

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
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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 Seattle Police Officers' Guild for the period from January 1, 2021, through December 31, 2023; authorizing the execution of a Memorandum of Understanding between The City of Seattle and the Seattle Police Officers' Guild; 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 Seattle Police Officers' Guild ("SPOG") (collectively referred to as the "Parties"). This legislation affects approximately 950 regularly appointed City employees. It also affects approximately 850 former employees and surviving beneficiaries who receive pension benefits through the Police Relief and Pension Fund ("PPEN"). This legislation also authorizes the Mayor to implement a Memorandum of Understanding between the Parties regarding the use of non-sworn Seattle Police Department personnel, affecting approximately 50 additional regularly appointed current City employees.

Seattle Police Officers' Guild Bargaining Agreement 2021-2023

The collective bargaining agreement is a three-year agreement on wages, benefits, hours, and other working conditions from January 1, 2021, through December 31, 2023. Employees will receive base wage increases of 1.3 percent in 2021, 6.4 percent in 2022, and 15.3 percent (comprised of a 5 percent wage increase and a 10.3 percent negotiated wage adjustment) in 2023. Health care cost sharing plans will continue the same as in previous agreements: the City will continue to pay 95 percent of the monthly premium for medical coverage (including vision care benefit) and employees will pay the remaining 5 percent of costs.

The Parties agreed to amendments to the disciplinary and internal investigation procedures, including eliminating the requirement that the Office of Police Accountability notify a named employee within five days of receipt of a complaint; allowing tolling of the 180-day time period to include instances where the alleged misconduct is being criminally investigated; and extending the 180-day time period by up to 60 days in the event the Force Review Board refers an allegation of Type 3 use of force. The Parties also agreed to amendments to the grievance procedures, including granting deference to the discipline imposed by the Chief of Police when determining remedy at arbitration, and codifying the requirement that for grievances governed by RCW 41.58.070, arbitrators are assigned by the Public Employment Relations Commission in accordance with statutory procedures.

The collective bargaining agreement allows for two additional civilian investigators to the Office of Police Accountability (OPA), for a total of up to four civilian investigators, and incorporates the Memorandum of Understanding regarding the use of non-sworn personnel and other prior agreements regarding ongoing practices and policies, among other items.

Memorandum of Understanding

The Memorandum of Understanding regarding the use of non-sworn personnel specifies a number of work functions for which the City may use non-sworn Seattle Police Department personnel to perform. The use of civilian personnel is intended to augment resources with the Seattle Police Department and free up capacity among sworn officers to perform other functions, and will not prohibit officers from performing any of the functions identified.

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 Seattle Police Department – Seattle Police Officers’ Guild bargaining agreement

The City Budget Office has estimated the incremental cost to the Seattle Police Department 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 SPOG. The estimated costs for the collective bargaining agreements shown below include all elements of employee compensation, including wages, retirement contributions, and Medicare. The incremental financial impacts include two key components: (i) retroactive payments for the years 2021, 2022, and 2023; and (ii) the ongoing costs associated with the increased compensation. The table below distinguishes both elements.

The lumpsum, one-time payment in 2024 will cover the incremental costs of the wage adjustments that are being awarded retroactively for work by SPOG members in 2021, 2022, and 2023. The ongoing annual costs capture the compounded impact of the annual wage increases provided for these three years. As highlighted in the table, these incremental ongoing, annual costs do not change for 2024 and beyond. This reflects the fact that the term of the agreement with SPOG only runs through the end of 2023 and does not address compensation changes beyond this date. The City and SPOG will ultimately negotiate a labor agreement that extends beyond the end of 2023, but until then, per state law, the terms of the agreement and the wage rates provided will remain in effect.

	<i>Salary Base</i>	2024 Retro-payments	2024 - Ongoing Cost	2025 est.	2026 est.
Expenditure Change (\$) General Fund	<i>\$171,696,000</i>	\$56,971,000	\$39,126,000	\$39,126,000	\$39,126,000
Expenditure Change (\$) Other Funds	<i>\$409,000</i>	\$135,000	\$93,000	\$93,000	\$93,000
Total – All Funds	<i>\$172,105,000</i>	\$57,106,000	\$39,219,000	\$39,219,000	\$39,219,000

The City anticipated significant aspects of the compensation terms reflected in the proposed bills 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 costs of the final terms of this agreement exceed the costs anticipated and planned for in the 2024 budget process. Over the period from 2021 to 2026, the financial terms of the agreement exceed reserves and previously forecast expenditures by approximately \$9.2 million.

To address the 2024 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 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 costs for 2025 and 2026 will be addressed as part of the Mayor’s proposed biennial budget. These additional costs will add to the \$230+ million annual deficit that must be resolved in that budget.

Notes:

- There are no new revenues associated with this legislation. This legislation does not authorize the creation of new positions. (As noted above, the agreement allows for the creation of two additional positions in OPA, but the decision to add those employees has not been made at this time.)
- Total costs of the proposed agreements with SPOG are divided roughly 99.8% General Fund and 0.2% Other Funds (costs have been split proportional to SPD's 2024 Adopted labor budget which allocates this small share to the School Safety Traffic and Pedestrian Improvement Fund).
- Compensation costs for employees affected by this legislation increase by roughly 24% across the three years of the agreement. (The AWI amounts sum to 23.0%, but with compounding across years, the effect is a 24.2% increase.)
- 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.

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 costs shown above pertain to the Seattle Police Department only. However, PPEN will also require funding as a result of this agreement in order to increase pension payments to retirees of SPOG proportional to the wage adjustments specified in the agreement, as required by RCW 41.20 and 41.26. PPEN is still preparing estimates of those amounts, but having anticipated these increases, expects the PPEN to have reserves sufficient to cover the cost. Any amount above those reserves will be the obligation of the General Fund.

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.

If this legislation is not implemented, employees would continue to receive the same wages that became effective on January 1, 2020. The City would also be limited in its use of non-sworn personnel to augment resources within the Seattle Police Department and free up sworn officers to perform other functions. There may be other risks associated with not implementing this legislation.

4. OTHER IMPLICATIONS

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

There are financial and operational impacts to the Seattle Police Department and PPEN.

- 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.**

Implementation of the agreement, which includes accountability provisions and reflects the City's commitment to constitutional policing, will have a positive effect on vulnerable or historically disadvantaged communities.

- 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 Agreement By and Between The City of Seattle and Seattle Police Officers' Guild