

San Geronio Pass Water Agency

DATE: May 23, 2022
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Tom Todd, Jr., Chief Financial Officer
SUBJECT: COST-OF-LIVING ADJUSTMENT (COLA) FOR FY 2022-23

RECOMMENDATION

The Board authorize a 10% cost-of-living adjustment, effective July 1, 2022.

PREVIOUS CONSIDERATION

- The Board considers a COLA every year as part of the budget cycle

BACKGROUND

A cost-of-living adjustment helps counteract the increases of inflation that employees experience, and helps them maintain the buying power of their salary.

By providing COLAs, the Agency accomplishes two objectives: 1) encourages employees to remain with the Agency, and 2) maintains competitive salary levels to attract new employees.

ANALYSIS

Determination of a COLA percentage is a data-driven process. The Bureau of Labor Statistics keeps records of consumer prices for the United States, subdivided into multiple categories and regional areas. The Agency uses this data to determine if a COLA is warranted.

COLA is determined by comparing the consumer price index at a specific point in the year to the same point in the previous year. The Agency has consistently made the calculation in April, using the data from March. By using the same month each year, there is no possibility of under- or over-counting the change in the index.

The Agency also uses the same demographic each year. The index used is the 'All Urban Consumers' and 'All Items.' Until 2017, the Los Angeles area was the geographic identifier. In 2017, the BLS sub-divided the Los Angeles area, and the Agency currently uses the Riverside-San Bernardino-Ontario statistical area.

In the past, the Board has approved COLAs if they are warranted. In recent history, from 2007-2010, the Board did not approve an adjustment because the increase was minimal, or there was a decrease. The Board also did not grant a COLA in 2015 because it was minimal.

Adjustments are historical by definition. COLAs are not forward-looking. The index changes on the basis of historical data collected. So, granting a COLA tries to restore buying power, after the negative effects of inflation have already been experienced.

For the years between 2021 and 2022, the index for the Riverside-San Bernardino-Ontario area, March to March, has changed from 110.981 to 122.127. This represents a 10% increase in 12 months. By comparison, the U.S. City Average, March to March, has changed from 264.877 to 287.504, which represents an 8.5% increase.

COLA takes effect for staff on July 1, concurrent with the beginning of the new fiscal year.

FISCAL IMPACT

The COLA amount the Board authorizes will affect the budget for both Staff and Board salaries in the General Fund, and Staff salaries in the Debt Service Fund. Based on projected budget amounts for these categories, an estimate of the increases due to COLA is as follows:

- General Fund Staff: up to \$37,000
- Debt Service Staff: up to \$26,000

This represents 0.6% of the overall proposed General Fund Budget for FY 2022-23.

ACTION

The Board authorize a 10% cost-of-living adjustment, effective July 1, 2022.

ATTACHMENTS

Press Release from Bureau of Labor Statistics, April 12, 2022: Consumer Price Index, Riverside Area – March 2022



For Release: Tuesday, April 12, 2022

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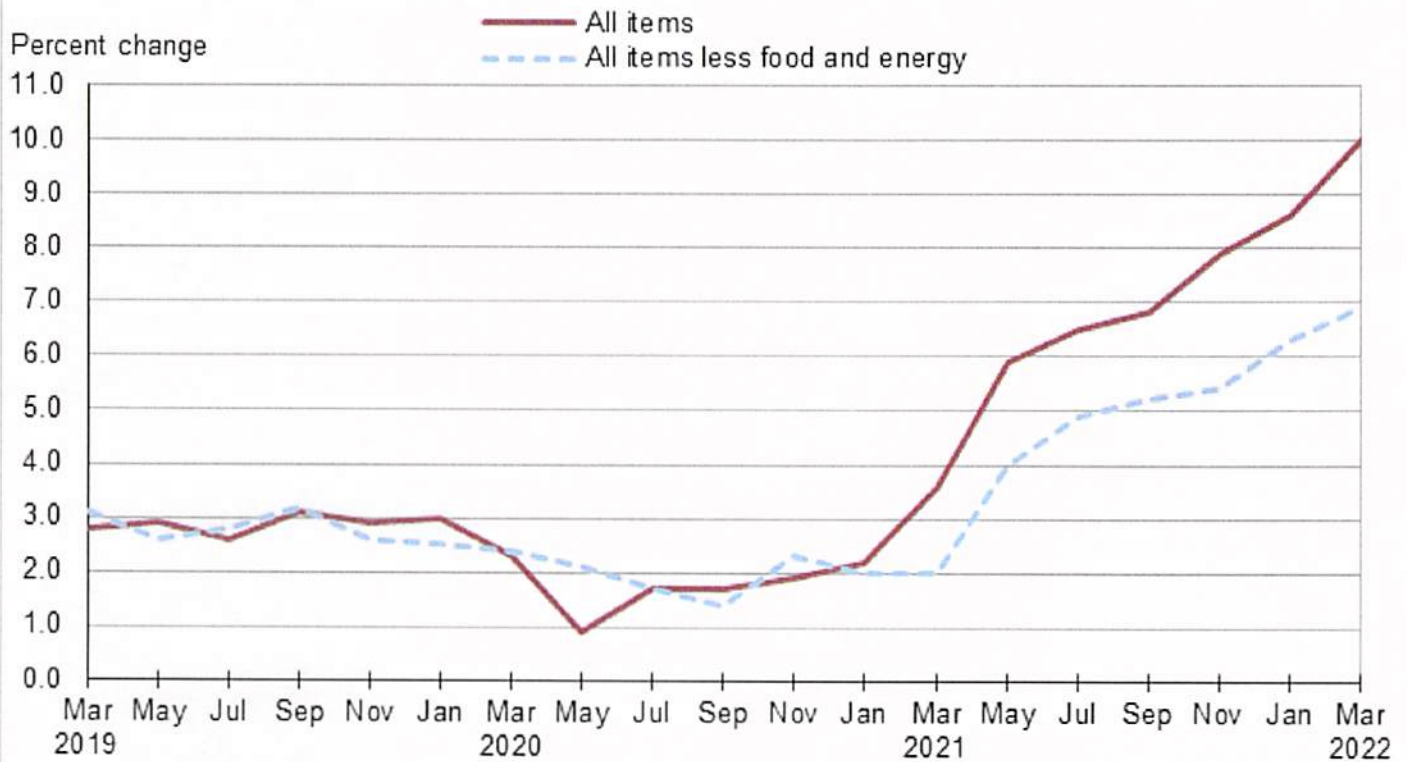
Consumer Price Index, Riverside Area – March 2022

Area prices were up 2.7 percent over the past two months, up 10.0 percent from a year ago

Prices in the Riverside area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 2.7 percent for the two months ending in March 2022, the U.S. Bureau of Labor Statistics reported today. (See [table A.](#)) Regional Commissioner Chris Rosenlund noted that the March increase was influenced by higher prices for gasoline. (Data in this report are not seasonally adjusted. Accordingly, bi-monthly changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U jumped 10.0 percent. (See [chart 1](#) and [table A.](#)) Food prices advanced 8.1 percent. Energy prices jumped 38.6 percent, largely the result of an increase in the price of gasoline. The index for all items less food and energy increased 6.9 percent over the year. (See [table 1.](#))

Chart 1. Over-the-year percent change in CPI-U, Riverside-San Bernardino-Ontario, CA, March 2019–March 2022



Source: U.S. Bureau of Labor Statistics.

Food

Food prices increased 1.5 percent for the two months ending in March. (See table 1.) Prices for food at home increased 1.5 percent. Higher prices for meats, poultry, fish, and eggs (4.9 percent) were partially offset by lower prices for dairy and related products (-1.0 percent) and fruits and vegetables (-0.9). Prices for food away from home rose 1.5 percent for the same period.

Over the year, food prices advanced 8.1 percent. Prices for food at home rose 9.8 percent since a year ago, led by higher prices for meats, poultry, fish, and eggs (16.4 percent). The only food at home category with a price decrease over the past year was dairy and related products (-2.3 percent). Prices for food away from home advanced 6.1 percent since last year.

Energy

The energy index advanced 15.3 percent for the two months ending in March. The increase was mainly due to higher prices for gasoline (22.8 percent). Prices for electricity advanced 7.6 percent, but prices for natural gas service fell 11.1 percent for the same period.

Energy prices jumped 38.6 percent over the year, largely due to higher prices for gasoline (48.9 percent). Prices paid for electricity advanced 24.2 percent, and prices for natural gas service rose 18.8 percent during the past year.

All items less food and energy

The index for all items less food and energy rose 1.1 percent in the latest two-month period. Higher prices for apparel (5.3 percent), recreation (2.9 percent), and shelter (1.2 percent) were partially offset by lower prices for household furnishings and operations (-1.6 percent), other goods and services (-1.1), and new and used motor vehicles (-1.0 percent).

Over the year, the index for all items less food and energy increased 6.9 percent. Components contributing to the increase included used cars and trucks (33.9 percent) and shelter (6.3 percent).

Table A. Riverside-San Bernardino-Ontario, CA, CPI-U 2-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2019		2020		2021		2022	
	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month
January.....	0.4	3.0	0.5	3.0	0.9	2.2	1.5	8.6
March.....	0.7	2.8	0.0	2.3	1.3	3.6	2.7	10.0
May.....	1.2	2.9	-0.2	0.9	2.0	5.9		
July.....	-0.1	2.6	0.7	1.7	1.3	6.5		
September.....	0.6	3.1	0.5	1.7	0.8	6.8		
November.....	0.2	2.9	0.4	1.9	1.4	7.9		

The May 2022 Consumer Price Index for the Riverside area is scheduled to be released on June 10, 2022.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total U.S. population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers approximately 29 percent of

the total U.S. population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 75 urban areas across the country from about 6,000 housing units and approximately 22,000 retail establishments—department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date; for most of the CPI-U the reference base is 1982-84 equals 100. An increase of 7 percent from the reference base, for example, is shown as 107.000. Alternatively, that relationship can also be expressed as the price of a base period market basket of goods and services rising from \$100 to \$107. For further details see the CPI home page on the Internet at www.bls.gov/cpi and the CPI section of the BLS Handbook of Methods available on the internet at www.bls.gov/opub/hom/cpi/.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The Riverside-San Bernardino-Ontario, CA metropolitan area includes Riverside and San Bernardino Counties in California.











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Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods Riverside-San Bernardino-Ontario (December 2017=100 unless otherwise noted)

Item and Group	Indexes				Percent change from-		
	Historical data	Jan. 2022	Feb. 2022	Mar. 2022	Mar. 2021	Jan. 2022	Feb. 2022
Expenditure category							
All items		118.963	-	122.127	10.0	2.7	-
Food and beverages		119.208	-	121.186	8.1	1.7	-
Food		119.810	-	121.597	8.1	1.5	-
Food at home		119.969	120.621	121.721	9.8	1.5	0.9
Cereals and bakery products		127.322	-	129.070	10.7	1.4	-
Meats, poultry, fish, and eggs.....		120.209	-	126.054	16.4	4.9	-
Dairy and related products		106.107	-	105.005	-2.3	-1.0	-
Fruits and vegetables		124.892	-	123.779	10.3	-0.9	-
Nonalcoholic beverages and beverage materials.....		119.751	-	122.205	6.6	2.0	-
Other food at home		117.791	-	118.808	9.0	0.9	-
Food away from home.....		119.059	-	120.887	6.1	1.5	-
Alcoholic beverages		108.453	-	114.194	9.3	5.3	-
Housing		121.077	-	122.103	8.0	0.8	-
Shelter		117.693	118.176	119.056	6.3	1.2	0.7
Rent of primary residence		119.310	120.049	121.099	7.4	1.5	0.9
Owners' equiv. rent of residences		117.385	117.787	118.479	5.5	0.9	0.6
Owners' equiv. rent of primary residence.....		117.385	117.787	118.479	5.5	0.9	0.6
Fuels and utilities.....		146.915	-	147.982	17.6	0.7	-
Household energy		153.870	149.418	158.127	22.8	2.8	5.8
Energy services.....		154.821	150.211	158.985	22.7	2.7	5.8
Electricity		150.293	150.293	161.665	24.2	7.6	7.6
Utility (piped) gas service		168.091	148.933	149.430	18.8	-11.1	0.3
Household furnishings and operations		118.927	-	117.015	9.8	-1.6	-
Apparel		103.495	-	108.951	6.7	5.3	-
Transportation		128.460	-	138.274	25.4	7.6	-
Private transportation		131.430	-	141.042	25.7	7.3	-
New and used motor vehicles		118.079	-	116.928	17.1	-1.0	-
New vehicles		112.929	-	110.477	6.7	-2.2	-
Used cars and trucks.....		150.220	-	149.282	33.9	-0.6	-
Motor fuel		150.883	153.512	185.415	48.9	22.9	20.8
Gasoline (all types).....		151.086	153.664	185.582	48.9	22.8	20.8
Gasoline, unleaded regular(1).....		151.756	154.368	186.852	49.7	23.1	21.0
Gasoline, unleaded midgrade(1).....		151.398	153.919	184.822	47.1	22.1	20.1
Gasoline, unleaded premium(1).....		147.656	150.091	179.587	45.6	21.6	19.7
Medical care		113.919	-	115.863	3.8	1.7	-
Recreation		102.241	-	105.156	3.8	2.9	-
Education and communication		107.829	-	109.256	1.8	1.3	-
Tuition, other school fees, and child care...		120.259	-	120.328	1.5	0.1	-
Other goods and services		117.350	-	116.006	3.5	-1.1	-
Commodity and service group							
All items		118.963	-	122.127	10.0	2.7	-
Commodities		120.279	-	125.302	14.7	4.2	-
Commodities less food & beverages.....		120.834	-	127.474	18.5	5.5	-
Nondurables less food & beverages		122.643	-	138.604	26.0	13.0	-
Durables		118.318	-	116.153	11.2	-1.8	-
Services.....		118.282	-	120.235	7.3	1.7	-
Special aggregate indexes							

Note: See footnotes at end of table.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods Riverside-San Bernardino-Ontario (December 2017=100 unless otherwise noted) - Continued

Item and Group	Indexes				Percent change from-		
	Historical data	Jan. 2022	Feb. 2022	Mar. 2022	Mar. 2021	Jan. 2022	Feb. 2022
All items less medical care		119.313	-	122.556	10.5	2.7	-
All items less shelter.....		119.755	-	123.896	12.1	3.5	-
Commodities less food.....		120.444	-	127.057	18.2	5.5	-
Nondurables		120.827	-	129.484	16.5	7.2	-
Nondurables less food.....		121.848	-	137.283	25.1	12.7	-
Services less rent of shelter		119.000	-	121.741	8.5	2.3	-
Services less medical care services.....		118.441	-	120.361	7.6	1.6	-
Energy		152.579	152.554	175.853	38.6	15.3	15.3
All items less energy		116.006	-	117.341	7.1	1.2	-
All items less food and energy		115.423	-	116.683	6.9	1.1	-

Footnotes

(1) Special index based on a substantially smaller sample.

- Data not available

NOTE: Index applies to a month as a whole, not to any specific date.