

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Seattle Department of Human Resources	Shaun Van Eyk	Joseph Russell

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to City employment; authorizing the execution of a collective bargaining agreement between The City of Seattle and the Washington State Council of County and City Employees, American Federation of State, County and Municipal Employees, Local 21SP, for the period from January 1, 2023, through December 31, 2026; and ratifying and confirming certain prior acts.

**Summary and Background of the Legislation:** This legislation authorizes the Mayor to implement a collective bargaining agreement between The City of Seattle (“City”) and the Washington State Council of County and City Employees, American Federation of State, County and Municipal Employees, Local 21SP (“Local 21SP”), a signatory to the Coalition of City Unions.<sup>1</sup> The collective bargaining agreement, like the other collective bargaining agreements between the City and unions in the Coalition of City Unions that were approved by City Council on April 2, 2024 (CB 120757), is a four-year agreement on wages, benefits, hours, and other working conditions for the period from January 1, 2023, through December 31, 2026. This legislation affects approximately 173 regularly appointed City employees.

The collective bargaining agreement provides for wage adjustments of 5 percent in 2023 and 4.5 percent in 2024. In 2025 and 2026, employees’ base wages will increase by 100 percent of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bellevue area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) over a two-year period, with a 2 percent minimum and 4 percent maximum increase, with an additional 1 percent kicker in 2026 only (total not to exceed 5 percent).

The City and Local 21SP agreed to continue health care cost sharing as follows: the City will pay up to 107 percent of the average employee’s monthly medical, dental, and vision premiums over the prior calendar year for employees whose health care benefits are governed by the Labor-Management Health Committee. Costs above 107 percent will be covered by the Rate Stabilization Fund, a component of the City’s Healthcare Fund. Once the reserves are exhausted, the City will pay 85 percent and employees will pay 15 percent of any excess health care costs.

The agreement provides for other working conditions, including, among other items:

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<sup>1</sup> Local 21SP joined the Coalition of City Unions in 2023. Prior to joining the Coalition, The City and Local 21SP entered into an initial collective bargaining agreement for a one-year period from January 1, 2022, through December 31, 2022. Legislation implementing this initial one-year agreement was approved by the City Council on April 2, 2024 (CB 120756).

- Effective 60 days after ratification, employees with 4 to 7 years of service will receive 16 annual vacation days, with increasing number of annual vacation days at years 8-13 (20 days), 14-18 (23 days), 19 (24 days), 20 (25 days), 21 (26 days), 22 (27 days), 23 (28 days), 24 (29 days), and 25+ (30 days).
- Employees receiving State Paid Family and Medical Leave (SPFML) may use any of their accrued paid and/or granted leave to supplement the SPFML benefit payment, up to 100 percent of their weekly salary.
- Employees will be allowed up to 40 hours of bereavement leave (full day increments or increments of one hour) in the event of death of any relative, defined as any person related to the employee by blood, marriage, adoption, fostering, guardianship, in loco parentis, or domestic partnership.
- Employees may use up to a year of unpaid release time to work for the union.

## 2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project?  Yes  No

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City?  Yes  No

Fiscal impacts to the City of Seattle – Local 21SP collective bargaining agreement:

The City Budget Office has estimated the incremental cost to the City of Seattle (Seattle Public Utilities) of implementing the collective bargaining agreement that will be authorized by this legislation. These estimates include a comparison of the costs relative to (a) existing compensation levels, and (b) reserves that the City held last fall in adopting the 2024 Budget in anticipation of completing negotiations with this union. The estimated costs for the collective bargaining agreements shown below include all elements of employee compensation, including wages, retirement contributions, Social Security and Medicare. For 2025 and 2026, costs assume current CPI-W levels (2025 = 4.0% due to cap; 2026 = 3.0% CPI + 1% kicker = 4.0%).

However, all costs and reserve levels shown here were included (taken into account) as part of cost estimates in the recent legislation for the agreement between the City of Seattle and the Coalition of City Unions because going forward Local 21SP will bargain as part of the Coalition. Nonetheless, for the sake of clarity and completeness, the tables below provide the specific impacts associated with the Local 21SP agreement.

	<i>Salary Base</i>	<b>2023</b>	<b>2024 est.</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
<b>Expenditure Change (\$) General Fund</b>	\$1,374,000	\$74,000	\$139,000	\$199,000	\$262,000	\$262,000	\$262,000
<b>Expenditure Change (\$) Other Funds</b>	\$25,047,000	\$1,340,000	\$2,528,000	\$3,631,000	\$4,778,000	\$4,778,000	\$4,778,000
<b>Total – All Funds</b>	<b>\$26,421,000</b>	<b>\$1,414,000</b>	<b>\$2,667,000</b>	<b>\$3,830,000</b>	<b>\$5,040,000</b>	<b>\$5,040,000</b>	<b>\$5,040,000</b>

The City anticipated significant aspects of the compensation terms reflected in the proposed bill and has held financial reserves to address the immediate needs and developed long-term financial plans for additional labor costs that will be incurred in the future. However, the cost of the final terms of this agreement exceeds the costs anticipated and planned for in the 2024 budget process. The amounts of these unplanned expenses are shown in **bold** in the tables below, with separate presentations for both the General Fund and (all) Other Funds. For example, in 2023, total costs exceed reserves by \$405,000.

**General Fund**

	<i>Salary Base</i>	<b>2023</b>	<b>2024 est.</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
<b>Expenditure Change - General Fund</b>	\$1,374,000	\$74,000	\$139,000	\$199,000	\$262,000	\$262,000	\$262,000
<b>Expenditure Change Assumed in '24 Budget - Gen. Fund</b>		<b>(\$54,000)</b>	<b>(\$99,000)</b>	<b>(\$146,000)</b>	<b>(\$183,000)</b>	<b>(\$183,000)</b>	<b>(\$183,000)</b>
<b>Cost Above Budget/Reserves - Gen. Fund</b>		<b>\$20,000</b>	<b>\$40,000</b>	<b>\$53,000</b>	<b>\$79,000</b>	<b>\$79,000</b>	<b>\$79,000</b>

**Other Funds**

	<i>Salary Base</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 est.</b>	<b>2025 est.</b>	<b>2026 est.</b>
<b>Expenditure Change - Other Funds</b>	\$25,047,000	\$1,340,000	\$2,528,000	\$3,631,000	\$4,778,000	\$4,778,000	\$4,778,000
<b>Expenditure Change Assumed in '24 Budget - Other Funds</b>		<b>(\$955,000)</b>	<b>(\$1,757,000)</b>	<b>(\$2,597,000)</b>	<b>(\$3,252,000)</b>	<b>(\$3,252,000)</b>	<b>(\$3,252,000)</b>
<b>Cost Above Budget/Reserves - Other Funds</b>		<b>\$385,000</b>	<b>\$771,000</b>	<b>\$1,034,000</b>	<b>\$1,526,000</b>	<b>\$1,526,000</b>	<b>\$1,526,000</b>

**All Funds**

<b>Total Costs Above Budget/Financial Plans - ALL FUNDS</b>	<b>\$405,000</b>	<b>\$811,000</b>	<b>\$1,087,000</b>	<b>\$1,605,000</b>	<b>\$1,605,000</b>	<b>\$1,605,000</b>
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Notes:

- There are no new revenues associated with this legislation and there are no positions created or eliminated by this legislation.
- Total costs of the proposed agreements with Local 21SP are divided roughly 5.2% General Fund and 94.8% Other Funds (costs have been split proportional to Seattle Public Utilities' 2024 Adopted labor budget).
- Compensation costs for employees affected by this legislation increase by roughly 19% across the four years of the agreement. (The AWI amounts sum to 17.5%, but with compounding across years, the effect is a 19.1% increase.)
- Costs for 2023 will be paid in 2024 as retroactive payments for work performed in 2023. These costs will be in addition to the increased 2024 costs, which will partially be paid as retroactive awards for work through the first part of the year, and then as ongoing costs for the remainder of the year.
- The agreement covers only wage adjustments for 2023-2026. Costs shown above for 2027-2028 represent the impact of those wage adjustments in future years. Future costs are noted as estimates because the labor base for those years may be somewhat different than in the prior years, meaning the financial impact of the wage adjustments will be different. Furthermore, in the future, the City and Coalition will negotiate wage adjustments and other terms for 2027-2028, and additional costs will result from those negotiations, the impacts of which will be additive to the estimates presented here.
- To address the 2024 incremental costs, the Executive will request additional appropriations as part of the mid-year supplemental budget request that will likely be submitted in June. This request will allocate the available reserves to the appropriate departments and may request appropriations beyond those reserves, likely relying on unanticipated unspent resources from 2023 and savings from actions taken in 2024 to generate additional resources to cover any additional need.

The incremental cost of the agreement exceeds existing reserves designated for these purposes, which indicates that some amount of additional resources will be needed. However, the Executive has taken a number of steps to reduce overall 2024 expenditures, including a hiring freeze, and these actions may be sufficient to address the portion of the incremental costs that exceed the reserves. If adopted, this legislation increases the projected 2024 deficit by \$1.2 million (for 2023-2024 costs over reserves) and increases the projected 2025 deficit by \$2.3 million (for 2023-2025 costs over reserves). As noted above, these costs and their contribution to the deficit have previously been included in cost estimates presented with legislation for the agreement between the City of Seattle and the Coalition of City Unions.

### **3.a. Appropriations**

- This legislation adds, changes, or deletes appropriations.**

### **3.b. Revenues/Reimbursements**

- This legislation adds, changes, or deletes revenues or reimbursements.**

### 3.c. Positions

- This legislation adds, changes, or deletes positions.

### 3.d. Other Impacts

**Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.**

The Executive will transmit legislation later this year to authorize appropriations for City departments.

**If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.**

The Executive will transmit legislation later this year to authorize appropriations for City departments. The amounts included in those appropriations will likely be less than the above estimates because the City has taken a number of steps in early 2024 to reduce spending. Future appropriations are anticipated to be net of those administratively derived savings.

**Please describe any financial costs or other impacts of *not* implementing the legislation.**

Legislation is required to implement bargained-for wages and changes to union members' working conditions. If this legislation is not implemented, employees represented by Local 21SP would not have access to the same level of pay, benefits, and other working conditions as other Coalition members. There may be other implications and legal risks for not authorizing this legislation.

## 4. OTHER IMPLICATIONS

- a. Please describe how this legislation may affect any departments besides the originating department.**

This legislation affects employees in the Strategic Advisor I, II, and III and Manager I, II, and III classifications in Seattle Public Utilities.

- b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.**

No.

**c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.**

- i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**

The collective bargaining agreement includes enhancements to pay and working conditions for employees, which include BIPOC and women employees. Additionally, the collective bargaining agreement commits the City to ongoing engagement with the union on encampment clean-up compensation and safety, Change Team compensation, and dependent care.

- ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

N/A

- iii. What is the Language Access Plan for any communications to the public?**

N/A

**d. Climate Change Implications**

- i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

N/A

- ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

N/A

- e. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?**

N/A

**5. CHECKLIST**

- Is a public hearing required?**
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**

- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

## **6. ATTACHMENTS**

**Summary Attachments:** Summary Attachment 1 – Bill Draft of Agreement By and Between The City of Seattle and The Washington State Council of County and City Employees, AFSCME, AFL-CIO, Local 21SP