



To: Elizabeth Pauli, City Manager

From: Katie Johnston, Budget Officer

Date: June 13, 2024

Subject: Fiscal Impact - PPSMA 2024-2026 Collective Bargaining Agreement (TA)

Overview

The City of Tacoma and the Professional Public Safety Management Association (PPSMA) bargaining unit have reached a tentative agreement for a successor Collective Bargaining Agreement.

Wages

Wages to be effective on January 1st of 2024, 2025, and 2026 shall be determined by the indexing process indicated below. (The Indexing Provision chart below is provided for reference, there are no changes to the salary indexing formula.) The Union will continue to forego one percent (1%) of the bargaining units’ salary in consideration of the VEBA program as outlined in Article 10 (previously in Addendum 2).

Step	Indexing Provision	Index %
(1) Police:	Top step of Assistant Police Chief (CSC 0770) above the top step of Police Captain (CSC 4205)	28%
(2) Police:	Top step of Deputy Police Chief (CSC 0771) above the top step of Assistant Police Chief (CSC 0770)	7.5%
(3) Fire:	Top step of Assistant Fire Chief (CSC 0764) above the top step of Fire Battalion Chief “40-hour” (CSC 4004F)	28%
(4) Fire:	Top step of Deputy Fire Chief (CSC 0765) above the top step of Assistant Fire Chief (CSC 0764)	7.5%

Fiscal Impact of Wages

Fund/ Department	FTE	2024 Incremental Expense	2025 Incremental Expense	2026 Incremental Expense	Total Expense
General Fund	7.85	\$150,000	\$273,000	\$379,000	\$802,000
All Other General Government	2.15	\$62,000	\$82,000	\$106,000	\$250,000
Total	10.00	\$212,000	\$355,000	\$485,000	\$1,052,000

Deferred Compensation

The City will contribute, with or without employee match, \$250 per pay period (increase from \$238.00) into the deferred compensation program offered by the City. This increase will occur as soon as administratively practicable following City Council approval and will not be retroactive. *Note: No employer contribution will be made in any pay period during which an employee is on leave without pay for the entire pay period.*



Fiscal Impact of Deferred Compensation

This provision will cause an annual increase of \$3,000.

Monthly VEBA Contribution

Effective upon City Council approval, the employer will contribute two hundred and fifty dollars (\$250.00) per month for each LEOFF II employee of the bargaining unit to an individual VEBA account under the provisions of the Tacoma Municipal Code 1.12.229, as amended. The contribution will begin as soon as administratively practicable following Council approval.

Fiscal Impact of Monthly VEBA Contribution

This provision will cause an annual increase of \$30,000.

Sick Leave and PTO Deposit to VEBA at Retirement

Note: This is a clarification of Sick Leave cash out formula at retirement as *tiered* structure, which will match PPSMA with Local 6 and Local 26.

- A. An employee separated from service due to death or retirement for disability or retirement for length of service shall have their sick leave cashed out on their final paycheck according to the following tiers:
 - At the rate of twenty-five percent (25%) for hours 1 through 400
 - At the rate of thirty-three percent (33%) for hours 401 through 800
 - At the rate of fifty percent (50%) for the hours of 801 and above

For example: an employee with 600 hours of sick leave at retirement would receive a 25% cash out of 400 hours, plus a 33% cash out of 200 hours.

Fiscal Impact of Sick Leave and PTO Deposit to VEBA at Retirement

Given the unpredictable nature of when and how people separate from the City, staff cannot accurately determine the specific annual costs in 2024, 2025, and 2026. Based on current data of active employees who will qualify to take advantage of this provision during the life of the agreement, staff projects that this proposal may result in \$11,000 in additional costs over the course of this agreement.

Special Implementation Provision – Convert Sick Leave Accruals to PTO

- a. Consistent with Section 1.12.248 E 2 of the Tacoma Municipal Code, a one-time designated enrollment to convert sick leave accruals to PTO will occur thirty days after the City Council approval of the CBA.
- b. Only members of this bargaining that are employed as of the date of City Council approval will be eligible for the conversion.
- c. Eligible employees will have thirty (30) days from the date of City Council approval to provide Human Resources with written notice of their desire to convert sick leave to PTO.
- d. An eligible employee who converts sick leave to PTO during the designated enrollment period may elect to convert sick leave accruals as of the last pay period after City Council ratification.
- e. The conversion ratio is 24 hours of sick leave to 8 hours of PTO (3:1) up to a combined (current vacation accruals and converted sick leave) maximum of 720 hours of PTO.

At the conclusion of the designated enrollment period, this “Special Implementation Provision” of the CBA will expire separately from the rest of the agreement and shall be expressly exempt from the provisions of RCW 41.56.123.



Fiscal Impact of Special Implementation Provision – Convert Sick Leave Accruals to PTO

The conversion of sick leave accruals to PTO will likely cause a net neutral fiscal impact. There will likely be a slight fiscal impact when staff is scheduled to fill-in for staff that is utilizing PTO, but the magnitude of the fiscal impact cannot be estimated until the work schedule is created. Once the schedule is created, then staff will be able to evaluate the likely fiscal impact.

VEBA Retirement

At any given time that the collective cost of the VEBA retirement program exceeds two percent (2%) of base wages annualized, up to one percent (1%) from the Union and up to one percent (1%) from the City, the parties agree to reopen negotiations regarding a cost-sharing agreement, during which time, no new employees will be added that would cause the program to exceed two percent (2%).

Effective upon City Council ratification, the City’s monthly contribution in retirement will increase to \$609.52 (from \$575.00).

A two percent (2%) per year escalator provision to the City’s monetary contribution to the VEBA account for eligible current and future participants will be provided annually on January 1.

Fiscal Impact of VEBA Retirement

Program	2024 FTE	2024 Incremental Expense	2025 FTE	2025 Incremental Expense	2026 FTE	2026 Incremental Expense	Total Cost
VEBA	14	\$6,000	13	\$7,000	13	\$9,000	\$22,000
Total	14	\$6,000	13	\$7,000	13	\$9,000	\$22,000

Funding for 2023-2024

The incremental increases are partially included in the Adopted 2023-2024 Budget and will be incorporated into the 2025-2026 Proposed Biennial Budget. The department will be responsible for adhering to their overall level of appropriation.

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