,
2017.

DAN A. GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
Secretary to the Board

WHITNEY G. McDONALD
District Legal Counsel

March 22, 2017

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ATTACHMENT D

NIPOMO COMMUNITY SERVICES DISTRICT
CONSUMER PRICE INDEX ADJUSTMENT
PROPOSED FOR JULY 1, 2017

	<u>CALIF</u>
CPI for current period	246.184
Less CPI for previous period	<u>(241.635)</u>
Equals index point change	4.549
Divide by previous period CPI	241.635
Equals	0.0188
Result multiplied by 100	<u>0.0188 x 100</u>
	<u>1.880</u>

CALIFORNIA CONSUMER PRICE INDEX (1955-2016)

ALL ITEMS (1982-1984=100)

Year	Month	All Urban Consumers	Urban Wage Earners and Clerical Workers
2016	Annual	255.303	246.184
2016	December	256.953	247.411
2016	October	257.836	248.408
2016	August	R/256.097	R/246.735
2016	June	R/255.576	R/246.505
2016	April	254.134	245.321
2016	February	252.649	243.748
2015	Annual	249.666	241.635
2015	December	250.711	242.222
2015	October	251.255	242.884
2015	August	251.253	243.753
2015	June	250.404	242.680
2015	April	248.637	240.661
2015	February	246.218	237.836
2014	Annual	246.055	238.960
2014	December	244.812	236.733
2014	October	247.481	240.082
2014	August	247.259	240.289
2014	June	247.228	240.612
2014	April	245.900	239.144
2014	February	244.037	237.021
2013	Annual	241.623	234.947
2013	December	241.526	234.654
2013	October	242.633	235.783
2013	August	241.967	235.196
2013	June	241.926	235.333
2013	April	241.399	234.695
2013	February	241.242	234.887
2012	Annual	238.155	231.610
2012	December	237.705	230.922
2012	October	241.537	235.382
2012	August	239.034	232.427
2012	June	237.781	231.042
2012	April	238.090	231.722
2012	February	235.828	229.430
2011	Annual	232.930	226.364
2011	December	232.985	226.170
2011	October	234.317	227.713
2011	August	233.256	226.427
2011	June	233.285	226.715
2011	April	234.113	228.118
2011	February	230.338	223.663
2010	Annual	226.919	219.714