

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Seattle Department of Human Resources / Legislative	Shaun Van Eyk / Ben Noble or Karina Bull	Kailani DeVille

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to City employment; authorizing the execution of collective bargaining agreements between The City of Seattle and certain City unions in the Coalition of City Unions 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 execute 18 collective bargaining agreements between the City of Seattle (“City”) and the following unions in the Coalition of City Unions (“Coalition”):

- Joint Crafts Council
- PROTEC17 Professional, Technical, Senior Business, Senior Professional and Administrative Support
- PROTEC17 Legislative Bargaining Unit
- PROTEC17 Office of Emergency Management Strategic Advisors and Managers
- PROTEC17 Municipal Court Probation Counselors
- LiUNA, Local 242
- International Association of Machinists and Aerospace Workers, District Lodge 160, Local 289
- Western States Regional Council of Carpenters
- Washington State Council of County and City Employees, AFSCME, AFL-CIO, Local 21
- Washington State Council of County and City Employees, AFSCME, AFL-CIO, Local 21C
- Washington State Council of County and City Employees Local 21PA, AFSCME, AFL-CIO
- Washington State Council of County and City Employees, AFSCME, Local 21Z
- Teamsters Local Union No. 117 Evidence Control Specialist and Community Service Officer Unit
- Teamsters Local Union No. 117 Guest Services
- Public, Professional & Office-Clerical Employees and Drivers, Local Union No. 763 (Municipal Court)
- Public, Professional & Office-Clerical Employees and Drivers, Local Union No. 763, Supervisory Unit (Municipal Court)
- Seattle Municipal Court Marshals’ Guild
- Seattle Dispatchers’ Guild

The Executive submitted this legislation as part of a “legislative package” that includes the following:

- 1. Coalition Collective Bargaining Agreements 2023-2026**, authorizing the execution of 18 collective bargaining agreements with the City and the Coalition that would establish annual wage increases and other changes to terms and conditions of work;
- 2. Non-Represented Employee Economic Items**, establishing comparable changes for City employees who are not represented by a union, but who work in comparable positions with pay determined by “step progression” (i.e., salary increments awarded in discrete steps as tenure with the City increases); and
- 3. Pay Zone 2023-2024**, establishing comparable changes in the “pay bands” (i.e., minimum/maximum compensation levels) for discretionary pay programs where salary adjustments for non-represented employees are subject to the discretion of the appointing authority (i.e., head of department).

Note, the City has historically provided the same benefits and other conditions of employment, and opportunities for wage increases for employees represented by Coalition unions as for non-represented employees.

Coalition Collective Bargaining Agreements 2023-2026

The Coalition collective bargaining agreements are four-year agreements on wages, benefits, hours, and other working conditions for the period from January 1, 2023, through December 31, 2026. This legislation affects approximately 5,000 regularly appointed City employees and an additional approximately 2,000 temporary employees. While the wage adjustments detailed below apply to temporary employees, not every other term of a collective bargaining agreement necessarily applies.

The agreements provide 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, and an additional 1 percent in 2026 only (total not to exceed 5 percent). The agreements also provide for additional negotiated wage adjustments for approximately 500 titles, spread over 3 years for most titles and based on annual full-time equivalent (“FTE”) wages, as follows:

	2023	2024	2025
Less than \$48K	100%		
\$48-\$75K	25%	50%	25%
\$75-\$100K	25%	35%	40%
\$100K+	25%	25%	50%

Example: Civil Engineer, Sr. earns over \$100k per year and a 10% wage adjustment was negotiated. The title will receive 2.5% of the 2022 rate for 2023, the equivalent of 2.5% of the 2022 rate in 2024 and the equivalent of 5% of the 2022 rate in 2025.

Shift differentials will increase by .25 cents to \$1.25/hour for swing shift and \$1.75/hour for graveyard shift, effective January 1, 2023.

In 2023, employees will receive \$300 in boot/footwear reimbursements, with an additional \$25 each year thereafter up to a maximum of \$375.

The City and unions 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 costs for health care. This arrangement is unchanged in the new agreements.

The agreements also provide for the following:

- 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 also 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 their unions, among other items.

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

This financial assessment includes two components:

1. Detailed assessment of the financial impacts of the specific legislation associated with this summary and fiscal note; and
2. Overall summary of the net impact of all three pieces of legislation that authorize new compensation levels for (a) Coalition employees, (b) non-represented employees working in comparable titles; and (c) employees working in discretionary pay programs (i.e., "broad band" titles), including but not limited to Strategic Advisors, Managers, and Executives).

Fiscal impacts – Coalition collective bargaining agreements

In cooperation with the City Budget Office, the City Council’s Central Staff has estimated the incremental cost of implementing the collective bargaining agreements 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 the Coalition. The estimated costs for the collective bargaining agreements include all elements of employee compensation, including wages, retirement contributions, Social Security, and Medicare.

	<i>Salary Base</i>	2023	2024	2025 est.	2026 est.	2027 est.	2028 est.
Expenditure Change (\$) General Fund	\$214,202,000	\$12,970,400	\$26,596,100	\$38,853,300	\$48,975,500	\$48,975,500	\$48,975,500
Expenditure Change (\$) Other Funds	\$424,094,000	\$28,343,800	\$56,311,600	\$82,431,000	\$102,692,000	\$102,692,000	\$102,692,000
Total – All Funds	\$638,296,000	\$41,314,200	\$82,907,700	\$121,284,300	\$151,667,500	\$151,667,500	\$151,667,500

Notes:

- Total costs of the proposed agreements with the Coalition are divided roughly 1/3 General Fund and 2/3 Other Funds.
- Compensation costs for employees affected by this legislation increase at roughly 6% per year for the first three years of the agreements. This is consistent with overall annual wage increases of 5% plus the cost of the negotiated wage adjustments which are phased in during a three-year period.
- 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.
- Costs for 2025, 2026, and beyond are noted as estimates because the terms of the contract link the wage increases to the realized rate of annual inflation, and those results are not yet known. The estimates presented here are consistent with the inflation forecasts generated by the City’s Office of Economic and Revenue Forecasts.
- Costs for 2027 and 2028 exactly match those for 2026 because the terms of contract authorized by this legislation extend only through 2026. The City and the Coalition will need to negotiate terms for 2027, 2028, and beyond, at some future date. Additional financial impacts will result from the outcome of those negotiations, and these impacts will be additive to the estimates presented here for 2027 and 2028.

There are no new revenues associated with this legislation. This legislation does not authorize the creation of new positions.

Fiscal impacts – legislative package:

When taken as a whole, the three pieces of related legislation authorize compensation changes (or authorize pay band increases) for over 11,000 employees. The table below* provides a summary of the joint financial impacts of this legislative package, with separate estimates provided for the General Fund and all other City funds, taken collectively.

This portion of the analysis provides the best opportunity to summarize the specific budgetary impacts of the proposed package of legislation. As described above, there will be immediate budgetary impacts in 2024, as the City will need to make retroactive payments for all of 2023 and the first part of 2024. Looking forward, the legislation will increase wage costs for 2025 and beyond. These increased wages will affect the budget forecasts and ongoing budget building work for the 2025-2026 biennium, and the longer-term financial planning for 2027 and 2028.

Note, 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 cost of the final terms of the Coalition agreement, and the comparable terms to be provided to other City employees, exceed 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.

General Fund

	<i>Salary Base</i>	2023	2024	2025 est.	2026 est.	2027 est.	2028 est.
Expenditure Change - General Fund	<i>\$403,281,000</i>	\$22,835,000	\$45,423,000	\$66,112,000	\$84,888,000	\$84,888,000	\$84,888,000
Expenditure Change Assumed in '24 Budget - Gen. Fund		(\$20,371,000)	(\$37,483,000)	(\$55,434,000)	(\$69,436,000)	(\$69,436,000)	(\$69,436,000)
Cost Above Budget/Reserves - Gen. Fund		\$2,464,000	\$7,940,000	\$10,678,000	\$15,452,000	\$15,452,000	\$15,452,000

Other Funds

	<i>Salary Base</i>	2023	2024	2025 est.	2026 est.	2027 est.	2028 est.
Expenditure Change - Other Funds	<i>\$692,912,000</i>	\$42,675,000	\$83,359,000	\$121,444,000	\$154,018,000	\$154,018,000	\$154,018,000
Expenditure Change Assumed in '24 Budget - Other Funds		(\$31,549,000)	(\$58,050,000)	(\$85,611,000)	(\$107,109,000)	(\$107,109,000)	(\$107,109,000)
Cost Above Budget/Reserves - Other Funds		\$11,126,000	\$25,309,000	\$35,833,000	\$46,909,000	\$46,909,000	\$46,909,000

All Funds

Total Costs Above Budget/Financial Plans - ALL FUNDS	\$13,590,000	\$33,249,000	\$46,511,000	\$62,361,000	\$62,361,000	\$62,361,000
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Notes:

- 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 or July of this year. 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.
- As the table illustrates, the incremental cost of the agreements exceeds the existing reserves, which indicates that some amount of additional resources will be needed. For example, in 2024, total General Fund costs will exceed budgeted resources by \$10.4 million (the sum of the additional \$2.46 million needed for 2023 and the \$7.94 million needed for 2024). However, the Executive has taken 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 not, unspent resources from 2023 will likely be sufficient to close the gap. The Council would have to approve the use of such unspent resources for this purpose, but it is almost certain that sufficient funding will exist.
- For 2025, 2026, and beyond, the financial impact of these agreements is to increase the projected deficit beyond the levels anticipated when the budget and its associated financial plans were adopted last November. At that time, the ongoing General Fund deficit was projected to be approximately \$230 million in 2025. Per the table above, the cost of the agreement with the Coalition of City Unions exceeds the amount held in reserve for the General Fund by \$10.68 million for 2025. This then implies that the projected General Fund deficit has grown to \$240+ million (the original \$230 million plus this additional \$10.68 million). For 2026 and beyond, the annual impact is to increase the annual projected deficit by \$15.45 million (so an increase to \$245+ million).

*The table provides comparable information about increased expenses and unanticipated costs for all Other Funds, and in the final row, for the City budget overall.

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. 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 has financial and operational impacts to approximately 30 City departments with employees who belong to these unions.

- 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.**

These collective bargaining agreements include enhancements to pay and working conditions for employees, many of whom are BIPOC and women. Additionally, the collective bargaining agreements commit the City to ongoing engagement with the unions 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 Agreement By and Between The City of Seattle and Joint Crafts Council

Summary Attachment 2 – Bill Draft Agreement By and Between The City of Seattle and PROTEC17 Units: Professional, Technical, Senior Business, Senior Professional and Administrative Support Unit

Summary Attachment 3 – Bill Draft Agreement By and Between The City of Seattle and PROTEC17 Legislative Bargaining Unit

Summary Attachment 4 – Bill Draft Agreement By and Between The City of Seattle and PROTEC17 Strategic Advisors and Managers (Office of Emergency Management)

Summary Attachment 5 – Bill Draft Agreement By and Between The City of Seattle and PROTEC17 Unit: Municipal Court Probation Counselors

Summary Attachment 6 – Bill Draft Agreement By and Between The City of Seattle and LiUNA, Local 242 Unit: Recreation Leaders, Recreation Attendants and Lifeguards in the Seattle Department of Parks and Recreation

Summary Attachment 7 – Bill Draft Agreement By and Between The City of Seattle and International Association of Machinists and Aerospace Workers, District Lodge 160, Local 289

Summary Attachment 8 – Bill Draft Agreement By and Between The City of Seattle and Western States Regional Council of Carpenters

Summary Attachment 9 – Bill Draft Agreement By and Between The City of Seattle and the Washington State Council of County and City Employees, AFSCME, AFL-CIO, Local 21

Summary Attachment 10 – Bill Draft Agreement By and Between The City of Seattle and the Washington State Council of County and City Employees, AFSCME, AFL-CIO, Local 21C

Summary Attachment 11 – Bill Draft Agreement By and Between The City of Seattle and the Washington State Council of County and City Employees, Local 21PA, AFSCME, AFL-CIO

Summary Attachment 12 – Bill Draft Agreement By and Between The City of Seattle and Washington State Council of County and City Employees, AFSCME, Local 21Z

Summary Attachment 13 – Bill Draft Agreement By and Between The City of Seattle and Teamsters Local Union No. 117 Evidence Control Specialist and Community Service Officer Unit

Summary Attachment 14 – Bill Draft Agreement By and Between The City of Seattle and Teamsters Local Union No. 117 for Seattle Center Guest Services Personnel

Summary Attachment 15 – Bill Draft Agreement By and Between The City of Seattle/Seattle Municipal Court and Public, Professional & Office-Clerical Employees and Drivers, Local Union No. 763

Summary Attachment 16 – Bill Draft Agreement By and Between The City of Seattle/Seattle Municipal Court and Public, Professional & Office-Clerical Employees and Drivers, Local Union No. 763 (Representing the Supervisory Employees)

Summary Attachment 17 – Bill Draft Agreement By and Between The City of Seattle/Municipal Court and Seattle Municipal Court Marshals' Guild

Summary Attachment 18 – Bill Draft Agreement By and Between The City of Seattle and the Seattle Dispatchers' Guild