



King County

Metropolitan King County Council

STAFF REPORT

Proposed No.:	2020-0242	Name:	Leah Krekel-Zoppi
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SUBJECT

An ordinance approving and adopting the collective bargaining agreement (CBA) for King County Amalgamated Transit Union (ATU), Local 587, representing employees in the Metro Transit Department for a three-year period from November 1, 2019, through October 31, 2022.

SUMMARY

Proposed Ordinance 2020-0242 would approve a CBA between ATU Local 587, representing 4600 employees in the Metro Transit Department, and King County for a term from November 1, 2019 to October 31, 2022. The proposed CBA would provide general wage increases of 3 percent in both 2019 and 2020, and increases of two percent in both 2021 and 2022. The proposed CBA would also include a number of changes in working conditions including allowing the percent of overall transit service that can be operated by contractors to increase from three percent to five percent and adopting many of the standardizations made in the master labor agreement.

Since negotiations on the proposed CBA concluded in late February 2020, economic conditions and King County's revenue projections have changed substantially, and the King County Executive requested that ATU Local 587 reopen negotiations. ATU Local 587 declined the request, and asked that the proposed CBA be transmitted to Council.

The cumulative three year cost of the proposed CBA would be approximately \$44.9 million, and the total three year cost of the proposed CBA, when factoring in the compounding of the annual compensation increases, would be approximately \$78.6 million. The Executive states that the proposed CBA is no longer consistent with adopted labor policy, because the compensation increases negotiated in the CBA are no longer consistent with current economic conditions nor the county's projected revenue.

BACKGROUND

King County Labor Relations

The King County Charter and King County Code (K.C.C.) designate the Executive as the bargaining agent and sole negotiator for King County labor contracts, with the exception of Department of Public Safety matters, in which the Sheriff and Executive

play bifurcated roles in negotiations.¹ The role of the King County Council, acting as the Labor Policy Committee, in collective bargaining is to confer with the bargaining agent to develop guidelines for negotiations.² The Labor Policy Committee, made up of the King County Council, also establishes general labor policy and votes on amendments to labor policy.³

County code requires that CBAs that have been ratified by both parties must be transmitted to the King County council no later than seven days after the tentative agreement has been reached, or incur penalties in the form of interest on back pay.⁴ Under the Council rules, once a CBA is placed on the agenda for first reading, it must be placed on the next Council agenda for "appropriate action."⁵

ATU Contract Negotiations and COVID-19

ATU Local 587's previous CBA covered a period beginning November 1, 2016 and expired on October 31, 2019. ATU Local 587 and King County began negotiations on the successor contract in April 2019, entered Public Employment Relations Commission (PERC) mediation in December 2019, and carried out approximately sixty bargaining sessions before reaching a tentative agreement on February 20, 2020. ATU Local 578 voted to ratify the CBA on May 18, 2020.

After the tentative agreement for the ATU Local 587 was reached in late February, the COVID-19 pandemic changed Metro's revenues and working conditions significantly. On February 29, 2020, the Washington state governor proclaimed that a State of Emergency exists in all counties in the state of Washington as a result of the COVID-19 pandemic, and the King County executive issued a proclamation of emergency for King County the following day. In March 2020, the state and the county instituted "stay-at-home" orders to prevent the spread of COVID-19 that required all persons to stay home unless they need to pursue an essential activity.

The majority of the employees covered by ATU Local 587 CBA continued to work on-site during the COVID-19 emergency, due to the essential nature of their jobs. Metro undertook a number of operational changes to improve safety for employees and riders and respond to changing conditions resulting from the COVID-19 pandemic and stay at home orders. Some of those changes included eliminating fare collection and restricting boarding to rear doors only, except for passengers needing assistance in boarding; cordoning off seats and limiting the number of passengers on coaches to provide social distancing among passengers; and implementing several rounds of temporary service reductions.

The COVID-19 pandemic, stay at home orders, and changes to Metro's operations have had significant revenue impacts on Metro. The revenue forecast adopted on June 4,

¹ King County Charter Sections 890 and 898 and K.C.C. 3.16.010 and 3.16.025

² K.C.C. 3.16.025

³ K.C.C. 3.16.050

⁴ K.C.C. 3.16.040

⁵ K.C.C. 1.24.085.H. The rule actual contemplates that the Council will be meeting every week; but as under the COVID-19 adopted rules the Council is meeting every other week, harmonizing this rule's public hearing notice requirements, taking action at the next regular Council meeting satisfies this rule.

2020 by the county's forecast council, projects sales tax revenue in King County will decline by twenty-two percent from 2020 to 2022, compared to previous projections developed before the COVID-19 pandemic. For Metro, that translates to a projected sales tax loss \$465 million from 2020 through 2022. Metro has lost \$57 million in fare revenue to date, with further fare revenue losses expected since fare collection remains suspended and ridership was at 68 percent below regular levels as of June 2020. According to the Executive, the total projected revenue loss for Metro is \$2.2 billion for 2020-2028.

On June 18, 2020 King County Executive Constantine sent a letter to the ATU Local 587 President requesting a reopening of the economic terms of the ATU Local 587 2019-2020 collective bargaining agreement, stating that the agreement would add approximately \$80 million to Metro's budget at a time when worsening estimated revenue loss means, "Budget cuts to County transit programs, operations and personnel are now unavoidable."

On June 22, 2020, the President of ATU Local 587 responded to Executive Constantine declining the request to reopen the CBA and stating, "The necessary next step in the ratification process requires the County Council to vote on the tentative agreement that is pending before the Council."

The Executive transmitted the ATU Local 587 CBA to the Council on July 7, 2020, stating in his transmittal letter that he did so, "in deference to [ATU's] request."

ANALYSIS

CBA Key Terms

Proposed Ordinance 2020-0242 would approve a CBA with the ATU Local 587 for the period from November 1, 2019, through October 31, 2022. The CBA would cover approximately 4,600 front line workers and first line supervisors who operate and maintain Metro Transit Department's buses, streetcars, light rail operations and facilities, and perform customer services.

Compensation and Benefits

The proposed CBA would approve wage increases of:

- Three percent on November 1, 2019,
- Three percent on November 1, 2020,
- Two percent on November 1, 2021, and
- Two percent on May 1, 2022.

The general wage increase would be retroactive to November 1, 2019, excluding employees who have resigned or been terminated prior to the ratification date. The CBA would also include a \$1000 ratification incentive payment for each employee based on the membership's ratification of the first tentative agreement. Benefits would be funded at the status quo funding rate, and benefit plan design changes would be made to align more closely to benefits established for those covered by the Joint Labor Management Insurance Committee. The proposed CBA would also restore a retiree medical subsidy eliminated in the prior CBA.

Classification Wages

The proposed CBA would increase wage rates for Equipment Dispatchers to match the wages for Lead Equipment Service Workers, which according to the Executive, is for the purpose of internal equity and the sharing of job duties. The proposed CBA would also establish wages for Supported Employee Associate I and II positions.

The proposed CBA would also extend shift differentials established in the 2016-2019 CBA to sales and customer service employees not previously included.

Working Condition Changes

According to the Executive, the parties agreed to hundreds of working condition changes throughout the proposed CBA. Following are some of the major highlights, as identified by the Executive:

- Mobility: Would increase the amount of Dial-a-Ride Transit (DART) service that can be operated by contractors from three percentage of total service hours to five percent of total service hours, and clarifies that on-demand transit service may be operated by contractors.
- Discipline and attendance: Would make changes striving to prioritize correction of poor performance over punitive discipline in employee accountability.
- Bus Operations: Would use Extra Board Operators to cover weekend work that has previously been covered at overtime, and would reform of the First Line Supervisor job classification in order to reduce forced shifts at the Transit Control Center and allow Metro to hire and train into the specific sections where there is a need.
- Vehicle Maintenance: Would allow Metro to have the discretion to choose to purchase new, used or remanufactured parts.
- Facilities: Would allow Metro to use outside contractors to fabricate and install new bus shelters.
- Rail: Would make changes to reflect the growing Streetcar operation.
- Employee Development: Would create an Employee Development Committee to ensure Employees are supported in their professional growth and prepared for the changing future of public transportation, would eliminate rules limited ATU members from performing special duty assignments longer than one year, would permanently authorize and double the size of the Internship Program with community colleges is permanently authorized and is doubled in size, and would provide opportunities to place Supported Employees in transit jobs.
- Standardization: Would adopt many Master Labor Agreement standards on special duty assignments, working out of class, upgrades, and temporary employees.

Miscellaneous Changes

The CBA would include updates reflecting the Supreme Court's Janus decision regarding union dues, Washington Initiative 1433 concerning the use of sick leave, and various changes made in response to a United States Department of Labor investigation of Metro concerning pay during pre-trip time.

Fiscal Impact

Table 1 provides the marginal costs of the proposed CBA, according to the fiscal note. In 2020, the contract would include approximately \$5.5 million in one-time costs for employee ratification bonuses, and approximately \$11.1 million in ongoing costs. The total cumulative cost of the contract would be approximately \$44.9 million.

Table 1. Annual Marginal Fiscal Impact of Proposed ATU Local 587 Contract

2020	2021	2022	2023	Total cumulative cost
\$16,592,000	\$11,471,000	\$12,497,000	\$4,291,000	\$44,851,000

The Executive also provided the information in Tables 2 and 3 showing that by the end of the CBA term, the ongoing costs as a result of the CBA would be approximately \$39.4 million annually, due to the fact that each annual compensation increase carries forward and compounds with subsequent compensation increases. The total costs of the proposed CBA would be approximately \$78.6 million.

Table 2. Ongoing Fiscal Impact of Proposed ATU Local 587 Contract

	2020	2021	2022	2023
Ongoing year 1 impacts	\$11,116,000	\$11,116,000	\$11,116,000	\$11,116,000
Ongoing year 2 impacts		\$11,471,000	\$11,471,000	\$11,471,000
Ongoing year 3 impacts			\$12,497,000	\$12,497,000
Ongoing year 4 impact				\$4,291,000 ⁶
Total ongoing costs	\$11,116,000	\$22,587,000	\$35,084,000	\$39,375,000

Table 3. Total Compounded Fiscal Impact of Proposed ATU Local 587 Contract

2020	2021	2022	2023	Total contract cost
\$16,592,000	\$22,587,000	\$35,084,000	\$4,291,000	\$78,554,000

According to the Executive, approval of the proposed CBA would not require a supplemental budget appropriation.

Consistency with Labor Policies

As noted in the Executive's transmittal letter (Attachment 1) and the Contract Consistency with Adopted Labor Policies table provided by the Office of Labor Relations (Attachment 3), the proposed CBA is not currently consistent with adopted labor policy. This is due to the changes in economic conditions and the County's revenue projections since the CBA was negotiated. Labor Policy LAB 5-010 regarding compensation includes the following requirement:

When determining whether a change in wages is warranted, and when negotiating the amount of any such change, the executive shall consider the following factors:

- i. economic conditions, including inflation or deflation, in the region,

⁶ Because the final compensation increase in the proposed CBA takes effect in May rather than January of 2022, \$4.3 million is the amount that needs to be budgeted to get to the full base compensation at the start of 2023 fiscal year.

- ii. revenue and cost forecasts for the county,
- iii. comparable market compensation, and
- iv. the status of county reserves.

INVITED

David Levin, Labor Negotiator, King County Office of Labor Relations

Ken Price, President, Amalgamated Transit Union, Local 587

Dennis Antonellis, International Business Representative, Amalgamated Transit Union

Rob Gannon, General Manager, King County Metro Transit Department

ATTACHMENTS

1. Transmittal Letter dated July 7, 2020
2. Fiscal Note
3. Office of Labor Relations Contract Consistency with Adopted Labor Policies
4. Office of Labor Relations Staff Report