



FY21/22 Cost-of-Living Adjustment, Tier I CalPERS Contributions, and Tier II Applicable Percentage Increase

Board of Directors Meeting
July 14, 2021



FY21/22 Cost of Living Adjustment



- All three MOUs and unrepresented management Employee Agreements provide for an annual Cost-of-Living Adjustment (COLA)
 - Based on San Francisco Bay Area's April to April Consumer Price Index (CPI) for San Francisco/Bay Area Wage Earners
 - Annual COLA has a floor of 2% and a ceiling of 5%
- FY21/22 COLA of 4.1% represents an annual labor cost increase of approximately \$483K that was included FY21/22 Budget
- Updated District Salary Schedule includes the new Purchasing Supervisor classification approved by the Board on June 9, 2021

FY21/22 CalPERS Contributions



- **32 employees in Tier I CalPERS (2.7% @ 55)** pay full cost of the employee CalPERS contribution rate which is capped at **8.0%**
- **15 employees in Tier II (2.0% @ 55)** pay full cost of the employee CalPERS contribution rate which is capped at **7.0%**
- **26 employees in Tier III (2.0% @ 62)** pay full cost of the employee CalPERS contribution rate which is currently **7.25%**

FY21/22 Applicable Percentage

- Side Letter Agreements (dated 9/14/16) to the MOUs modified retirement benefits for existing and new Tier II employees on a prospective basis
 - Applies to employees hired from 7/1/12 – 12/31/12, and
 - Employees hired on or after 1/1/13 who are not “new members” of a public retirement system
- District contributes to Tier II employee’s 401(a) Plan
 - Amount equal to Applicable Percentage of the employee’s pensionable compensation with the District
 - Difference between Total Employer Normal Cost percentages for any fiscal year for the 2.5% @ 55 and the 2.0% @ 55 formulas
 - Each with 3% COLA Class 1 Optional Benefit
- FY21/22 Applicable Percentage is 1.370%, which is 0.011% less than the FY20/21 value representing a \$244 decrease in annual labor costs

Recommended Action

- 1) Adopt Resolution approving updated Salary Schedules incorporating FY21/22 annual COLA as provided for in Bargaining Unit MOUs and unrepresented employees' Employment Agreements
- 2) Adopt Resolution approving Tier II Applicable Percentage as provided in Side Letter Agreements