

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Seattle Department of Human Resources	Shaun Van Eyk/ Sascha Sprinkle	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 International Brotherhood of Electrical Workers Local No. 77 Information Technology Professionals’ Unit; 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 International Brotherhood of Electrical Workers Local No. 77 Information Technology Professionals’ Unit (“Local 77 ITP”). The collective bargaining agreement is a three-year agreement on wages, benefits, hours, and other working conditions for the period from January 1, 2023, through December 31, 2025. This legislation affects approximately 458 regularly appointed City employees.

The collective bargaining agreement provides for a 1 percent negotiated wage adjustment in 2023 and a 0.5 percent negotiated wage adjustment in 2024. In addition, employees’ base wages will increase by 5 percent in 2023 and by 4.5 percent in 2024. In 2025, 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) for the period June 2022 over June 2023 to the period June 2023 over June 2024, with a floor of 2 percent and a ceiling of 4 percent. Shift differential will increase from \$1.00 to \$1.25/hour for swing shift and from \$1.50 to \$1.75/hour for graveyard shift. Employees in selected units will receive a \$200.00 boot allowance per year for the term of the contract, and employees required to wear fire resistant (FR) clothing will receive the intermittent wear allowance for FR clothing under the Local 77 Unit 100 contract.

The City and Local 77 ITP agreed to continue health care cost sharing as follows: the City will pay up to 107 percent of the average City costs of medical, dental, and vision premiums over the prior calendar year. Costs above 107 percent will be covered by the Rate Stabilization Fund. Once the Fund is exhausted, the City will pay 85 percent and employees will pay 15 percent of the excess costs in healthcare.

The agreement provides for other working conditions. 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 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, 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

The City Budget Office, in cooperation with Labor Relations, developed the following estimate to approximate the costs of ratifying the Local 77 ITP agreement. 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 Local 77 ITP. The estimated costs for the collective bargaining agreements include all elements of employee compensation, including wages, retirement contributions, Social Security, and Medicare. The incremental financial impacts include two key components: (i) retroactive payments for the year 2023 and half of 2024, plus adjustment to compensation levels for the second half of 2024 and all of 2025; and (ii) the ongoing costs associated with this 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 Local 77 ITP members in 2023 and 2024. The ongoing annual costs capture the compounded impact of the annual wage increases provided for this time period. As highlighted in the table, these incremental ongoing, annual costs do not change for 2026 and beyond. This reflects the fact that the term of the agreement with Local 77 ITP runs only through the end of 2025 and does not address compensation changes beyond this date. The City and Local 77 ITP will ultimately negotiate a labor agreement that extends beyond the end of 2025, but until then, per state law, the terms of the agreement and the wage rates provides will remain in effect.

	<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>	\$3,366,000	\$176,000	\$385,000	\$535,000	\$535,000	\$535,000	\$535,000
<b>Expenditure Change (\$) Other Funds</b>	\$80,065,000	\$4,293,000	\$9,419,000	\$13,084,000	\$13,084,000	\$13,084,000	\$13,084,000
<b>Total – All Funds</b>	<b><i>\$83,431,000</i></b>	<b>\$4,469,000</b>	<b>\$9,804,000</b>	<b>\$13,619,000</b>	<b>\$13,619,000</b>	<b>\$13,619,000</b>	<b>\$13,619,000</b>

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 2023-2025, the financial terms of the agreement exceed reserves and previously forecast expenditures by approximately \$6.8 million.

**General Fund**

	<i>Salary Base</i>	2023	2024 est.	2025 est.	TOTAL
Expenditure Change - General Fund	\$3,366,000	\$176,000	\$385,000	\$535,000	\$1,096,000
Expenditure Change Assumed in '24 Budget - Gen. Fund		(\$131,000)	(\$240,000)	(\$354,000)	(\$725,000)
Cost Above Budget/Reserves - Gen. Fund		\$45,000	\$145,000	\$181,000	\$371,000

**Other Funds**

	<i>Salary Base</i>	2023	2024 est.	2025 est.	TOTAL
Expenditure Change - Other Funds	\$80,065,000	\$4,293,000	\$9,419,000	\$13,084,000	\$26,796,000
Expenditure Change Assumed in '24 Budget - Other Funds		(\$3,663,000)	(\$6,741,000)	(\$9,941,000)	(\$20,345,000)
Cost Above Budget/Reserves - Other Funds		\$630,000	\$2,678,000	\$3,142,000	\$6,450,000

**All Funds**

	<i>Salary Base</i>	2023	2024 est.	2025 est.	TOTAL
Total Costs Above Budget/Financial Plans - ALL FUNDS	\$83,431,000	\$675,000	\$2,823,000	\$3,323,000	\$6,821,000

Separate, future legislation will be forwarded by the City Budget Office later in 2024 to authorize appropriation of funds to departments. 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:

- Total costs of the proposed agreement with Local 77 ITP are divided roughly 4% General Fund and 96% Other Funds.
- For this unit, approximately 82% of total costs are in the Seattle Information Technology department. Other shares by department are: Seattle Public Utilities (6%), Finance and Administrative Services (4%), Seattle City Light (4%), Seattle Municipal Court (2%), City Attorney’s Office (less than 1%), Seattle Department of Transportation (less than 1%), and Seattle Parks & Recreation (less than 1%).
- Compensation costs for employees affected by this legislation are estimated to increase at roughly 5.4% per year for the three years of the agreement, 2023-2025. This is consistent with overall annual wage increases of 5%, 4.5% and (estimated) 4% in the three years, respectively, plus the cost of the negotiated market adjustments of 1% in 2023 and 0.5% in 2024, in addition to other smaller adjustments in compensation and benefits.
- 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 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 estimate presented here assumes a 4% wage adjustment. This is consistent with the inflation forecasts generated by the City’s Office of Economic and Revenue Forecasts, which currently projects the relevant inflation measure at greater than the 4% cap.
- Additionally, costs for 2026-2028 exactly match those for 2025 because the terms of contract authorized by this legislation extend only through 2025. The City and Local 77 ITP will need to negotiate terms for 2026 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 2026-2028.

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

### **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 the contract is not legislated, employees will continue to receive the same wages that became effective on January 5, 2022. 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.**

There are financial and operational impacts to the City Attorney's Office, Finance and Administrative Services, Seattle City Light, Seattle Department of Transportation, Seattle Information Technology, Seattle Municipal Court, Seattle Parks & Recreation, and 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.

**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 Local 77 ITP Agreement