

July 1, 2014

**Testimony Offered Before the Port of Seattle Commission
Joe Sprague, Alaska Airlines**

Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire: it is my pleasure to be here today to submit testimony on the Draft Port of Seattle Resolution dated June 24, 2014. My name is Joe Sprague and I serve as the Senior Vice President for Communications and External Relations at Alaska Airlines.

At Alaska, we fully support a comprehensive, thoughtful and fact-based approach to compensating our employees and vendor employees, and we appreciate that the Port Commission has reached a careful judgment about the mandated wage and compensation levels at SeaTac. Our objective is to be supportive of your efforts in this area while working with you to address provisions that have the potential for unintended and/or negative consequences. We believe changes in the Draft Resolution are necessary in order to not hamper business activities at the airport as well as to support the Port's longer term vision related to its Century Agenda.

People are critical to the success of any business and are central to the success of Alaska Airlines and all our operations at SeaTac. Compensating employees is a complex discussion that should consider both wage adjustment as well as long-term investment in job-training programs. We need to strike a balance between these important goals that will enable sustainable and meaningful success.

To work towards the best possible outcome for all stakeholders, Alaska Airlines proposes three enhancements to the Draft Resolution, which are fleshed out in greater detail in a letter I submitted to the Commission on June 27, 2014.

First, we propose that airline employees be exempt from coverage by the Draft Resolution. The Airline Deregulation Act of 1978 prevents local governments from regulating the prices, routes and services of air carriers. The airline industry believes this provision also applies to regulating labor conditions of airline employees. As such, the terms of these employees' compensation should not fall under the Port's jurisdiction.

Second, we recommend that the Draft Resolution be amended to recognize the difference between employees working in the ramp environment and those who work inside the terminal. Wheel chair attendants and skycap employees receive additional compensation in tips and are not subjected to the heightened safety concerns that employees on or near the aircraft confront every day. Given this, a wage rate differential recognizing the different roles of various airport work groups is still consistent with the Port's focus on safety and security.

And lastly, we propose changes to the total compensation provision of the Draft Resolution, to encourage employers to provide employee benefits that improve health, quality of life, standard of living and access to future career opportunities. We acknowledge the challenges in arriving at language that benefits both employees and the companies that create jobs in our communities. But we are committed to developing a solid total compensation provision, and I invite you to refer to my letter of June 27 where I offer a proposed solution that is fair to employees while ensuring employers offering quality jobs with meaningful benefits.

Alaska Airlines fully supports the Commission's focus on the complex issue of minimum wage rates and total compensation. This has been – and will continue to be – a key area of emphasis for Alaska. We believe an important step was taken with the recent hourly rate increase we provided for our vendor employees at SeaTac as well as our tangible commitment to job training and career development for SeaTac workers. Alaska's focus on enhanced wages and meaningful career progression opportunities aligns well with the Port Commission's goals. This commitment is important to us both as a business and as a long-standing member of our community. Thank you for allowing me to testify today.