



**Commissioners**

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**APPROVED MINUTES  
COMMISSION SPECIAL MEETING APRIL 8, 2014**

The Port of Seattle Commission met in a special meeting Tuesday, April 8, 2014, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Creighton, and Gregoire were present. Commissioner Bryant was present after 1:29 p.m.

**1. CALL TO ORDER**

The special meeting was called to order at 12:08 p.m. by Courtney Gregoire, Commission Co-President.

*As noted on the agenda, the Commission advanced to consideration of –*

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

- 6a. Second Reading and Final Passage of Resolution No. 3690: A Resolution of the Port Commission of the Port of Seattle amending Resolution No. 3689, as amended by Resolution Nos. 3611, 3672, and 3673, the Seattle Port Commission Bylaws, regarding procedures dealing with recording of executive sessions; amendments to the regular order of business; clarification of locations for special meetings; and clarifying or reorganizing other language in various places.**

Request document(s) provided by Paul White, Commission Clerk:

- Draft [resolution](#).
- Amended [bylaws](#).

There was no presentation at this time. The Port Commissioners received a presentation on Resolution No. 3690 during its consideration on April 1, 2014, and the request documents were distributed for review prior to the meeting of April 8, 2014.

**Motion for second reading and final passage of Resolution No. 3690 – Creighton**

**Second – Albro**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Creighton, Gregoire (4)**

**Absent for the vote: Bryant**

*Following consideration of agenda item 6a, the Commission returned to consideration of –*

**2. EXECUTIVE SESSION pursuant to RCW 42.30.110**

At 12:11 p.m., the special meeting was recessed to an executive session estimated to last 75 minutes to discuss matters relating to sale or lease of real estate and evaluating qualifications for public employment. Following the executive session, which lasted approximately 70 minutes, the special meeting reconvened in open public session at 1:29 p.m.

*Commissioner Bryant was present after 1:29 p.m.*

**3. MINUTES**

Minutes available for approval are included in the Consent Calendar below.

**PLEDGE OF ALLEGIANCE**

**4. SPECIAL ORDERS OF BUSINESS**

**Hearing – Quality Jobs: Creating Economic Opportunity**

**4a. Opening Remarks – Commission Co-President Courtney Gregoire and Commissioner Bill Bryant**

Commissioner Gregoire welcomed meeting participants and described the purpose of the hearing, which is the second of its kind on the topic of Quality Jobs. She noted the complexity of issues surrounding income inequality, compensation standards of employers at Seattle-Tacoma International Airport, and the trade-offs inherent in various public policy models for promoting a thriving middle class. She described a quality job as one that offers livable wages, quality benefits, paid time off, and the opportunity for real advancement that relies on a fertile environment for business. Commissioner Gregoire stated the hearing would explore the range of jobs and compensation models in use at the Airport and the research and policy decisions of other jurisdictions on this issue.

One [packet](#) of presentation materials was provided and includes information relevant to each panel.

**4b. Panel One – Surveying the Landscape: Employment at Seattle-Tacoma International Airport.**

Presenter(s): Mark Reis, Managing Director, Seattle-Tacoma International Airport and Linda Stewart, Director, Aviation Community Partnerships, Port of Seattle.

The presentation on current employment and compensation models at the Airport included the following key information:

- Of approximately 1,700 Port of Seattle employees, about 1,100 work primarily at the Airport. Non-Port employees working at the Airport as non-badged personnel work primarily in provision of ground transportation. There are approximately 1,300 of these. Badged workers employed by airlines, airline contractors, concessions, and other government agencies account for over 13,000 employees. Airlines employ about 4,200 of these badged employees. Contractors employ about 2,900. Concessionaires

account for approximately 1,800. Other government agencies also account for about 1,800. The remainder of badged staff employed by various other employers is approximately 2,500.

- There are 671 discrete employers with badged personnel at the Airport.
- Port employees' job standards are governed by the annual Salary and Benefit Resolution or by contract with various labor organizations. There are no employees of the Port of Seattle currently earning less than \$15 per hour.
- Employment standards for construction jobs are governed by state and federal regulations and may also be subject to project labor agreements with apprenticeship use requirements.
- There is a wide range of employment models among Airport employers providing varying wages and benefits for employees. Some jobs earn minimum wage; others more. Business model, job duties, hours worked, and tip eligibility contribute to the variety of compensation standards. Employees also contribute to the variety through their preferences for full-time versus part-time employment.
- The number of badged employees has declined at the Airport despite rising enplanements due largely to increased aircraft load factors, which reduce airline operations totals, and introduction of automation, such as the use of ticketing kiosks.
- Employment in Airport concessions has increased from about 700 to roughly 1,600 since 2003.
- Research conducted on quality jobs included badging data, interviews, and surveys.
- In 2013, entry-level hourly wages for surveyed airline services employees ranged from \$9.19 to \$13.70. The maximum hourly wage in this group ranged between \$14.35 and \$18.00. Turnover rates for entry-level positions in this employer category are as high as just above 80 percent. Turnover is greater for ramp employees than for concessions.
- Turnover rates are affected by wages, hours of operation, and physical job demands.
- Health care benefits are usually available for Airport employees, and employees typically pay at least a portion of the cost. These benefits are sometimes linked to the number of hours worked in a pay period.
- Of concessions employees surveyed, the average entry-level hourly wage was \$10.37. Average wages are similar for both represented and non-represented employees. Approximately 30 percent of concessions employees also earn tips. Retirement and paid time off are also available.
- With regard to workforce development, new-hire orientation and other training opportunities vary among employers. Advancement opportunities provided by employers also vary.
- Employers surveyed expressed interest in tiered wage options and lower hourly wage requirements in combination with provision of benefits.

Commissioner Albro requested more information on the types of badged jobs that have been reduced at the Airport since 2003. He also requested information on the kinds of jobs experiencing different turnover rates.

Commissioner Gregoire inquired about the effects of implementation of the Affordable Care Act on provision of health care options by Airport employers.

In response to Commissioner Bryant, it was noted that data on the hourly cost for various employment benefits is available and can be provided.

Commissioner Creighton expressed an interest in more information related to other airports' experiences forming consortiums for lower-wage workers, such as wheelchair assistants.

**4c. Panel Two – Supporting Quality Jobs: Lessons from Other Locations.**

Presenter(s): Bill Wong, Employees Quality Standards Program, San Francisco International Airport; Cathy Widener, Government Affairs Manager, San Francisco International Airport; Adine Forman, Executive Director, Hospitality Training Academy, Los Angeles, California; Steve Miller, Executive Dean for Business, Industry, Labor, and Community Relations, Seattle College District; and Dr. Jill Wakefield, Chancellor, Seattle College District.

The presentation on the experiences of other jurisdictions in support of job standards included the following key information:

**San Francisco**

- The San Francisco International Airport (SFO) is organized as a department of the City of San Francisco.
- SFO instituted its Quality Standards Program over and above FAA requirements in 2000 in order to improve safety and security. The program established compensation, recruitment, and training standards for employees whose work affects airport security. It applies to any company, including airlines and their service providers, who employ people in this category. A non-exhaustive list of examples of activities covered under the program include checkpoint security screening, passenger check-in, skycaps, baggage handling, and maintenance of passenger loading bridges.
- The program does not apply to concessionaires not otherwise covered under the airport security standard.
- The program at SFO predated and is now linked to the City of San Francisco minimum compensation ordinance such that the minimum rate at the airport is always 50 cents higher than the City's minimum. The airport minimum is currently \$13.16 per hour.
- In addition to minimum compensation, employees are entitled to paid and unpaid leave and health care coverage.
- Collective bargaining agreements may supersede program requirements under certain conditions.
- It was reported that employer cost for the Quality Standards Program requirements was absorbed through reduced turnover, lower absenteeism, and fewer labor grievances.
- With respect to employers' willingness to do business at SFO under its new employment standards, it was reported that the airport's market share has increased steadily since implementation and SFO did not lose business as a result of the program.
- Implementation of the minimum compensation ordinance accompanied lease renewal or amendment between the employer and the airport.
- The program requires airport employees to have a high-school diploma or equivalent work experience and requires employers to provide job-related training. English proficiency is also required.

- Worker retention requirements apply to airport contractors employing workers who perform essential services on a regular, ongoing, and continuing basis for the benefit of the traveling public and for increased efficiency of airport operations.
- Examples of workers covered by retention requirements include those working in inter-airport transportation, food and beverage concessionaires, and anyone covered under SFO's Quality Standards Program. The Airport Director has discretion to determine the applicability of worker retention to various services.
- The worker retention policy requires a successor contractor or service provider to retain the predecessor operator's employees for a 90-day trial employment period.
- Slightly more than 11,000 employees are covered currently under San Francisco's Quality Standards Program, and turnover is about 12.5 percent. Turnover before the program is thought to have been as high as 60 percent on average.
- Part-time employees account for about 15 percent of those covered under SFO's program.

Commissioner Albro requested additional information about businesses that may have opted to discontinue providing services to SFO based on the low threshold of the minimum compensation ordinance.

In response to Commissioner Creighton, Mr. Wong reported that third-party contractors included under SFO's Quality Standards Program, such as baggage handlers, are covered by worker retention requirements.

Commissioner Creighton expressed interest in whether SFO's requirements and the general understanding of the San Francisco regulatory climate skews businesses applying for contracts to larger companies. Ms. Widener noted other ways in which SFO encourages smaller businesses by lowering barriers such as construction cost, as an example.

### **Los Angeles**

- The Hospitality Training Academy is a labor management trust. Its Board of Directors includes members from labor and management. The trust provides training to increase the skills of employees and provide benefit to employees and businesses.
- The structure of the concessions program at Los Angeles International Airport (LAX) and the card-check-neutrality status of its labor representation were discussed.
- The number of employees at LAX will soon balloon from about 1,800 to about 3,500.
- The process for determining how to address needs of different employers with differing training needs was discussed. Open and frank one-on-one interviews were part of this process. Discussion of different expectations and perspectives between labor and management on a variety of performance issues was also part of this process.
- From a training perspective, performance challenges are viewed as training opportunities and the goal is for success for all sides.
- Ms. Forman described a specialized culinary training program designed to improve opportunities for fast food attendants and the classification changes and resultant compensation increases that resulted.
- In addition to some government funding and grants, funding for the Academy comes from employers as a feature of their collective bargaining agreement with labor.

- Training is generally tailored to the needs of particular employers and therefore applicable to particular employers' staff. For example, culinary classes will often train to the company's proprietary recipes.
- There is an employment pool at LAX and the Academy is involved in training employees in the pool to enhance their skills for the new opportunities that will be available in the future at LAX. The need to improve employee skills and English proficiency for LAX's new concessions vision of higher-end retail and dining complicates the airport's worker retention issues.

In response to Commissioner Albro, Ms. Forman clarified that as a labor trust, the Hospitality Training Academy is tied to organized labor and by law cannot provide training without an expectation of union membership.

In response to Commissioner Creighton, Ms. Forman described the process by which individual workers would advocate for new training opportunities not already requested by employers.

#### **Seattle College District**

- The net total economic impact of community colleges on the U.S. economy in 2012 was approximately \$809 billion. In Seattle, it was about \$1.1 billion.
- Certification programs at the Seattle Colleges covering a variety of disciplines were enumerated.
- The Workforce Development Council provides funding for Seattle Colleges programs.
- Dr. Wakefield described a College District customized textiles training program with the Filson clothing company that received a state Job Skills Program grant of \$195,000 and is set to begin in 2015.
- The Filson company expects to double in workforce size over 3-5 years.
- The Seattle Colleges participated in starting Airport University, a program of Port Jobs that provides training opportunities for Airport workers, including courses for college credit.
- Consistent funding challenges for college programs were discussed.
- Work is currently underway to define career pathways within the Airport Jobs program. Programs are designed based on employer needs.
- The Colleges also partners with the City of Seattle, Seattle Housing Authority, Asian Counseling and Referral Services, and various organizations to achieve workforce development goals.

Commissioner Albro noted the importance of looking beyond the Airport into the workforce needs of the surrounding communities and in the region to develop programs with long-term benefit.

In response to Commissioner Gregoire, it was reported that the Seattle Colleges plans its curriculum development as part of a master planning process. The process identifies growing employment opportunities for well-paying jobs in order to align course offerings.

**4d. Panel Three – The National Landscape: Research Conducted by Port Staff**

Presenter(s): Luis Navarro, Director, Office of Social Responsibility, Port of Seattle, and Lauren O'Brien, Policy Manager, Office of Social Responsibility, Port of Seattle.

The presentation on Port staff research on issues related to Quality Jobs included the following key information:

- The differences between minimum wage and living wage were listed, including that a living wage is considered sufficient to keep employees from having to access public assistance. Actual local costs and household composition are part of the calculation of a living wage. Living wage ordinances typically apply to entities doing business with public agencies. Over 140 municipalities in the U.S. have living-wage ordinances. In Washington, only the City of SeaTac has a living wage ordinance.
- Airports with living-wage provisions are typically managed in conjunction with a general purpose municipal government, such as a city, town, or county.
- Wage floors vary by locale and often are indexed by a percentage of federal poverty-level status. Wage ordinance exemptions and benefit tiering also vary.
- Prevailing wage laws apply at the federal level and in 32 states.
- Job quality is more comprehensive than wage ordinances and includes benefits and training opportunities, working conditions, advancement, and other factors.
- Models were examined from San Francisco, Los Angeles, Oakland, St. Louis, and other airports. Wage floors, tiered provisions for health benefits and for tipped or commissioned employees, paid time off, and indexing adjustments for the programs researched were discussed. Tip definitions and thresholds vary widely.
- All programs researched included exemptions for collective bargaining agreements.
- Implementation phasing ranged widely from municipality to municipality. Some rules were phased in over time; others went into full effect on a given date.
- Small business exemptions encountered in staff research were described.
- Variations also exist in how compliance is measured.

In response to Commissioner Creighton, it was reported that controversy surrounding implementation of wage standards in Oakland was related to compliance with program changes and the applicability of changes to parties already doing business with the airport.

Commissioner Gregoire asked for more information on municipal wage policies that require adjustment related to implementation of the Affordable Care Act.

Commissioner Albro expressed interest in how Quality Jobs efforts can be correlated to issues of unemployment, particular among youth. He noted a concern for unintended consequences of implementing wage policies.

**5. UNANIMOUS CONSENT CALENDAR**

None.

**PUBLIC TESTIMONY**

As noted on the agenda, an opportunity for public comment was provided, but no testimony was offered at this time.

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

Agenda item 6a having been decided previously, no further action items were considered.

**7. STAFF BRIEFINGS**

None.

**8. NEW BUSINESS**

None.

**9. POLICY ROUNDTABLE**

None.

**10. ADJOURNMENT**

There being no further business, the special meeting was adjourned at 3:52 p.m.

Tom Albro  
Secretary

Minutes approved: June 9, 2015.