



Memo

To: Board of Directors
From: Karl B. Drew
Date: June 17, 2016
Subject: Cost of Living Adjustment

In considering the annual Cost of Living Adjustment (COLA), the District has reviewed the change in the Consumer Price Index (CPI), as determined by the U.S. Department of Labor. The COLA is intended to adjust the wage schedules for the changes in purchasing power caused by inflation or deflation. The CPI increase for the year ending April 2016 is as follows:

	<u>CPI-U</u>	<u>CPI-W</u>	<u>CPI (Average)</u>
U.S. City Average	2.10%	0.80%	1.45%
Los Angeles-Riverside-Orange County	2.00%	1.60%	1.80%

Last year, the Board gave the employees a 0.25% Cost of Living Adjustment. The 2015 US City Average CPI was 0.50% and the Los Angeles Average CPI was 0.25%. On the attached sheet, we have compared the annual CPI against the COLA given by the District over the past 10 years. Based on this information, District employees have received a cumulative total slightly lower than the U.S. City Average and slightly higher than the Los Angeles-Riverside-Orange County average CPI.

The COLA is an annual wage adjustment that attempts to maintain the employees' earnings at a comparable level from year to year.

Recommendation: Approve a **1.80%** COLA for all current employees, including the General Manager effective June 3, 2016.

Financial Impact: Increases the gross, base payroll by approximately **\$16,432** per year. The 2016-17 approved budget includes a 6% increase in payroll costs.

Note: The Department of Labor has two Consumer Price Indexes

1. Consumer Price Index for All Urban Consumers (CPI-U)
2. Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)

The two indexes measure the price index for slightly different groups. For comparison purposes, both indexes are included and then averaged.

Crestline Village Water District
 10 Year History of COLA Increases
 06/21/16

YEAR	Average CPI for:		CVWD INCREASE	Difference from:	
	US City	LA-Riv-OC		US City	LA-Riv-OC
2007	2.55%	3.55%	3.00%	0.45%	-0.55%
2008	4.05%	3.40%	3.70%	-0.35%	0.30%
2009	-1.00%	-1.70%	0.00%	1.00%	1.70%
2010	2.65%	2.15%	2.20%	-0.45%	0.05%
2011	3.40%	3.60%	3.60%	0.20%	0.00%
2012	2.80%	2.00%	2.00%	-0.80%	0.00%
2013	1.40%	1.30%	1.30%	-0.10%	0.00%
2014	2.00%	1.50%	1.50%	-0.50%	0.00%
2015	0.50%	0.25%	0.25%	-0.25%	0.00%
2016	1.45%	1.80%	1.50%	0.05%	-0.30%
Totals	19.80%	17.85%	19.05%	-0.75%	1.20%
10 YEAR AVG	1.98%	1.79%	1.91%	-0.08%	0.12%

Note: The Average CPI is the average of the CPI-U and CPI-W indexes for each area.