



To: Jude Kelley, Labor Negotiator

From: Katie Johnston, Budget Officer *KJ*

Date: October 11, 2019

Subject: Fiscal Impact of IAM & AW Local 160 General Unit Wage Increase for 2020-2023

Overview

The following provides an estimate fiscal impact of the successor collective bargaining agreement between the City of Tacoma and District 160 General (“Union”) has been reached for a successor collective bargaining agreement for the years 2020-2023.

Financial Impact

1. Effective the first pay period after City Council approval of this Agreement, or January 1, 2020, whichever date is later, for those employees active on that date, base wage rates will be increased by two percent (2%).
2. Effective January 1, 2021, all base wage rates will be increased by two percent (2%).
3. Effective January 1, 2022, all base wage rates will be increased by two percent (2%).
4. Effective January 1, 2023, all base wage rates will be increased by two percent (2%).

| Fund/Department | FTE | 2020 Negotiated Incremental Expense | 2021 Negotiated Incremental Expense | 2022 Negotiated Incremental Expense | 2023 Negotiated Incremental Expense |
|------------------------------|-------------|--|--|--|--|
| All Other General Government | 36.0 | 116,700 | 184,000 | 252,500 | 322,500 |
| Environmental Services | 28.0 | 115,900 | 173,000 | 231,200 | 290,600 |
| General Fund | 5.0 | 16,800 | 26,700 | 36,900 | 47,200 |
| Tacoma Public Utilities | 24.0 | 98,600 | 143,900 | 190,200 | 237,300 |
| Total | 93.0 | \$348,000 | \$527,600 | \$710,800 | \$897,600 |



- 5. The City will withdraw the bargaining unit from the Western Metals Pension Fund and assume withdrawal liabilities in accordance with plan procedures and applicable law. The costs below are for all Teamsters Local 160 members, not just the General Unit. These costs will vary if only one other unit does not ratify the withdrawal.

| Fund/Department | FTE | 2020 Negotiated* Incremental Expense | 20 Year Incremental Expense |
|------------------------------|--------------|--------------------------------------|-----------------------------|
| All Other General Government | 36.0 | 205,600 | 4,112,000 |
| Environmental Services | 31.0 | 177,000 | 3,540,000 |
| General Fund | 5.0 | 28,600 | 572,000 |
| Tacoma Public Utilities | 53.0 | 302,700 | 6,054,000 |
| Total | 125.0 | \$713,900 | \$14,278,000 |

- 6. Employees who on December 31, 2019, or on the date of ratification of this Agreement, whichever is later, qualify for participation in the longevity program consistent with Ordinance 20938 and the Tacoma Joint Labor Agreement will continue to participate and progress in accordance with the current percentage factors for continuous years of employment. New employees hired on or after January 1, 2020, or after ratification of this Agreement, whichever is later, shall not be eligible or participate in the longevity program.

There is no immediate fiscal impact. Savings will occur in future years as grandfathered employees leave City service.

- 7. Any unused compensatory time will be paid out at the end of the calendar year in which it was earned.

| Fund/Department | FTE | 2019 Negotiated Incremental Expense |
|------------------------------|-------------|-------------------------------------|
| Environmental Services | 12.0 | 7,000 |
| All Other General Government | 4.0 | 15,600 |
| Total | 16.0 | \$22,600 |



2020 and later costs will depend on future compensatory time accruals. Department Directors will be responsible for adhering to their overall level of appropriation.

8. Effective January 1, 2020, a Heavy Equipment Mechanic, Vehicle and Equipment Shop Attendant or Fabrication Welder assigned to work at Solid Waste Compactor Facilities will no longer be paid an additional five percent (5%) above their base rate of pay while working on the landfill.

There is no immediate fiscal impact as no employees working in these classifications are permanently assigned to this location. Savings may occur as management assigns employees to the landfill without the requirement to pay an additional 5%.

9. Effective January 1, 2020, a Welder will receive an applied rate of five percent (5%) above their base rate of pay when assigned to act in a lead capacity. It shall be management's sole discretion to assign lead functions to an employee.

Costs related to this proposal will depend on management's frequency and duration of lead assignments. Department Directors will be responsible for adhering to their overall level of appropriation.

10. A WWTP Assistant, WWTP Maintenance Technician, WWTP Maintenance Machinist, and Solid Waste Mechanic who as of January 1, 2020 is receiving a maximum certification premium of three percent (3%) above their base rate of pay for holding a Crane Operators Certification, shall continue to receive this premium as long as they are in one of the classifications listed in this paragraph. This premium is not available to any other current and/or future employees.

There is no immediate fiscal impact. Savings will occur in future years as grandfathered employees leave City service or the listed classifications.

11. Effective January 1, 2020, the previous WWTP Assistant Steps 4 and 5 are eliminated. The base wage rate of any WWTP Assistant in either of those Steps as of December 31, 2019 shall be frozen at the base wage rate they were receiving as of December 31, 2019 until such time as the Step 3 base wage rate catches up to their frozen wage rate.

There is no immediate fiscal impact. Savings may occur as employees reach the new top step of the pay scale earlier than previously possible.

12. Effective January 1, 2020, the WWTP Maintenance Machinist previous Step 1 is eliminated. Any employees at Step 1 on December 31, 2019 shall be moved to the new Step 1



There is no immediate fiscal impact as there are no current employees at Step 1. Costs will occur in future years as new employees enter City service and are hired at the new, higher Step 1.

13. A Heavy Equipment Mechanic assigned to Public Works Fleet shall no longer receive a certification premium of 2% above their base rate of pay for holding an International Organization for Fluid Power and Motion Control Professionals (IFPS) Mobile Hydraulics certification.

There is no immediate fiscal impact as no Heavy Equipment Mechanics with this certification are currently assigned to Public Works.

14. A WWTP Maintenance Technicians is eligible to receive a maximum certification premium of 3% above their base rate of pay for holding a Water Backflow Assembly Technician license. WWTP Maintenance Machinist, Sr. is no longer eligible for this certification pay.

There is no immediate fiscal impact as there are currently no WWTP Maintenance Technicians or WWTP Maintenance Machinist, Seniors receiving this certification pay.

Funding for 2020, 2021-2022, and Beyond

The cost of the negotiated wage increase is included in the Adopted 2019-2020 Budget and will be included in the 2021-2022 & 2023-2024 Budgets. The costs associated with the withdrawal from the Western Metal Pension Plan will be absorbed by the impacted departments in 2020 and incorporated into the 2021-2022 and future biennial budgets.

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