

REVISED June 27, 2014

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6a</u>
Date of Meeting	<u>July 1, 2014</u>

DATE: June 26, 2014
TO: Port of Seattle Commission
FROM: Larry Ehl, Commission Chief of Staff
SUBJECT: Quality Jobs Initiative for Sea-Tac International Airport – Resolution No. 3694

ACTION REQUESTED

Request First Reading and Public Hearing on Resolution No. 3694: A Resolution of the Port Commission of the Port of Seattle relating to safety and security at Seattle-Tacoma International Airport and the necessary hiring standards, training opportunities, and minimum compensation required to maintain a well-trained workforce at the Airport.

OVERVIEW

The Port of Seattle Commission (Commission) announced last January it intended to develop and implement wage, compensation and workforce development policies that support the Port's mission as an economic development agency, address issues of wage inequality, and expand workforce development and career opportunities; enhance the safe and secure operation of the Seattle-Tacoma International Airport (Sea-Tac); and are within the Port's statutory authority to enforce. Since January, the Port of Seattle has engaged in a public process to develop these policy proposals. We have met with employees and representatives from business and labor, surveyed employers and contractors, conducted two public hearings, researched initiatives at other airports and gathered wage and compensation data.

INTRODUCTION

As part of its primary mission, the Port serves as an economic development agency, generating quality, family-wage jobs and economic growth for King County. The Port's mission includes the safe and secure operations of Sea-Tac and providing, as much as is practical, a pleasant and consistent traveling experience for those using the facility.

The Commission, along with other regional and national policy makers, recognizes the economic and societal impacts of income inequality and the decline of the middle class. The Cities of SeaTac and Seattle each adopted wage policies or legislation that is appropriate to the needs and authorities of their particular jurisdictions. The Port of Seattle Commission is seeking to do the same.

In early 2014, the Commission announced the Quality Jobs Initiative. Through this effort, the Port began a public process to assess employment practices at Sea-Tac, including wages and compensation, benefits, worker retention, and training opportunities available; learn how other

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airports are addressing these issues; and solicit feedback about how the Port could effectively and legally address issues of wage inequality and strengthen middle class jobs at Sea-Tac. The Commission established a goal of taking initial policy action in June 2014.

AIRPORT POLICY CONSIDERATIONS

- Sea-Tac is a primary employment center for South King County and an economic engine for our state. The entire Pacific Northwest economy depends on the facility's safe and efficient operations, making it a critical component of the economic infrastructure for multiple states. The potential economic impacts of policy decisions on businesses at the airport and throughout the region must be considered.
- Sea-Tac is in a period of exciting and challenging growth. It is the nation's fastest growing gateway to Asia and is in the midst of major capital programs that will expand its capacity, enhance its efficiency and further improve its ability to provide excellent customer service. Policies must be flexible enough to support these operational shifts and other changes that are inherent in such rapid growth.
- The turnover rate in some jobs raises safety and security issues to be addressed.
- As a special purpose government, the Port of Seattle is regulated by statutes different than those which govern other municipalities. All policies must be developed within the agency's specific legal authorities.

The Commission seeks a flexible policy framework that addresses the issues listed above and accounts for the differing needs and operational constraints of the tenants, customers, and stakeholders who work at, depend on, and contribute to the success of Sea-Tac.

ASSESSMENT OF CURRENT EMPLOYMENT PRACTICES

To assess the workplace environment of Sea-Tac the Port of Seattle:

- Gathered data on current wage and benefit practices, and related issues for the approximately 15,000 workers employed at Sea-Tac;
- Researched, including via Port-hosted hearings, the employment situations at other airports across the U.S. and what policies they have enacted to address wage inequality, workforce retention, and/or workforce development;
- Met with or heard from many representatives of business, labor and community stakeholders;
- Conducted two public hearings, inviting public testimony at Commission meetings;
- Reviewed third-party research and spoke with external subject matter experts in wage and benefits issues, workforce development, and airport operations;
- Solicited feedback from employees about experiences (positive and negative) about working at the airport; and

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- Spoke to employers about opportunities and challenges of operating at an airport and about their policies to recruit and retain a qualified workforce.

QUALITY JOBS AT SEA-TAC

Aeronautical Services

Sea-Tac hosts a broad diversity of employers and employees with varying corporate philosophies, wage and compensation structures, and benefit models. Despite that diversity, most employers at the airport reported challenges with recruiting and retaining employees.

When hired, employees in these positions have all been issued an airport badge, with Airport Operations Area (AOA) access. They work in and around the AOA and are responsible for maintaining aircraft, ground service equipment, baggage handling, and passenger-boarding bridges. Overall they are engaged in performing activities which may impact safety within the AOA. High turnover of workers in these positions could lead to increased safety and security risks.

Other airports reported that by ensuring higher wages and compensation, and increasing training opportunities, turnover was reduced in these positions that are crucial to safe and secure operations.

Port staff concluded that higher wages and increased training opportunities would reduce the high turnover and improve low employee satisfaction in these critical functions at the airport. To address these issues, staff recommends the Port establish minimum compensation and training standards through its authority to adopt necessary regulations for airport operation. For additional details, please see the Quality Jobs: Safety and Security for Aeronautical Workers memo and resolution.

Workforce Development and Career Opportunities

The Commission made clear in January that it would expand workforce development efforts and career opportunities for current and future workers at Sea-Tac in conjunction with addressing wage and compensation levels. The expansion of workforce development activities is designed to provide career pathways for all airport employees who want to pursue career development in port-related industries and services, and increase employee retention in the positions noted above.

The proposed expansion of training and education opportunities builds upon the Port's longstanding investment in and commitment to these activities, particularly through Port Jobs. Founded in 1993, Port Jobs has served more than 78,400 residents and helped more than 12,300 people find jobs.

The number of training opportunities and courses at the airport are on track to expand this year thanks to a new, multi-year investment from Alaska Airlines. The Port will be further expanding its investment in workforce development programs in 2015 and beyond. In addition, Port staff will be researching and evaluating a variety of models to attract and integrate additional investments from partner organizations to fund and deliver expanded workforce development programs into the future. A proposal and recommendations will be provided to the Commission for adoption.

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Our extensive effort in preparing Resolution No. 3694 included but was not limited to surveying employers and contractors, talking with employees, reviewing workforce development research and reports, and consulting with workforce development experts. For additional details please see the Workforce Development memo and motion also on the agenda for July 1, 2014.

Airport Dining and Retail Jobs

Finally, the Commission continues to examine the working conditions and career opportunities for airport dining and retail employees. The Commission is considering components of a policy framework and will take action as that process nears later in 2014. Staff will make recommendations for this policy in conjunction with the planned update to the Airport Dining and Retail Master Plan. The businesses which provide these services at the airport do so by response to a Request for Proposal (RFP) process. An updated Quality Jobs policy for these employees would be implemented via the next RFP process. Our effort in preparing this proposal is ongoing, and includes but is not limited to surveying employers and contractors, talking with employees, and reviewing initiatives at other airports and neighboring jurisdictions.

COMPLEMENTARY EFFORTS

The Commission will consider three separate actions to strengthen quality jobs for Sea-Tac workers.

1. Resolution No. 3694 establishes new training; education and work experience, and wage and compensation standards for aeronautical workers. Additionally, the proposed resolution enables these workers to earn paid time off. It is designed to incentivize provision of benefits to workers, reduce employee turnover and ensure even safer and more secure operations. By establishing wage, compensation and paid leave standards the resolution seeks to address the multiple elements of a quality job.
2. The Workforce Development and Career Opportunities motion also on the agenda for July 1 outlines next steps to expand workforce development efforts and career advancement opportunities at the Port.
3. The third action, relating to Airport Dining and Retail Jobs, remains under development.

Timeline

The Commission and Port staff will continue working on these policies as this outline indicates:



Preliminary research conducted throughout 2013. Extensive research, stakeholder outreach, and policy development conducted through 2014.
Ongoing – Commissioners meet with stakeholders, civic leadership and workforce development experts.

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ATTACHMENTS TO THIS REQUEST

1. Memo, Quality Jobs: Safety and Security for Aeronautical Workers, with 3 attachments
2. Resolution No. 3694, Quality Jobs: Safety and Security for Aeronautical Workers