

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**ACTION ITEM**

<b>Item No.</b>	5c
<b>Date of Meeting</b>	December 3, 2013

**DATE:** November 27, 2013

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Milton Ellis, Labor Relations Manager

**SUBJECT:** Collective Bargaining Agreement with the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge 160, Local Lodge 289, Parts Procurement.

**Total Port Cost Increase for the Duration of the Agreement:** \$48,946.

**Source of Funds:** Aviation Maintenance Department

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to execute a new collective bargaining agreement (CBA) between the Port of Seattle and the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge 160, Local Lodge 289 (Parts Procurement) covering the period from January 1, 2013, through December 31, 2015, and affecting 11 positions, including regular full-time Distribution Center Inventory Specialists employees.

**SYNOPSIS**

Good faith bargaining between the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge 160, Local Lodge 289 (Parts Procurement), and the Port of Seattle resulted in a fair collective bargaining agreement consistent with the Port's priorities. The estimated total additional cost for wages and benefit increases is \$48,946. The estimated additional cost per year of the contract is: year one, \$22,628; year two, \$13,132; and year three, \$13,185.

The agreement provides for the Port providing a limit on monthly benefit contribution of \$1,300 for the duration of the agreement which amounts to employees paying a monthly premium of 12.8% toward health benefits. Employees in the bargaining group will also be allowed to participate in the Port of Seattle's deferred compensation program. The agreement removes a description of the duties and responsibilities of the DC Inventory Specialist position from the contract thereby allowing the Port to modify duties and responsibilities if needed. Although all employees in the bargaining group are assigned to first shift, if at any time employees in the bargaining group are assigned to either second or third shift, the agreement increases shift

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premiums from 7.5% to 10%, second shift, and from 10% to 15%, third shift, consistent with other bargaining groups with the Port. The agreement also clarifies the calculation of overtime for employees assigned to work four 10-hour shifts – from 10 to 13 hours at time and a half and any time worked beyond 13 hours will be paid at double time. Employee wages were maintained at market.

## **BACKGROUND**

The Public Employment Relations Commission certified this bargaining unit as represented by the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge 160, Local Lodge 289, in 2008. There are currently eleven positions within the bargaining unit, including all full time employees, who are assigned to the day shift. They are assigned to the Aviation Maintenance Department at the Distribution Center (DC) Warehouse where they perform a miscellany of functions related to receipt, storage, delivery of parts, processing and procurement of goods and services for the Aviation Maintenance Department DC Warehouse.

## **PROJECT JUSTIFICATION**

RCW Chapter 41.56 requires the Port of Seattle to collectively bargain wages, hours and working conditions with the exclusive bargaining representative designated by the employees.

## **SCOPE OF THE AGREEMENT**

### **Term of the Agreement**

Retroactive to January 1, 2013, through December 31, 2015.

### **Wages**

The eleven DC Inventory Specialist are compensated on four different pay grades. The lowest pay grade (Grade 4) which consists of eight employees received a three percent (3.0%) percentage increase in year one of the agreement and a COLA in years two and three. The three highest pay Grades received a one-time cash pay-out rather than a percentage increase since their salary rate was above that of the lowest pay grade.

<b>CLASSIFICATIONS</b>	<b>EFFECTIVE</b>		
DC Inventory Specialist	June 1, 2013	June 1 2014	June 1 2015*
Grade 4	\$24.46	COLA	COLA
Grade 3	\$24.60	COLA	COLA
Grade 2	\$25.38	COLA	COLA

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Grade 1	\$28.67	COLA	COLA
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- Pay Grades 2 and 3 received a one-time cash pay-out of \$950 in first year of the contract and will receive the equivalent value of a COLA tied to Grade 4 as a one-time cash pay-out in the second and third year of the agreement.
- Pay Grade 1 received a one-time cash pay-out of \$700 in first year of the contract and will receive the equivalent value of a COLA tied to Grade 4 as a one-time cash pay-out in the second and third year of the agreement.

### **Benefits**

The employees in this bargaining group are all enrolled in the IAM&AW Local 289 Trust for health insurance. The IAM&AW, Local 289, Trust has one composite rate for premium. For the 2013 contract year, the premium rate per employee is \$1,492.53. The Port capped its monthly health insurance premium contribution to \$1,300 per month per employee for the duration of the agreement. Therefore, employees in the bargaining group are contributing approximately 12.8% per month out of pocket premium cost for health insurance. This percentage employee contribution will vary depending upon the IAM&AW, Local 289, medical rates for the second and third year of the agreement. The Port's exposure however on health insurance premium contribution however will remain capped at \$1,300 per month per employee for the term of the agreement.

### **Deferred Compensation**

Employees will be allowed to participate in the Port of Seattle deferred compensation program. Although the Port will not match contributions made on behalf of employees in the bargaining group since such benefit is only provided to non-represented employees, employees in the bargaining group will however be able to take advantage of some of the other benefits offered by the plan.

### **Classifications**

A description of the duties and responsibilities of the DC Inventory Specialist was removed from the agreement thereby allowing the Port to modify the duties and responsibilities of the position when necessary to address operational needs.

### **Other Changes**

- Increase in premium pay for second and third shift
- Overtime pay for employees on 4/10ths schedule provided at time and a half for work beyond 10 hours up to 13 hours and double time for any work performed after 13 hours

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**FINANCIAL IMPLICATIONS**

Cost Impact \$	Year 1	Year 2	Year 3
Pay	\$19,364	\$11,237	\$11,283
Benefits	\$3,265	\$ 1,895	\$ 1,902
Total	\$22,628	\$13,132	\$13,185

The estimated total additional cost to the Port for the duration of the contract is \$48,946.

***Budget Status and Source of Funds***

The increase in expense is included in the Aviation Maintenance Division 2013 and 2014 budgets.

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None.