



Legislation Text

File #: LP2020-003, **Version:** 1

Clerk 07/07/2020

A LABOR POLICY related to guidelines for negotiating and reopening labor contracts while county revenues are impacted by COVID-19.

STATEMENT OF FACTS:

1. King County provides services that are essential to its residents, including public health, public transit, wastewater treatment, solid waste management, law and justice functions and recreation.
2. King County has a long history of partnering with its thirty-six labor organizations to provide fair wages and benefits to their members and to find innovative ways to provide and improve its public services.
3. Before March 2020, when COVID-19 pandemic began to have a serious economic impact, King County experienced ten consecutive years of economic expansion during which time it negotiated all of its eighty collective bargaining agreements at least once.
4. COVID-19, a respiratory disease that can result in serious illness or death, is caused by the SARS-CoV-2 virus, which is a new strain of coronavirus that had not been previously identified in humans and can easily spread from person to person.
5. On January 21, 2020, the Washington state Department of Health confirmed the first case of the novel coronavirus in the United States in Snohomish County. COVID-19, a respiratory disease that can result in serious illness or death, is caused by the SARS-CoV-2 virus, which is a new strain of coronavirus that had not been previously identified in humans and can easily spread from person to person.

6. 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.

7. The King County executive issued a proclamation of emergency on March 1, 2020, in order to allow King County to quickly respond to the new or different demands on service in response to the emergency caused by the COVID-19 pandemic.

8. On March 23, 2020, Governor Inslee issued a statewide "Stay Home, Stay Healthy" order to prevent the spread of COVID-19 that: required that all persons stay home unless they need to pursue an essential activity; ban all gatherings for social, spiritual and recreational purposes; and closed all businesses except those defined as essential businesses.

9. The Governor's "Stay Home, Stay Healthy" order, along with similar orders in other parts of the country, have resulted in a significant number of closed businesses, severely restricted travel and movement and an immediate economic downturn, including historic levels of unemployment.

10. Washington state and the nation are experiencing levels of unemployment not seen since the great depression in the 1930s, and King County has seen an increase in the unemployment rate from 2.4 percent in February 2020 to 14.3 percent in May 2020.

11. The director of the King County's office of performance, strategy and budget has reported that COVID-19 closures, reductions in economic activity and the ensuing recession have already dramatically affected county revenues, especially sales tax and other economically sensitive revenues.

12. On June 23, 2020, the King County council passed Motion 19115, which ratified the executive's proclamation of a budget emergency.

13. The revenue forecast adopted on June 4, 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 onslaught of the COVID-19 pandemic;

14. For the King County's largest sales tax dependent agency, the Metro transit department

("Metro"), the sales tax loss from 2020 through 2022 is projected to be \$465 million, with a total projected revenue loss for Metro of \$2.2 billion for 2020-2028.

15. In addition to reduced sales tax revenues, after eliminating fare collection on March 21, 2020, as a safety measure to limit contact between riders and transit operators and announcing that transit should only be used for "essential trips," Metro has lost \$57 million in fare revenue. With Metro ridership declining by seventy-six percent below regular levels in April 2020 and only slightly increasing to seventy percent below regular levels by June 2020, significant fare revenue losses will likely continue after fare collection resumes.

16. As a result of significant revenue loss due to the COVID-19 pandemic, Metro indicates the agency is planning for budget reductions that would cut transit service by twenty to thirty percent, reduce capital spending by thirty to forty percent and reduce other programs and services by five to ten percent.

17. The revenue forecast adopted on June 4, 2020, projects an estimated sales tax revenue loss for the mental illness and drug dependency fund of \$51 million from 2020 through 2022.

18. The mental illness and drug dependency fund does not have sufficient reserves to meet the revenue shortfall in 2020 and has begun to reduce contracts and services to accommodate the reduction in revenue.

19. The revenue forecast adopted on June 4, 2020, projects an estimated sales tax revenue loss for the general fund of \$104 million from 2020 through 2022.

20. General fund agencies have been asked to prepare budgets that include a five percent budget reduction in 2021 and another five percent reduction in 2022, amounting to a total of \$150 million for the biennium.

21. The revenue forecast adopted on June 4, 2020, projects an estimated ten percent decline in assessed value from 2020 through 2022, which will affect all voter-approved levy supported funds, such

as: automated fingerprint identification system; best starts for kids; emergency medical services; and veterans, seniors and human services levy.

22. The wastewater and solid waste utilities are experiencing shifting demand and declines in revenue associated with the transition to teleworking for a large percentage of the population and the overall economic contraction.

23. No section of King County government will be unaffected by the economic downturn and the uncertainties; and impacts of COVID-19 are far from over as cases continue to increase locally and nationally.

24. King County employees continue to provide high-quality services to county residents and, especially those in public facing roles, who, despite the county's best effort to protect them, are doing so at additional risk to their health and safety.

25. King County labor policy LAB 5-010, adopted by vote of the King County Council in 2010, states: "Changes in wages shall be fiscally responsible, fair, and reasonable with respect to total compensation," and that, "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,
- ii. revenue and cost forecasts for the county,
- iii. comparable market compensation, and
- iv. the status of county reserves."

26. King County labor policy LAB 5-010 further states that "The executive shall bargain in good faith with the goal of including provisions in collective bargaining agreements that allow bargaining to be reopened on total compensation and other contract terms when significant shifts in economic and fiscal conditions occur during the term of the proposed agreement, as defined by mutually-agreed upon objective measures, such as a swing in the King County unemployment rate of more than 2 percentage points compared with the previous

year or a deviation of more than 7 percent, net of inflation from the previous year in actual sales tax revenues collected."

27. By working together on labor agreements that align with the current economic situation, King County and its labor partners have the potential to stem deeper job losses for all county workers and deeper cuts to all types of service that would harm the public and King County's economic recovery.

FOR THE FOREGOING REASONS, a new chapter 8, COVID-19, is hereby added to the Labor Policies to read as follows:

"LAB 8-010. COVID-19:

A. Due to the severe economic impacts of COVID-19 on King County government and services, the King County executive as the county's bargaining agent shall:

1. Reevaluate the county's negotiation positions on all open collective bargaining agreements, in light of the goals and factors set forth in LAB 5-010:

2. Evaluate and reopen, as appropriate, all existing collective bargaining agreements with economic reopener provisions that satisfy LAB 5-010.D.: and

3. Evaluate and request reopening of collective bargaining agreements that do not include economic reopener provisions that satisfy LAB 5-010.D.

B. While King County is experiencing economic impacts related to COVID-19, the executive should negotiate agreements that:

1. Are consistent with labor policy LAB 5-010; and

2. Should consider:

a. Severing issues so that some provisions can be advanced more quickly to limit hardship on employees; for example, advancing retroactive and first year wages so as to bring employees' pay up to date;

b. Additional risk or hardship to employees due to providing direct services to the public during the COVID-pandemic;

- c. Shorter terms of agreements to allow for more understanding of the long-term impacts of COVID-19 and related economic impacts before committing to long-term wage proposals;
- d. Rolling back labor concessions if corresponding labor benefits are not able to be implemented during the term of the contract;
- e. Adding equity as a criterion in addition to seniority when implementing reductions in force or other cost-saving measures, to avoid inequities and racially disproportionate impacts.