



To: Elizabeth Pauli, City Manager
From: Katie Johnston, Budget Officer
Date: December 15, 2020
Subject: **Fiscal Impact of Local 26 2021 CBA**

Overview

A Tentative Agreement between the City of Tacoma and the Tacoma Police Management Association Local #26 I.U.P.A bargaining unit has been reached for a successor collective bargaining agreement effective from January 1, 2021 to and including December 31, 2021.

Financial Impact

1. Effective January 1, 2021, wages will be adjusted as required to maintain the indexing/parity differentials to Local 6 as described in Appendix A, Section 2.

Wage increases are unknown at this time due to the historic indexing of Local 26 wages to the settled Local 6 bargaining unit therefore are not included in the fiscal impact. The fiscal impact will be incorporated into the Local 6 fiscal note.

2. Employer VEBA Contribution

Effective in the month following City Council adoption of this Agreement, the employer will decrease its contribution of \$250.00 per month to \$125.00 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.

VEBA Retirement Program Parameters

Beginning the first of the month following the effective date of the Agreement, the Union will forego three-quarters of one percent (0.75%) of the bargaining units' salary. Once the bargaining unit wage scales for Local 6 are identified in any given year, each member of the Local 26 bargaining unit will receive ninety-nine and one-quarter percent (99.25%) of the base wage rate in exchange for the VEBA benefit.

- Each year the VEBA retirement program will be open for up to two (2) employees.
- For calendar year 2021 only, one unit member may apply for this program.
- This voluntary retirement program consists of payments made into approved retirees' VEBA accounts of five hundred sixty-three dollars and seven cents (\$563.07) per month for 2021 (subject to escalator in future years) until the earlier of the month when the employee reaches age sixty-five (65) or Medicare eligibility. These payments will be subject to all rules and laws applicable to the retirees' VEBA accounts.
- A two percent (2%) per year escalator provision to the City's monetary contribution to the VEBA account for eligible participants will be established and provided on January 1 of each calendar year.

The net fiscal impact of the VEBA Program changes is minimal in 2021. While forgoing 0.75% of a salary increase is expected to save \$15,500 in 2021, the VEBA program will establish a long term-liability for City



given the ongoing member benefits. In three years, the City's costs for the VEBA program are projected to exceed the annual savings. Costs will vary by year due to population of Local 26 and VEBA eligible retirees.

3. **PCFIT Stand-by Pay**

Employees assigned to Pierce County Force Investigation Team (PCFIT) and placed in an on-call status shall receive the stand-by rate of \$3.00 per hour for all hours in that status. This section shall apply to on-call status for PCFIT only and shall not apply to any other status or off hour calls. Employees are not eligible for standby pay for any hours for which they are in any other paid status. Standby means that the employee has been specifically directed by a supervisor to be in telecommunications, pager, radio or phone range to ensure their availability to respond, if necessary, within approximately 30 minutes of the notification to return to duty.

PCFIT Stand-by pay will cost approximately \$3,500 per year.

Funding for 2021

The cost of the negotiated increase is budgeted in the Adopted 2021-2022 Budget.

CC: Karen Short, Senior Human Resources Analyst
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