

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title:

AN ORDINANCE relating to City employment; authorizing the execution of memoranda of understanding between the City of Seattle and members of the Coalition of City Unions; and ratifying and confirming prior acts.

Summary of the Legislation:

This legislation authorizes the Mayor to implement memoranda of understanding (“MOUs”) between the City of Seattle and unions participating in the Coalition of City Unions (“Coalition”). The MOUs are a one year agreement to wages, benefits, hours and other working conditions between the City and most members of the Coalition (collectively, “the parties”) for the time period January 1, 2014 through December 31, 2014. Subject to the ratification by unions, this legislation affects up to approximately 4,371 regularly appointed City employees.

The MOUs provide for a 1.8 percent cost-of-living increase to be effective January 1, 2014. The wage increase is based on 100 percent of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bremerton Area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the period August 2011 through June of 2012 to the period August 2012 through June of 2013.

The MOUs establish other terms and conditions of the one year agreement. The parties agreed to reopen negotiations on salary adjustments to specific job titles, with an effective date (subject to negotiations) no earlier than January 1, 2014. The parties also agreed to reopen negotiations on changes to the Retirement System, although changes to the System shall not be effective any earlier than January 1, 2015. The City agreed to meet with two representatives from the Coalition to discuss, and not negotiate, issues related to the implementation of a “minimum wage” in calendar year 2014. Should the parties come to an agreement over managing the impacts of the minimum wage, any such changes shall not take effect until on or after January 1, 2015.

Finally, the MOUs provide that most other wages, benefits, hours and other working conditions of expired labor agreements will continue for the duration of the one year agreement (items relating to span-of-control and layoffs that were included in the 2011-13 agreement will not continue in the successor agreement). The parties will continue health care cost sharing as agreed upon in the previous agreement: the City will pay up to 7 percent of annual healthcare cost increases and then additional costs will be covered by the Rate Stabilization Fund. Once that

Fund is exhausted, the City will pay 85 percent and employees will pay 15 percent of any additional costs.

The MOUs are subject to ratification by Coalition members. Should an MOU fail to be ratified by all unions identified therein, the Mayor is authorized to execute the agreement for those unions signatory to the agreements.

Background:

The City and the Coalition entered into negotiations in the fall of 2013 and came to a tentative agreement in March of 2014.

This legislation does not have any financial implications.

This legislation has financial implications.

Labor Relations developed the estimates below to approximate the 2014 costs of ratifying the new agreement. Costs for 2014, which include City contributions to retirement, social security, and Medicare, were included in the development of the 2013-2014 biennial budget. Funds have been set aside to pay for these cost increases.

Coalition members' base wages will increase by 1.8 percent for 2014. The aggregate cost of wages for members (and for non-represented employees, who have historically been extended the same increases) is estimated to grow from \$671.6 million in 2013 to \$691.8 million in 2014.

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**

See above

b) **What is the financial cost of not implementing the legislation?**

If the contract is not legislated, employees will continue to receive the same wages that became effective on January 2, 2013. There may be additional legal risks associated with not implementing this legislation.

c) **Does this legislation affect any departments besides the originating department?**

Most City departments are affected by this legislation. This proposed Council Bill will impact these departments' budgets, but should not have operational impacts.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

None

e) **Is a public hearing required for this legislation?**

No

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle***

***Times* required for this legislation?**

No

g) Does this legislation affect a piece of property?

No

h) Other Issues: None

List attachments to the fiscal note below: None