

IMPORTANT NOTICE:

Attached is a revised staff report on Item 6.4 for the April 5, 2022 SCV Water Regular Board meeting. The staff report and PowerPoint were revised, changes are highlighted in **green**. Attachments 1, 2 and 3 did not change.

Thank you.

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REVISED

ITEM NO.
6.4

BOARD MEMORANDUM

DATE: March 28, 2022
TO: Board of Directors
FROM: Matthew G. Stone
 General Manager
SUBJECT: Approve a Proposed Employee Salary Adjustment for FY 2022/23

SUMMARY

It is the Agency’s practice to perform salary surveys every three to five years (completed in January 2021) and administer a cost-of-living adjustment (COLA) increase every year to maintain salaries within the market.

DISCUSSION

At the March 21, 2022 Finance and Administration Committee meeting, staff presented Consumer Price Index (CPI) data for 2021 and estimated fiscal impacts for a range of COLA options, as follows.

Attachment 1 shows the recent history of Agency general wage adjustments. Attachment 2 reflects CPI data from 2017 until present, illustrating the percentage change for each month from the same month in the prior year as well as the 2021 Employer Cost Index (ECI) compiled by the U.S. Bureau of Labor Statics. Historically, the Agency has adjusted salaries based on the change in the CPI from December to December, which is then factored into the following year’s budget. The CPI Index in year 2021 has fluctuated with a year-over-year change of a low 1.12% to a high of 6.94% in December 2021, with a median of 4.54%.

Agency staff had performed a budget impact analysis, calculating the impact at each .5% starting at 2% (which was included in the FY 2022/23 budget) to 7%. At 2% and 2.5% the analysis shows a budget savings.

COLA%	Total COLA Adjustment	Total Salary and Benefits	Impact to Budget
2.0%	\$452,659	\$28,956,653	\$(210,134)
2.5%	565,824	29,069,407	(97,380)
3.0%	678,989	29,180,911	14,124
3.5%	792,154	29,291,516	124,729
4.0%	905,319	29,404,910	238,123
4.5%	1,018,484	29,515,729	348,942
5.0%	1,131,649	29,627,826	461,039
5.5%	1,244,813	29,739,993	573,206
6.0%	1,357,978	29,850,397	683,610
6.5%	1,471,143	29,962,500	795,713
7.0%	1,584,308	30,074,002	907,215

Since the beginning of FY 2021/22 there have been 12 employee separations (including retirements). Typically, when an employee separates, they are at the top of their pay range and are Classic CalPERS employees, and when replacement employees are hired, they will most likely start at the beginning of the pay range and as a PEPRA CalPERS employee. This is the primary reason for the budget savings at 2% and 2.5%.

Management recommends adjusting the compensation structure to compensate Agency employees based on:

- Striving to maintain Agency salaries in a competitive labor market
- Recognizing the Agency's excellent workforce

This is consistent with the Agency's Compensation Policy which states that "if fiscally prudent, it is the Agency's objective to compensate employees at the middle of the labor market as measured by the mean and/or median."

Based on these factors and the budget impacts, staff proposed a 4.5% employee salary COLA adjustment for FY 2022/23; however, an alternative metric, the ECI compiled by the U.S. Bureau of Labor Statics, was also requested by a Committee member and staff provided this information for discussion. The ECI metric indicates a year-over-year change of 5.5% in December 2021.

After discussion and consideration of both metrics and budget impact information, the Committee unanimously recommended a 5.5% COLA for FY 2022/23. Direction was also given to staff to present both the CPI and ECI information in future salary adjustment discussions.

The general wage increase would be implemented with the first full pay period in July 2022. That is, all salary ranges would be increased by the approved COLA amount, except for the General Manager. Individual compensation adjustments within the salary range would be made in accordance with the appropriate personnel policies. The proposed revised Agency Pay Schedule is also attached (Attachment 3).

On March 21, 2022, the Finance and Administration Committee considered staff's recommendation to approve a proposed employee salary adjustment for FY 2022/23.

FINANCIAL CONSIDERATIONS

The FY 2022/23 conditionally approved budget showed operating salaries and benefits at \$29,166,787. The recommended increase in salaries at 5.5% in FY 2022/23 would have a budget impact of approximately \$573,206 for a total of \$29,739,993. If approved, funds would be included in the revised SCV Water Biennial Budget for FY 2022/23.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors approve a cost-of-living adjustment of a 5.5% increase for FY 2022/23 for all employees except the General Manager.

MS

Attachments

ATTACHMENT 1

RECENT COST OF LIVING ADJUSTMENT HISTORY

<u>Effective Date</u>	<u>Change in CPI</u> <u>Dec 2020 to Dec</u> <u>2021</u>	<u>Change in ECI</u> <u>Dec 2020 to</u> <u>Dec 2021</u>	<u>Effective</u> <u>COLA</u>	
<u>SCV WATER</u>				
July 1, 2022	6.94%	5.50%		
July 1, 2021	1.46%		1.5%	
July 1, 2020	3.17%		3.0%	Proposed and Delayed - COLA approved Jan 2020
July 1, 2019	3.30%		3.0%	
July 1, 2018	3.74%		3.0%	
<u>CLWA</u>				
July 1, 2017	1.97%		2.0%	
July 1, 2016	2.03%		2.0%	
July 1, 2015	0.73%		0.0%	

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ATTACHMENT 2

CONSUMER PRICE INDEX AND EMPLOYMENT COST INDEX
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

CONSUMER PRICE INDEX

Los Angeles-Long Beach-Anaheim

All Urban Wage Earner and Clerical Workers

MONTH	INDEX % Change		INDEX % Change		INDEX % Change		INDEX % Change		INDEX % Change	
	2017	from 2016	2018	from 2017	2019	from 2018	2020	from 2019	2021	from 2020
January	242.735	1.73%	251.785	3.73%	259.182	2.94%	268.127	3.45%	271.129	1.12%
February	244.254	2.51%	253.243	3.68%	259.734	2.56%	268.938	3.54%	272.816	1.44%
March	244.932	2.42%	254.451	3.89%	261.278	2.68%	266.964	2.18%	274.097	2.67%
April	245.417	2.46%	255.379	4.06%	264.469	3.56%	265.930	0.55%	277.126	4.21%
May	246.153	2.43%	256.652	4.27%	265.283	3.36%	267.007	0.65%	279.139	4.54%
June	245.900	2.24%	256.208	4.19%	264.640	3.29%	268.118	1.31%	280.687	4.69%
July	246.681	2.54%	256.632	4.03%	265.012	3.27%	270.012	1.89%	282.271	4.54%
August	247.260	2.91%	257.318	4.07%	264.687	2.86%	270.563	2.22%	282.691	4.48%
September	248.550	3.20%	258.246	3.90%	266.517	3.20%	270.257	1.40%	283.191	4.79%
October	249.234	3.02%	259.899	4.28%	269.314	3.62%	270.864	0.58%	285.973	5.58%
November	249.680	3.68%	259.064	3.76%	268.041	3.47%	270.695	0.99%	287.940	6.37%
December	249.854	3.74%	258.100	3.30%	266.274	3.17%	270.167	1.46%	288.910	6.94%

EMPLOYMENT COST INDEX

Table 13 - ECI for total compensation, and wages and salaries (not seasonally adjusted)

	12-Month Percent Changes		
	Wages and Salaries		
	Dec-20	Sep-21	Dec-21
West - Los Angeles-Long Beach, CA	4.50%	6.50%	5.50%

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ATTACHMENT 3

**SANTA CLARITA VALLEY WATER AGENCY
PROPOSED - CLASSIFICATION PLAN
EFFECTIVE JULY 2022
(first full pay period)**

Position	Range	Monthly Bottom	Monthly Top
General Manager	n/a	-	25,446
Assistant General Manager	50	19,585	23,865
Chief Financial and Administrative Officer	48	17,765	21,646
Chief Operating Officer	48	17,765	21,646
Chief Engineer	47	16,921	20,615
Director of Finance and Administration	46	16,115	19,633
Director of Operations and Maintenance	46	16,115	19,633
Director of Technology Services	46	16,115	19,633
Director of Water Resources	46	16,115	19,633
Controller	43	13,920	16,962
Human Resources Manager	43	13,920	16,962
Principal Engineer	42	13,258	16,153
Principal Water Resources Planner	42	13,258	16,153
Communications Manager	40	12,024	14,648
Customer Service Manager	40	12,024	14,648
GIS Manager	40	12,024	14,648
Sustainability Manager	40	12,024	14,648
Water Distribution Manager	40	12,024	14,648
Water Quality Laboratory Manager	40	12,024	14,648
Water Treatment Manager	40	12,024	14,648
Senior Engineer	39	11,454	13,955
Senior Water Resources Planner	39	11,454	13,955
Engineer	37	10,386	12,653
Water Conservation Supervisor	37	10,386	12,653
Water Resources Planner	37	10,386	12,653
Inspector Supervisor	36	9,892	12,054
Senior Management Analyst	36	9,892	12,054
Associate Engineer	35	9,422	11,482
Associate Water Resources Planner	35	9,422	11,482
Board Secretary/Executive Assistant	35	9,422	11,482
Data Scientist	35	9,422	11,482
Electrical/Instrumentation Supervisor	35	9,422	11,482
Field Services Supervisor	35	9,422	11,482
Information Technology Supervisor	35	9,422	11,482
Senior Financial Analyst	35	9,422	11,482
Senior Water Conservation Specialist	35	9,422	11,482
Utility Supervisor	35	9,422	11,482
Water Quality Supervisor	35	9,422	11,482
Water Systems Supervisor	35	9,422	11,482
Accounting Manager	34	8,972	10,930
Senior Inspector	34	8,972	10,930
Senior Public Affairs Specialist	34	8,972	10,930
Senior Water Quality Scientist	34	8,972	10,930
Environmental Health & Safety Supervisor	33	8,547	10,414
Fleet and Warehousing Supervisor	33	8,547	10,414
Management Analyst II	33	8,547	10,414
SCADA Technician II	33	8,547	10,414
Senior Treatment Plant Operator - 80 hour shift	33	8,547	10,414
Senior Treatment Plant Operator - 84 hour shift	33	8,974	10,934
Assistant Engineer	32	8,140	9,916

SANTA CLARITA VALLEY WATER AGENCY
PROPOSED - CLASSIFICATION PLAN
EFFECTIVE JULY 2022
(first full pay period)

Position	Range	Monthly Bottom	Monthly Top
Customer Service Supervisor	32	8,140	9,916
Executive Assistant	32	8,140	9,916
Financial Analyst	32	8,140	9,916
Information Technology Specialist	32	8,140	9,916
Security Specialist	32	8,140	9,916
Water Conservation Specialist II	32	8,140	9,916
Water Quality Scientist II	32	8,140	9,916
Water Quality Specialist	32	8,140	9,916
Buildings and Grounds Supervisor	31	7,750	9,441
GIS Analyst	31	7,750	9,441
Human Resources Analyst	31	7,750	9,441
Lead Utility Worker	31	7,750	9,441
Public Affairs Specialist II	31	7,750	9,441
SCADA Technician I	31	7,750	9,441
Senior Accountant	31	7,750	9,441
Senior Electrical Technician	31	7,750	9,441
Senior Instrumentation Technician	31	7,750	9,441
Senior Water Systems Technician	31	7,750	9,441
Treatment Plant Operator II - 80 hour shift	31	7,750	9,441
Treatment Plant Operator II - 84 hour shift	31	8,137	9,914
Customer Service Supervisor	30	7,381	8,993
Management Analyst I	30	7,381	8,993
Right of Way Agent	30	7,381	8,993
Senior Engineering Technician	30	7,381	8,993
Senior Information Technology Technician	30	7,381	8,993
Water Education Supervisor*	30	7,381	8,993
GIS Technician II	29	7,030	8,568
Inspector II	29	7,030	8,568
Water Conservation Specialist I	29	7,030	8,568
Water Quality Scientist I	29	7,030	8,568
Accountant	28	6,694	8,157
Electrical/Instrumentation Technician	28	6,694	8,157
Emergency Preparedness and Safety Coordinator	28	6,694	8,157
Information Technology Technician II	28	6,694	8,157
Inspector I	28	6,694	8,157
Public Affairs Specialist I	28	6,694	8,157
Senior Field Services Worker	28	6,694	8,157
Senior Utility Worker	28	6,694	8,157
Senior Water Quality Technician	28	6,694	8,157
Treatment Plant Operator I - 80 hour shift	28	6,694	8,157
Treatment Plant Operator I - 84 hour shift	28	7,030	8,565
Water Education Instructor*	28	6,694	8,157
Water Systems Technician II	28	6,694	8,157
Engineering Technician II	27	6,377	7,771
Human Resources Specialist	27	6,377	7,771
Information Technology Technician I	27	6,377	7,771
Payroll Specialist	27	6,377	7,771
Senior Administrative Technician	27	6,377	7,771
Senior Customer Service Representative	27	6,377	7,771
Senior Facilities Maintenance Technician	27	6,377	7,771

**SANTA CLARITA VALLEY WATER AGENCY
PROPOSED - CLASSIFICATION PLAN
EFFECTIVE JULY 2022
(first full pay period)**

Position	Range	Monthly Bottom	Monthly Top
Event Coordinator*	26	6,075	7,403
GIS Technician I	26	6,075	7,403
Purchasing Coordinator	26	6,075	7,403
Senior Accounting Technician	26	6,075	7,403
Administrative Technician	25	5,784	7,048
Field Services Worker II	25	5,784	7,048
Limited Duration Employee - HR Tech	25	5,784	7,048
Safety Specialist II	25	5,784	7,048
Utility Worker II	25	5,784	7,048
Water Quality Technician II	25	5,784	7,048
Water Systems Technician I	25	5,784	7,048
Customer Service Representative II	24	5,509	6,710
Engineering Technician I	24	5,509	6,710
Facilities Maintenance Technician II	24	5,509	6,710
Accounting Technician II	23	5,247	6,398
Purchasing and Warehouse Technician	23	5,247	6,398
Safety Specialist I	23	5,247	6,398
Senior Office Assistant II	23	5,247	6,398
Water Quality Technician I	23	5,247	6,398
Field Services Worker I	22	4,995	6,091
Utility Worker I	22	4,995	6,091
Accounting Technician I	21	4,760	5,801
Customer Service Representative I	21	4,760	5,801
Facilities Maintenance Technician I	21	4,760	5,801
Office Assistant II	21	4,760	5,801
Office Assistant I	18	4,111	5,008

**May be classified as part-time positions and paid at the hourly rate*

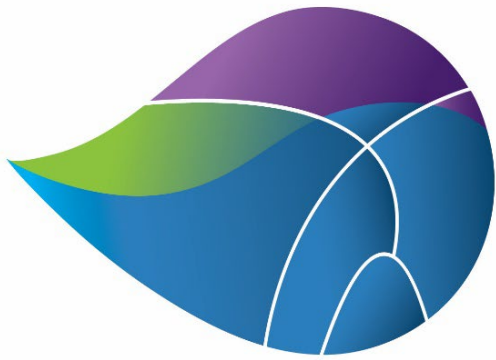
Note: Rounded for ease of reading - not an additional entitlement

Directors \$239.00 per meeting, up to 10 meetings per month

Shift Differential 5% or 10% (field employees) of compensation is applied to the rate for employees who are routinely and consistently scheduled to work other than a standard "daytime" shift, e.g. graveyard shift, swing shift, shift change, rotating shift, split shift, or weekends.

On Call Pay \$176.00 per day

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SCV
WATER

REVISED

Proposed Salary
Adjustment FY 2022/23

April 5, 2022
Board Meeting

Background

- It is the Agency's practice to perform salary surveys every three to five years (implemented in January 2021) and administer a cost-of-living adjustment (COLA) increase every year to maintain salaries within the market.

Employee Policy 9.0 – Pay Plan

- Section 9.9

At the time that the Board of Directors considers a COLA, staff will provide the Board for its consideration information on the Los Angeles – Riverside – Orange County area Consumer Price Index (CPI) and any other requested information that will assist in the decision-making process

Annual COLA Implementations

<u>Effective Date</u>	<u>Change in CPI Dec 2020 to Dec 2021</u>	<u>Change in ECI Dec 2020 to Dec 2021</u>	<u>Effective COLA</u>
<u>SCV WATER</u>			
July 1, 2022	6.94%	5.50%	1.5%
July 1, 2021	1.46%		3.0%
July 1, 2020	3.17%		3.0%
July 1, 2019	3.30%		3.0%
July 1, 2018	3.74%		3.0%
<u>CLWA</u>			
July 1, 2017	1.97%		2.0%
July 1, 2016	2.03%		2.0%
July 1, 2015	0.73%		0.0%

Proposed and Delayed -
COLA approved Jan 2020

Index

- The **Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)** is a monthly measure of the average change over time in the prices paid by urban wage earners and clerical workers for a market basket of consumer goods and services.
- The **Employment Cost Index (ECI)** is a measure of the change in the cost of labor, independent of the influence of employment shifts among occupations and industry categories. The total compensation series includes changes in wages and salaries and in employer cost for employee benefits.

CPI – Urban Wage Earners

MONTH	INDEX 2021	% Change from 2020
December 2020	270.167	
January	271.129	1.12%
February	272.816	1.44%
March	274.097	2.67%
April	277.126	4.21%
May	279.139	4.54%
June	280.687	4.69%
July	282.271	4.54%
August	282.691	4.48%
September	283.191	4.79%
October	285.973	5.58%
November	287.940	6.37%
December	288.910	6.94%

Median = 4.5%

ECI Data for Total Compensation



U.S. BUREAU OF LABOR STATISTICS

Bureau of Labor Statistics > Economic News Release > Employment Cost Index

Table 13. Compensation and wages and salaries (not seasonally adjusted): Employment Cost Index for total compensation, and wages and salaries, for private industry workers, by area

	12-month percent changes -					
	Total compensation ⁽²⁾			Wages and salaries		
	Dec. 2020	Sep. 2021	Dec. 2021	Dec. 2020	Sep. 2021	Dec. 2021
Census region and metropolitan area⁽¹⁾						
West						
Los Angeles-Long Beach, CA CSA	3.7	5.5	4.8	4.5	6.5	5.5
Phoenix-Mesa-Scottsdale, AZ MSA	3.8	4.6	4.9	4.2	4.4	5.3
San Jose-San Francisco-Oakland, CA CSA	3.5	3.0	2.8	3.7	3.3	3.2
Seattle-Tacoma, WA CSA	3.1	5.2	6.3	4.1	2.5	3.8

Budget Impacts

COLA%	Total COLA Adjustment	Total Salary and Benefits	Impact to Budget
2.0%	\$452,659	\$28,956,653	\$(210,134) *
2.5%	565,824	29,069,407	(97,380)
3.0%	678,989	29,180,911	14,124
3.5%	792,154	29,291,516	124,729
4.0%	905,319	29,404,910	238,123
4.5%	1,018,484	29,515,729	348,942
5.0%	1,131,649	29,627,826	461,039
5.5%	1,244,813	29,739,993	573,206
6.0%	1,357,978	29,850,397	683,610
6.5%	1,471,143	29,962,500	795,713
7.0%	1,584,308	30,074,002	907,215

* A 2% COLA increase was built into the FY 2022/23 conditionally approved budget. Some savings have been recognized since the adoption of the biennial budget.

Recommendation

- The Finance and Administration Committee recommends that the Board of Directors approve a cost-of-living adjustment of a 5.5% increase for FY 2022/23 for all employees except the General Manager
- Continue to look at the CPI and any other requested information that will assist in the decision-making process, including ECI for future wage adjustments