



MEMORANDUM OF UNDERSTANDING

Between

City Of Bellingham

Local 1937

2025 Market Study Implementation

- I. **PURPOSE:** This Memorandum of Understanding (MOU) memorializes the mutual understanding between the parties regarding the implementation of the 2025 Market Study conducted by Evergreen Solutions (EGS).
- II. **NO PRECEDENT:** This MOU is made on a non-precedent setting basis. The parties will not use or otherwise refer to this MOU for any purpose except to enforce its terms and conditions.
- III. **SCOPE:** This MOU applies to all employees and classifications covered under the Collective Bargaining Agreement between the City of Bellingham and Local 1937 employees.
- IV. **AGREEMENT:**

WHEREAS, the City of Bellingham and Local 1937 have reached a Tentative Agreement for a Successor Agreement which will be effective from January 1, 2026 through December 31, 2027 contingent on ratification by both parties. As part of the TA, the parties have negotiated the implementation of a Market Study effective January 1, 2026;

NOW, THEREFORE, the parties agree to the following:

- Adopt the 2025 EGS Market Study proposed pay plan at the market average. The parties have agreed to the following methodology to adjust the pay plan to the market average and calculate the pay plan:
 - Salary Grade 101, Step 1 of Exhibit 5A (\$40,575)
 - Multiply by 100 (\$4,057,500)
 - Divide by 101 (\$40,173.27)
 - \$40,173.27 becomes the market average salary for Salary Grade 101, Step 1
 - Divide the salary by 2080 to arrive at the hourly rate for Salary Grade 101, Step 1 (\$19.31)
 - Apply the 1/1/26 3% COLA (\$19.89)
 - The pay structure will include 20 pay grades, each containing 10 steps. Step progression within each grade is 3%. Progression between consecutive pay grades is 6%.
 - The 1/1/27 2% COLA will be applied to the 2026 Salary Grade 101, Step 1 hourly rate.

- The City rounds up or down to the nearest cent.
- Adopt the Salary Grade Placement recommendations in Appendix D of the EGS report.
- Adopt the Bring to Same Step methodology to transition employee salaries into the new pay plan. This methodology consists of placing employees into proposed pay ranges at the same step they are at on the current pay scale. For example, if an employee is currently at Step 3, they will be placed at Step 3 within the new range.
- Employees who are currently paid above the new pay scale shall retain their current pay but will not receive any further step or cost of living increases until the employees' pay is within the new salary range.
- This agreement is contingent upon ratification of the Successor Agreement by Local 1937 no later than 5:00 PM on December 11, 2025, and approval by the City Council on December 15, 2025. If Local 1937 ratifies the tentative agreement after the stated deadline, implementation of the market study will occur at a later date as negotiated.

DATED this _____ day of _____, 2025 for **Local 1937**:

Kate Dunphy, Local 1937 President

Steve Fraga, Staff Representative

DATED this _____ day of _____, 2025 for the **CITY OF BELLINGHAM**:

Mayor

ATTEST: _____
Finance Director

Human Resources Director

APPROVED AS TO FORM:

Office of the City Attorney