

March 26, 2024

MEMORANDUM

To: Seattle City Council
From: Ben Noble, Director and Karina Bull, Analyst
Subject: CB 120756: Local 21SP Collective Bargaining Agreement, 2023-2026

On April 2, 2024, the City Council (Council) will discuss and may vote on [Council Bill \(CB\) 120756](#), that will authorize the Mayor to implement a collective bargaining agreement (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). This memo provides a high-level summary of the agreement and describes financial impacts.

Summary

CB 120756 will approve an initial agreement between the City and Local 21SP for 173 employees in Strategic Advisor and Manager positions at Seattle Public Utilities. This is an agreement for a new bargaining unit that will cover the wages, benefits, hours, and other working conditions for the one-year period from January 1, 2022, through December 31, 2022.¹ While other factors may have driven employee's decision to unionize, the organizing effort did follow a decision by then Mayor Durkan to not provide this class of workers the 2.9 percent wage increase that was provided to members of the Coalition of City Unions in 2021. Table 1 (page 2) summarizes the terms of the agreement that specifically address that issue and essentially restore that increase retroactively.

¹ Local 21SP has joined the Coalition of City Unions (Coalition) and is a signatory to the proposed agreement in CB 120757 for the four-year period from January 1, 2023, through December 31, 2026. The Executive will transmit legislation to authorize the Coalition agreement with Local 21SP after the effective date of this legislation (i.e., 30 days after the Mayor's signature).

Table 1: Key terms of the agreement

Issue	CBA
2021 contract signing bonus	Employees who were in Strategic Advisor and Manager classifications at SPU in 2021 will receive a contract signing bonus equal to 2.9 percent of their 2021 base pay between January 1, 2021, through December 31, 2021.
2022 wage increases	<p>Employees will receive a 6.9 percent increase to 2021 base wages, effective January 1, 2022.</p> <ul style="list-style-type: none"> • 2.9 percent of the wage increase (along with the 2021 signing bonus) is intended to account for the 2.9 percent annual wage increase (AWI) included in the 2021 Adopted Budget for represented employees in Coalition and Coalition-like unions and non-represented employees in job titles <i>not</i> classified as Executives, Strategic Advisors, or Managers. Employees were not eligible for that wage increase due to their classification as Strategic Advisors and Managers. • 4 percent of the wage increase is intended to account for the 4 percent AWI for employees in Coalition unions in 2022 (ORD 126516). Employees were not eligible for this wage increase in 2022 because they were in a legally-mandated “status quo period,” requiring the City to maintain the same wages, hours, and terms and conditions of employment until reaching an agreement with the union and employer.
Annual pay equity salary review	<p>Within 90 days of the effective date of this legislation, the SPU General Manager and Chief Executive Officer (CEO) will review all Strategic Advisor and Manager salaries for the purpose of providing pay equity adjustments. The General Manager and CEO’s review will be based on quantifiable and quantitative data, including but not limited to years of service; historical inequities; and salary inversion and compression related to when supervisors earn less than or close to direct reports. Employees may also provide input into the review process. Any resulting increases will be retroactive to the effective date of the legislation.</p> <p>Thereafter, within the first 90 calendar days of each calendar year, the General Manager in consultation with each employee’s supervisor and chain of command, will conduct an annual evaluation of all Strategic Advisor and Manager salaries. The intent of the evaluation is to ensure that any pay increases are equitably based on defined criteria.</p>
Pay equity labor management committee	<p>A Labor Management Committee (LMC) will be established to jointly interpret, apply, and resolve pay equity issues. The LMC will meet quarterly and consider (at minimum) the following topics:</p> <ul style="list-style-type: none"> • Criteria used for annual adjustments; • Salary placement for new and existing Strategic Advisors and Managers; • Performance evaluation and relationship to salary setting and salary adjustment; • Salary Inversion and Compression issues; and • Administration of Merit Leave <p>The SPU appointing authority (e.g., General Manager) will provide an annual report at the end of first quarter of the calendar year on any salary adjustments from the current year.</p>

Issue	CBA
Voluntary Public Benefits Association (VEBA)	<p>Employees will conduct a vote to determine whether to participate in a Health Reimbursement Account Voluntary Employee Benefits Association (VEBA) to provide post-retirement medical expense benefits. This is a standard term for many City labor agreements; the City does not offer a VEBA retirement benefit for non-represented employees.</p> <ul style="list-style-type: none"> • If employees vote to require VEBA contributions from unused paid time off, all employees in the bargaining unit who are eligible to retire shall 1) contribute 35 percent of their unused sick leave balance into the VEBA upon retirement; 2) contribute 50 percent of their unused vacation leave balance into the VEBA upon retirement; or 3) contribute both 35 percent of their unused sick leave balance and 50 percent of their unused vacation leave balance upon retirement. • If employees do not vote to require VEBA contributions from unused sick leave, employees may either 1) transfer 35 percent of their unused sick leave balance to the City's Voluntary Deferred Compensation Plan, or 2) cash out their unused sick leave balance at 25 percent to be paid on their final paycheck.
Language premium	<p>Employees assigned to perform bilingual, interpretive, and/or translation services for the City will receive \$200 per month premium pay.</p>
Emergency leave	<p>Employees may take one day of emergency leave per year in the event of a serious illness or accident of the employee's immediate family member or when necessary for the employee to be off work in the event of an unforeseen occurrence in the employee's household, among other items.</p>
Just cause	<p>The City may suspend, demote, or discharge an employee for just cause.</p>

Financial Impacts

The City Budget Office (CBO) estimates that the aggregate cost of implementing this agreement, above the baseline for 2021 and 2022, is \$2.6 million (\$139,000 General Fund). The impacts to the General Fund are lower because most of SPU's expenses are related to utility-specific activities that are funded by rate revenues, not General Fund resources. General Funds supporting this appropriation have been held in the City's unappropriated planning reserve. Other funds have been held in department planning reserves. Table 2 summarizes the estimated costs.

Table 2: Summary of estimated costs

	2021 (Year 1)	2022 (Year 2)	2-Year Total 2021-2022
Baseline			
Labor expense actuals	\$24,172,508	\$24,447,989	\$48,620,497
Incremental costs			
2021 – 2.9 percent (contract signing bonus, not added to base wages)	\$701,003		\$701,003
2022 – 2.9 percent + 4 percent = 6.9 percent			
Incremental costs for salary increases, all funds		\$1,686,911	\$1,686,911
<i>of which General Fund</i>	\$37,266	\$89,679	\$126,945
Total baseline + incremental costs for salary increases, all funds	\$24,873,511	\$26,134,901	\$51,008,411
<i>of which General Fund</i>	\$1,322,313	\$1,389,371	\$2,711,684
Other expenses			
Emergency Leave ²		\$91,654	\$91,654
VEBA 35 percent sick leave ³		\$135,283	\$135,283
Total incremental costs, all funds	\$701,003	\$1,913,848	\$2,614,851
<i>of which General Fund</i>	\$37,266	\$101,743	\$139,009
Total baseline + incremental costs, all funds	\$24,873,511	\$26,361,838	\$51,235,348
<i>of which General Fund</i>	\$1,322,313	\$1,401,435	\$2,723,748

Next Steps

If the Council approves CB 120756, the Executive will implement the agreement with Local 21SP and CBO will transmit separate legislation later this year to the authorize the appropriation of necessary funds to SPU.

Please contact me if you have questions about this legislation.

cc: Aly Pennucci, Deputy Director
Lish Whitson, Supervising Analyst

² Represents one day of emergency leave per employee, per year, using actual salary figures with AWI.

³ VEBA @ 35 percent based on current demographic employees eligible for retirement both by age and years of service on 12/31/2022. No tax liability to the City.